

# DECLARATION CORPORATE GOVERNANCE

(Sect. 289f German Commercial Code HGB; Sect. 315d HGB)

The Declaration on Corporate Governance pursuant to Sect. 289f HGB and Sect. 315d HGB includes the Declaration of Conformity in accordance with Sect. 161 of the German Stock Corporation Act (AktG), relevant information concerning company management practices and a description of the working methods of the Management Board and the Supervisory Board, as well as disclosures pursuant to Sect. 289f Para. 2 No. 4 HGB concerning regulations promoting the equal representation of women and men in leading positions.

This declaration is part of the management report of YOC AG and the Group for the 2018 financial year.

According to Sect. 317 Para. 2 Sent. 4 HGB, the information pursuant to Sect. 289f Para. 2 HGB and Sect. 315d HGB is not among the information that is subject to an auditor's scrutiny.

## DECLARATION BY THE MANAGEMENT BOARD AND SUPERVISORY BOARD OF YOC AG, PURSUANT TO SECT. 161 AKTG, OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE IN THE VERSION OF 07 FEBRUARY 2017 (DECLARATION OF CONFORMITY 2018)

According to Sect. 161 AktG, the Management Board and the Supervisory Board of a listed company must annually declare that the recommendations of the "Government Commission on the German Corporate Governance Code" in the official part of the electronic Federal Gazette published by the German Federal Ministry of Justice were and are complied with, or which recommendations for valid reasons were or are not applied. The declaration must be made publicly available on the company website.

The German Corporate Governance Code (DCGK) contains provisions of varying binding effect. Aside from descriptions of current company law, it contains recommendations which companies may disregard, in which case, however, they must annually disclose that they have done so. According to Sect. 161 AktG, departures from the recommendations of the DCGK must be justified.

Furthermore, the DCGK contains suggestions which companies may disregard without disclosing that they have done so.

The following declaration concerns the period since the last Declaration of Conformity of February 2018 and refers to the requirements of the DCGK in its current version of 07 February 2017.

The Management Board and the Supervisory Board of YOC AG declare that the recommendations made by the "Government Commission on the German Corporate Governance Code" are and were fundamentally complied with in the past.

The Management Board and the Supervisory Board of YOC AG also intend to comply with it in the future.

Only the following recommendations of the German Corporate Governance Code were and are not applied:

- › **Item 3.8 Para. 3 DCGK:** The company is of the opinion that the motivation and responsibility with which the members of the Supervisory Board carry out their duties will not be improved by an insurance excess. The D&O liability insurance serves to safeguard against the company's material own risks and at most serves as a second-line defence of the assets of the members of those bodies. The D&O insurance for the Supervisory Board was therefore taken out without an excess.
- › **Item 4.1.3 Sent. 2 and 3 DCGK:** YOC AG has taken appropriate steps based on the company's risk situation in order to ensure the observance of legal regulations and the company's rules and regulations. The existing risk management is under annual review during the annual audit, where no objections have been made so far. Due to the positive experiences of the past and the size of the company, the Management Board and Supervisory Board do not deem necessary the introduction of a special compliance management system that goes beyond the existing risk management. We also abstain, for the time being, from installing a secure whistleblower system as the Management Board and Supervisory Board are of the opinion that currently the practical experience with such a system in Germany is not sufficient. Hence it is first to be awaited whether the arguments made against a whistleblower system, including in particular high costs, possible negative effects on the corporate climate and a proneness to misuse, will be of actual significance and which solutions to prevent these points will take root. The Management Board and Supervisory Board will continue to observe the evolving practices in this field.
- › **Item 4.1.5 DCGK:** The appropriate representation of women in the two management levels below the Management Board is subject to individual qualification for the respective position. Based on this premise, the Management Board will pay attention to diversity when filling leading positions and strive to accomplish an appropriate representation of women.

