

DATACOLOR AG

CORPORATE GOVERNANCE 2023

datacolor 

Get Color Right

Corporate Governance

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 2021/2022 is as of September 30th, 2022.

The information on Corporate Governance can also be retrieved under the following link:

<https://ir.datacolor.com/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.

Datacolor AG is a public limited company under Swiss law with headquarters in Risch listed on SIX Swiss Exchange. The overview of shareholdings can be found in note 28 on page 37; the market capitalization is shown on page 2.

Strategy

Datacolor's mission is to be a global, customer-focused, growth-oriented, profitable and sustainable company that provides a wide range of innovative, easy to use, high quality products and services assuring color and appearance are accurately measured and managed.

To accelerate growth, Datacolor expands its business activities in adjacent areas by applying its knowhow in product development, manufacturing, sales and support as well as by digitalizing its own and customer's workflows.

The Company aims to be a technology and innovation leader and at least a strong number two in the markets on which it is focused, as well as the standard for color in these segments, by applying leading software and hardware technologies in its products and providing market-leading services primarily through its direct sales organization as well as partners.

By broadening its software offering, Datacolor actively pursues the latest technologies in Cloud Computing, Artificial Intelligence and Big Data analytics, while at the same time developing connected instruments using the latest sensor and data sharing technologies.

Datacolor invests in highly engaged and skilled employees who are in tune with customer needs and live Datacolor's core values.

EXECUTIVE BODIES

Board of Directors of Datacolor AG

Werner Dubach, 1943, CH

Chairman of the Board since 1981, non-executive
Dipl. Ing. Chem. ETH Zurich
MBA Wharton, University of Pennsylvania

Since 2009 Chairman of the Board, Entrepreneur Partners AG
1981–2009 CEO and Chairman, Eichhof Holding AG

Jvo Grundler, 1966, CH

Deputy Chairman of the Board since 2017, non-executive
Dr. iur. University of St. Gallen
LL.M. University of Cambridge

Since 2020 Deputy Chairman, Villiger Söhne Holding AG
Since 2019 Board Member, Serto Holding AG
Since 2017 General Counsel and Board Member, HIAG Immobilien Holding AG
Since 2017 Of Counsel, Prager Dreifuss AG
2002–2017 Partner Ernst & Young Legal Services

Hans Peter Wehrli, 1952, CH

Board member since 2001, non-executive
Prof. em. Dr. oec. publ. University of Zurich

Since 2021 Chairman of the Board, Härdi Holding AG
Since 2017 emeritus Professor of Business Administration, University of Zurich

Since 2014 Board Member, Gebäudeversicherung Bern
2002–2020 Chairman of the Board, Swiss Prime Site AG
1997–2019 Chairman of the Board, Belimo Holding AG

Thomas Studhalter, 1969, CH

Board member since 2016, non-executive
MS in Business Administration, HWV Lucerne, Swiss Certified Accountant

Since 2021 CEO, BDO AG

Since 2019 Board Member, Eisner Holding AG

Since 2019 Board Member, Bataillard AG

Since 2018 Board Member, Swiss Prime Site AG

Hanno Elbraechter, 1980, DE

Board member since 2018, non-executive
European Business Program (EBP) Ecole de Management (ESC) de Bordeaux and University of Applied Sciences Münster

Since 2020 Board Member, Rudolph Research Analytical
Since 2014 Head of Business Unit Technology, Member of Executive Committee, DKSH
2004–2014 CEO Asia, Deckel Maho Gildemeister



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

Datacolor Executive Committee

Albert Busch, 1967, NL/USA

CEO
BS & MS in Electrical Engineering, University of Ghent
MS in Industrial Management, Catholic University Leuven

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

Philipp Hediger, 1975, CH

CFO
MS in Business Administration, University of Fribourg

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

Patrice Jaunasse, 1964, FR

Vice President Sales and Support
MS in Engineering, Electronics, Telecom and Computer, ESEO

