

Corporate Governance Report

Declaration of Corporate Governance

An effective and transparent organisation, as well as responsible and reliable corporate governance is very important at secunet Security Networks AG. The Company's Management Board and Supervisory Board firmly believe that good corporate governance is key to the continued success of the Company on the market.

The term Corporate Governance describes the regulatory framework for the management and supervision of companies. In a general sense, this framework must be designed in such a way that the Management Board and Supervisory Board work to ensure that the company continues to exist and creates value sustainably. Recommendations and proposals for how this requirement can be implemented in the management and supervision of companies are summarised in the German Corporate Governance Code (Deutscher Corporate Governance Kodex, DCGK). The Code serves the purpose of increasing trust in companies listed on the German stock exchange.

The Management Board and Supervisory Board of secunet Security Networks AG therefore regularly check the implementation of the German Corporate Governance Code at secunet Security Networks AG. In the 2019 financial year, the Management Board and Supervisory Board of secunet Security Networks AG once again carefully deliberated on the recommendations and proposals of the German Corporate Governance Code, in the version applicable in the 2019 financial year, as amended on 7 February 2017. The Declaration of Conformity set out below regarding the German Corporate Governance Code was agreed on the basis of these deliberations. This declaration is permanently available on our website and constantly updated to reflect any amendments.

In accordance with Item 3.10 of the German Corporate Governance Code in the version applicable in the 2019 financial year and with Section 289f of the German Commercial Code (Handelsgesetzbuch, HGB), the Management Board and Supervisory Board give the following report:

Management and supervisory structure

secunet Security Networks AG is subject to German stock corporation law. As a German public limited company, it has a dual management and supervisory structure consisting of a Management Board and a Supervisory Board. The Management Board consisted initially of three members in the 2019 financial year and then of four

members with effect from 1 June 2019. The Supervisory Board is made up of six members. The Management Board and Supervisory Board work together closely and on the basis of mutual trust in their management and supervision of the Company.

Supervisory Board

The Supervisory Board performs the tasks assigned to it by law and by the Company's Articles of Association. It supervises and advises the Management Board with regard to the management of the Company. At regular intervals, the Supervisory Board discusses business performance and planning, as well as the strategy and its implementation. It discusses the half-year financial reports and quarterly updates with the Management Board before their publication, and approves the Annual Financial Statements of secunet Security Networks AG and the Group, taking into consideration the audit reports prepared by the auditors and its own examination. The Supervisory Board monitors the accounting process, the effectiveness of the internal control system, risk management and internal audit, as well as the auditing of the financial statements. Its tasks and responsibilities also include appointing members to the Management Board. Management Board decisions of fundamental importance, such as major acquisitions, disposals and financial measures, require the consent of the Supervisory Board. An extraordinary meeting of the Supervisory Board is convened as and when necessary should significant events arise. The Supervisory Board has drawn up rules of procedure for its work. Its Chairman coordinates the work carried out within the Supervisory Board, chairs its meetings and represents its interests externally. The Supervisory Board strives to continually improve the efficiency of its activities. In the 2019 financial year, the review of the Supervisory Board's efficiency was again included as a separate item on the agenda for the meetings of the Supervisory Board.

In accordance with the Articles of Association, the Supervisory Board of secunet Security Networks AG comprises six members. Until the end of the 2019 Annual General Meeting, the Supervisory Board consisted solely of shareholder representatives. Since it became foreseeable in the 2018 financial year that secunet security Networks AG would now generally have more than 500 but not more than 2,000 employees and thus be subject to the One-Third Participation Act pertaining to employees on the Supervisory Board (Drittelbeteiligungsgesetz – DrittelbG), one third of the Supervisory Board must now consist of employee representatives. The Management Board of the Company instigated the change in the

composition of the Supervisory Board by initiating status proceedings in October 2018 and the procedure for election of employee representatives to the Supervisory Board in December 2018. The latter procedure was concluded on 13 March 2019 with the election of two employee representatives, Ms Gesa-Maria Rustemeyer and Mr Jörg Marx. At the 2019 Annual General Meeting, Mr Ralf Wintergerst, Dr Peter Zattler, Professor Dr Günter Schäfer and Dr Elmar Legge were elected to the Supervisory Board as the four shareholder representatives.

The knowledge, skills and professional experience required to fulfil the remit are taken into account when drawing up the nominations for election to the Supervisory Board. In addition, the Supervisory Board has defined specific targets for its composition in accordance with Item 5.4.1 of the German Corporate Governance Code in the version applicable in the 2019 financial year, and has drawn up a skills profile for the entire Board. The purpose of the skills profile is to ensure that the members of the Supervisory Board possess all the knowledge and experience considered essential in light of the activities of secunet Group. Furthermore, an age limit of 70 years is planned for members of the Supervisory Board.