- › **Item 4.2.1 DCGK:** According to item 4.2.1 of the DCGK, the Management Board is to consist of several persons and have a chairman or spokesman. The YOC AG Management Board consisted of one person in financial year 2018. In agreement with the Supervisory Board and the Management Board, the company for the time being abstains from appointing further members to the Management Board, as management-related duties have been partially delegated to the second management level.
- › **Item 4.2.2 Para. 2 DCGK:** The Supervisory Board is to consider the relationship between the remuneration of the Management Board and that of the senior management and overall staff, also in terms of its development over time. For this comparison, the Supervisory Board determines how senior management and the relevant staff are to be differentiated. Such an explicit differentiation has not taken place, so as not to limit the economic scope for salary negotiations.
- › **Item 5.1.2 Para. 1 Sent. 2 DCGK:** Currently, all Supervisory Board positions are held by men. Membership to the Supervisory Board is first and foremost based on individual suitability for the board.
- › **Item 5.1.2 Para. 2 Sent. 3 DCGK:** An age limit for the Supervisory Board does not appoint members of the Executive Board has been determined. The members of the Supervisory Board are convinced that the aptitude to manage the company will depend to a large extent on the individual performance.
- › **Items 5.3.1, 5.3.2 and 5.3.3 DCGK:** As the Supervisory Board of YOC AG has only three members, it would be neither practical nor in accordance with best practice standards to set up committees, particularly an audit committee or nomination committee. The purpose of setting up an audit committee as proposed by the DCGK is to increase the efficiency of auditing. This aim would not be achieved at YOC AG as nearly all members of the plenum would have to sit on the audit committee. Similarly, nearly all plenum members would have to sit on the nomination committee, which would not bring any improvement in the preparation of Supervisory Board recommendations regarding candidates proposed by the shareholders.
- › **Item 5.4.1 Para. 3 DCGK:** An appropriate representation of women cannot be specified in advance, as Board membership is determined by individual qualification. No age limit or limit for the length of job tenure has been set for Supervisory Board members. A candidate's ability to monitor and act as a coequal contact for the Management Board as a member of the Supervisory Board depends mainly on individual capabilities.

- › **Item 5.4.1 DCGK:** In order to implement the German "Law on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector", which came into force in May 2015, the company's Supervisory Board has determined target figures for the representation of women on the Supervisory Board and Management Board. Beyond fulfilling this legal requirement, the Supervisory Board has not defined any specific goals for its composition. The Supervisory Board has recommended and will recommend those candidates for election that it has found most suitable for the position to be filled on the Supervisory Board, following careful consideration and taking into account the specific situation of the company. Insofar, the Supervisory Board implicitly has always defined a "skills profile" for the vacancy to be filled on the Supervisory Board and will continue to do so. As a matter of course, in making nominations the Supervisory Board has been and will be led by the selection criteria of the German Corporate Governance Code. A permanent skills profile for the body as a whole, however, does not exist in writing, also with regard to the size of the Supervisory Board.
- › **Item 7.1.2 Sent. 3 DCGK:** The company will endeavour to comply with the recommendation that the consolidated financial statements be made available to the public within 90 days after the end of the financial year and the interim reports within 45 days after the end of the reporting period. The company can, however, not always guarantee that it will do so, as this would be possible only with significantly increased personnel and organisational effort, and thus with considerable additional cost. They are hence published within the statutory and stock exchange time limits.

Berlin, February 2019

YOC AG  
THE MANAGEMENT BOARD  
THE SUPERVISORY BOARD

The declaration has been made permanently available to the public on the YOC AG website ([www.yoc.com](http://www.yoc.com)) under "Investor Relations".

Earlier versions of the Declaration of Conformity can also be found there.

## INFORMATION CONCERNING COMPANY MANAGEMENT PRACTICES

### BASIC PRINCIPLES

Sustainable economic, ecological and social action is a defining element of the corporate culture at YOC AG. This also includes integrity in dealings with employees, investors, customers, suppliers, authorities, interest groups, other stakeholders and the public.

YOC AG is a stock corporation with its registered office in Germany.

Therefore, the formal framework for corporate governance is based on German law, in particular the stock corporation law and the law on capital markets, and on the Articles of Association of YOC AG.

Being a service company, YOC AG depends on its ability to win and maintain the trust of its customers and business partners through exemplary behaviour. The objective is to act in a credible, trustworthy and reliable manner and to convey a corresponding image.

### TRANSPARENCY

A uniform, comprehensive and prompt information policy in relation to employees, investors, customers, suppliers, authorities, interest groups and other stakeholders ranks high in importance at YOC AG.

The aforementioned parties are all provided with information by YOC AG on a uniform, comprehensive, prompt and simultaneous basis.