Since 2012 with Datacolor
2002–2011 General Manager and Sales Director EMEA, Tektronix
1998–2002 President and Sales Director, Nettest Telecom Instrumentation

Kevin Quinn, 1977, USA

Vice President Consumer Solutions
BA in Communications & Marketing, Loyola University Maryland
MBA Business Administration, Sellinger School of Business and Management, Loyola University Maryland

Since 2020 with Datacolor
2019–2020 H2Brands Group, Chief Product Officer
2018–2019 Stanley Black & Decker, VP Sales and Marketing
2005–2018 IDL TechniEdge, LLC, Co-Founder & VP Sales and Marketing
2003–2005 Newell Brands – Amerock Division, Strategic Account Channel & Trade Marketing Manager

Yazid Tohme, 1973, USA/LB

Executive Vice President R&D and Operations
BS in Mechanical Engineering, University of Kentucky
MS and Ph.D. in Mechanical Engineering, University of Florida
MBA, University of Massachusetts

2021–2022 VP Advanced Mobility Solutions, Harman International
2019–2020 Chief R&D Officer and Member of Executive Team, FARO Technologies
2011–2019 SVP of R&D, FARO Technologies



Kevin Quinn, Philipp Hediger, Albert Busch, Patrice Jaunasse, Yazid Tohme

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 HR and 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 HR and 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 HR and Compensation Committee, this member shall withdraw from the proceedings.

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

HR and 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 2021/22, the following number of meetings was held:

– Board of Directors	4
– Finance and Audit Committee	6
– HR and Compensation Committee	4

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 one time a year in accordance with Swiss law and Swiss auditing standards. External auditor meets with the Finance and Audit Committee minimum one time a year to discuss specifically relevant topics.
- 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. Internal Audit is carried out at least once a year throughout the Datacolor Group, however, it is conducted on a topic-specific and unit-by-unit basis. Further information can be found in note 15 on pages 31–32.

Corporate Governance

Information on general black-out periods

The Board specifies generally applicable black-out periods in the context of the half year and annual financial statements. A black-out period applies to the board of directors, senior management and all persons who through their work gain insight into the preparation of the financial figures of the Datacolor Group: during a reasonable period of time before and after the publication of the half year and annual financial statements of Datacolor AG, the aforementioned persons must not trade in Datacolor shares. The general black-out period begins as a rule 14 to 16 days before and ends two working days after the publication of the relevant ad hoc announcement (ad hoc disclosure pursuant to Art. 53 LR) in connection with the annual or the semi-annual report. For other non-public information, ad hoc black-out periods may be determined by the board of directors, the chairman or the CEO.

Permitted activities

The number of activities permitted for members of the Board of Directors and Executive Committee is governed by Art. 24 of Datacolor's Articles of Association. The Articles of Association can be obtained online on the following website:

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

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 amounts to a maximum of CHF 16 804, which corresponds to 10% of the actual share capital.

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 in note 28 on the page 37.

Significant shareholders

Refer to Datacolor share information on page 2. Information on changes in ownership and voting rights can be found on the website of the Disclosure Office:

<https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/>

There were no disclosures made during the reporting period.

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 2021/22. Rotation corresponds to the legal requirements of seven years.

Audit fee

KPMG received an audit fee of TUSD 210 for the reporting year 2021/22.

Additional fees

In addition to the audit fee, KPMG provided other services for TUSD 86 relating mainly to tax and customs consultancy services.

Supervisory and control instruments vis-à-vis the auditors

The Board of Directors holds at least one meeting 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 risks and controls of the Datacolor, 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' proposals. 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. During the reporting period, two meetings of the auditors were held with the Board of Directors.

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 7, 2022
Semi-Annual report	May 5, 2023
Key Figures	October 27, 2023
Annual Report	November 17, 2023
Shareholder's meeting	December 7, 2023

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