The business situation and operating results of YOC AG and YOC Group are reported in the annual report, the mid-year report and the interim reports.

Further information is passed on through ad-hoc communications, when the law so requires, and through the company's websites. All messages, presentations and notices, along with the current financial calendar, can be viewed on the company website ([www.yoc.com](http://www.yoc.com)) under "Investor Relations".

Changes in the composition of the shareholder structure (Announcements of Voting Rights, Sect. 33 et seq. WpHG) and any transaction conducted on own account of individuals holding management positions within YOC AG, as well as persons closely associated with them, relating to shares or debt instruments of YOC AG and to derivatives or other financial instruments linked thereto (Directors' Dealings according to Art. 19 EU Regulation 596/2014 (Market Abuse Regulation) are also published by the company.

YOC AG furthermore keeps an insider list according to Art. 18 EU Regulation 596/2014. The individuals who are to be included in the insider list are informed of the legal duties and sanctions.

### RISK MANAGEMENT

YOC Group is one of Europe's leading providers of product-based mobile advertising solutions and as such is exposed to many of the opportunities and risks specific to the branch and the companies.

YOC AG has an established, comprehensive and effective system which enables the company to detect, assess, report on and deal with opportunities and risks associated with all functions and business processes at an early stage. The aim of this system is to systematically detect risks at the earliest possible time, assess the likelihood of their occurrence, estimate their potential qualitative and quantitative effects and initiate effective countermeasures.

Risk management is regularly discussed and further developed at Management Board and Supervisory Board level.

Further information on the company's risk management, on the specific risks to which the company finds itself exposed and, on the accounts related internal control and risk management system can be found in the risk report that forms part of the company's group management report.

## DESCRIPTION OF THE OPERATING PRINCIPLES OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

Being a German stock corporation, YOC AG is subject to the German Stock Corporation Act. A dual management system is therefore required by law.

The Management Board and Supervisory Board have autonomous powers but collaborate closely and in confidence in the discharge of their statutory duties.

### MANAGEMENT BOARD

The Management Board has sole responsibility for the management of the company. It has a duty to act in the interest of the company and is committed to the sustainable development of the company.

The Management Board responsibilities include determining the company's strategic direction in consultation with the Supervisory Board and managing the business of the company. The Management Board manages the company's business in accordance with the relevant laws, the Articles of Association and its Rules of Procedure.

The members of the Management Board bear joint responsibility for corporate governance, work together cooperatively and keep each other regularly informed of important actions and events in their business areas.

Notwithstanding the joint responsibility of all members of the Management Board, each member manages the business area assigned to him, apart from those matters that must be decided by the Management Board as a whole, on his own responsibility.

More detailed rules are set forth in the Rules of Procedure for the Management Board enacted by the Management Board with the Supervisory Board's approval. The members of the Management Board are appointed by the Supervisory Board. The term of office served by Management Board members must not exceed five years. Management Board members may however be appointed more than once.

The Supervisory Board may appoint a member of the Management Board as Chairman of the Management Board. The Management Board of YOC AG currently has only one member.

Mr Dirk-Hilmar Kraus has been appointed to the Management Board of YOC AG with effect from 10 September 2013 and has assumed the function of CEO of the company.

The Management Board reports to the Supervisory Board regularly, promptly and fully on key issues relating to the Group's business development, strategy and planning, risk situation and compliance. It also confers with the Supervisory Board before all important strategic decisions.

In addition, the Management Board regularly confers with the members of the company's second management tier. The Management Board has not formed any committees.

## SUPERVISORY BOARD

It is the duty of the Supervisory Board to advise and supervise the Management Board. It is involved in strategy and planning and in all issues, which are of fundamental importance to the company. Important decisions by the Management Board are subject to its approval.

This includes the corporate planning for the year ahead prepared by the company once a year (the budget), which is submitted to the Supervisory Board by the Management Board, discussed with the Supervisory Board and adjusted as needed. The Supervisory Board also assigns the audit mandate to the auditor appointed by the General Meeting.

The Supervisory Board holds at least four meetings per year. The YOC AG Supervisory Board has three members, none of whom were previously on the company's Management Board. The Supervisory Board is elected by the General Meeting. The Supervisory Board has not formed any committees.

The working practices of the Supervisory Board are set out in the Rules of Procedure. Resolutions of the Supervisory Board are usually passed in face-to-face meetings. In addition, meetings may be held, and resolutions passed through written communication, by telephone or telex, or with the aid of other means of telecommunication.

The company's Management Board attends the meetings regularly, and other members of the company's extended management are also invited to attend as needed.

The first face-to-face meeting of the year to be held after the preparation and auditing of the annual financial statements (the "statement of financial position meeting") is attended also by the company's auditors who present their report of the completed audit to the Supervisory Board.

The agenda and proposed resolutions for the Supervisory Board meetings are communicated to all participants in writing sufficiently well in advance of the meetings.

When decisions are necessary at short notice, they may be made by the written circulation procedure.

All meetings of the Supervisory Board are recorded in writing.

The chairman of the Supervisory Board annually explains the activities of the Supervisory Board at the General Meeting and in his report to the shareholders, which is printed in the company's Annual Report.

## DIVERSITY CONCEPT

The Management Board and Supervisory Board of YOC AG have hitherto not formulated an individual diversity concept in accordance with Sect. 289f Para. 2 No. 6 HGB concerning the composition of the body authorised to represent the group and of the Supervisory Board with regard to aspects such as age, gender, educational or professional backgrounds.

The Management Board and the Supervisory Board opine that aside from the objectives for the composition of Management Board and Supervisory Board and the measures so far implemented and projected to foster diversity, an additional diversity concept does not effectuate a substantial additional value.

The Management Board and the Supervisory Board will, however, re-evaluate in financial year 2019 whether an individual diversity concept will be developed.

## SPECIFICATIONS PROMOTING THE EQUAL PARTICIPATION OF WOMEN AND MEN IN LEADING POSITIONS

The "Law for the equal participation of women and men in leading positions in the private and public sectors" for the first time obligates the Management Boards and Supervisory Boards of certain German companies to determine target figures for the proportion of women on the Supervisory Board, Management Board and the following two levels of management and to define by when the respective proportion of women is to be achieved.

## REPRESENTATION OF WOMEN ON THE SUPERVISORY BOARD

The YOC AG Supervisory Board had resolved that up to the fixed date of 30 June 2017, the status quo of the representation of women on the Supervisory Board was to be retained and a target figure of 0 % thus to be pursued. This objective was met at the expiry of this period. The Supervisory Board of YOC AG presently still includes no women.

As an expansion of the Supervisory Board is not intended and a change to the Supervisory Board personnel is neither targeted nor foreseeable due to the current members' expertise which is of great importance to the company, the YOC AG Supervisory Board has agreed effective 30 June 2017 that the status quo for the representation of women on the Supervisory Board will be maintained and hence a target figure of 0 % is envisaged until 30 June 2022.

## REPRESENTATION OF WOMEN ON THE MANAGEMENT BOARD

The YOC AG Supervisory Board had resolved that up to the fixed date of 30 June 2017, the status quo of the representation of women on the Management Board was to be retained and a target figure of 0 % thus to be pursued.

This objective was met at the expiry of this period. The Management Board of YOC AG presently still includes no women. As an expansion of the Management Board and a change to the Board's personnel are neither intended nor foreseeable, the YOC AG Supervisory Board has agreed effective 30 June 2017 that the status quo for the representation of women on the Management Board shall be maintained and hence a target figure of 0 % is envisaged until 30 June 2022.

## REPRESENTATION OF WOMEN IN THE TWO LEVELS OF MANAGEMENT BELOW THE MANAGEMENT BOARD

The Management Board of YOC AG had resolved that by 30 June 2017 at least 20 % of the positions within the first level of management below the Management Board shall be held by women. At the expiry date one director position was held by a woman. This corresponds to 33.33 %.

The Management Board of YOC AG had resolved with effect from the end of 30 June 2017 that by 30 June 2022 at least 20 % of the positions within the first level of management below the Management Board shall again be held by women. The first level of management below the Management Board corresponds with the level of directors.

With the same deadline of 30 June 2017, at least 20 % of the positions within the second level of management below the Management Board shall be held by women. As of 30 June 2017, 50 % of these positions were held by women.

With the deadline of 30 June 2022, at least 20 % of the positions within the second level of management below the Management Board shall again be held by women. The second level of management below the Management Board includes the "Head of" level.

Berlin, April 2019

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