Taking into account the Company's specific situation, the Supervisory Board strives to achieve diversity among candidates with the requisite professional and personal qualifications when its members are elected. The Supervisory Board therefore looks for international experience, independence and an appropriate degree of female representation among suitable candidates. In accordance with the recommendation in Item 5.4.1 of the German Corporate Governance Code in the version applicable in the 2019 financial year, at least one seat on the full Supervisory Board was reserved for a female member in the Supervisory Board elections held in 2019 in connection with the reconstitution of the Supervisory Board as a result of the One-Third Participation Act coming into effect.

One or more Supervisory Board members should also have many years of special experience abroad, acquired as a result of working abroad or due to a foreign country of origin. In addition, the Supervisory Board should include what it considers an appropriate number of independent members within the meaning of Item 5.4.2 of the German Corporate Governance Code in the version applicable in the 2019 financial year. Furthermore, on the basis of the resolutions passed by the Supervisory Board, the latter should include one independent member within the meaning of Item 5.4.2 of the German Corporate Governance Code in the version applicable in the 2019 financial year. In the opinion of the Supervisory Board, this requirement is currently met by the member Dr Elmar Legge. Until the Supervisory Board was reconstituted in May 2019, the Supervisory Board had another member, Mr Wolf-Rüdiger Moritz, who, in the Supervisory

Board's assessment, was independent within the meaning of Item 5.4.2 of the German Corporate Governance Code in the version applicable in the 2019 financial year. At least one member of the Supervisory Board should possess many years of international experience.

At its meeting on 4 May 2017, the Supervisory Board resolved the aforementioned objectives for its composition for the period until 30 June 2022 and took them into account in its election proposals to the 2019 Annual General Meeting.

The composition of the Supervisory Board complied with the specifications of the skills profile both before and after the Supervisory Board elections in 2019. The Supervisory Board members possessed and possess the professional and personal qualifications deemed necessary. They were and are all familiar with the sector in which the Company is active and had and have the essential knowledge, skills and experience for the Company.

The Supervisory Board does not have any committees. In the opinion of the Supervisory Board, this is not in fact necessary, as the Supervisory Board comprises only six members. Given a board of this size, efficient operation of the Supervisory Board can be guaranteed without the formation of committees.

Management Board

The Management Board, as the body responsible for managing the Company, conducts the Company's business under its own responsibility and in the Company's interests. Its aim is to increase the enterprise value on a sustainable basis. In particular, it determines the principles of the Company's policy and is also responsible for developing the Company's strategy, for planning and setting the Company's budget, for allocating resources, and for controlling and managing the Company's corporate and business divisions. Specific measures described in the Management Board's rules of procedure require the approval of the Supervisory Board. The Management Board is responsible for preparing the Company's quarterly updates, the Company's half-year financial reports, the Annual Financial Statements of secunet Security Networks AG, and the Consolidated Financial Statements.

The Management Board works closely with the Supervisory Board. It informs the Supervisory Board regularly, comprehensively and without delay – by means of written and verbal reports – of all issues important to the Company as a whole with regard to strategy and strategy implementation, planning, business performance, the financial and earnings situation, and entrepreneurial risks. The Supervisory Board is involved without delay in all decisions fundamental to the Company.

Targets for the appointment of women

The Supervisory Board has implemented the requirements of the legislation that came into force on 1 May 2015 regarding the equal participation of women and men in management positions.

At its meeting on 4 May 2017, the Supervisory Board established a target of 17 percent for the Supervisory Board, relating to the implementation period from 1 July 2017 to 30 June 2022, which corresponds to the goal of electing one woman to the Supervisory Board. The Supervisory Board took this target into account in its election proposals to the Annual General Meeting in May 2019.

At the same meeting on 4 May 2017, the Supervisory Board also maintained the previously determined target of zero percent for the Management Board relating to the implementation period up to 31 May 2019, because no expansion of the Management Board in this period was intended at the time of the decision. Against the background of the expansion of the Management Board implemented as of 1 January 2018 through the appointment of Mr Axel Deininger, the Supervisory Board again addressed the targets for composition of the Management Board at its meeting on 27 March 2019, in particular the targets for the participation of women, and decided to retain the target of zero percent with regard to the proportion of women on the Management Board for the implementation period up to 31 May 2019 and beyond that up to 31 May 2020. This is essentially due to the fact that the search for suitable female candidates remains challenging in the current market environment and in secunet Security Networks AG's areas of business, and therefore a higher target cannot at present be regarded as realistic from the point of view of the Supervisory Board. Mr Torsten Henn and Dr Kai Martius were appointed to the Management Board with effect from 1 June 2019.

With regard to the two management levels below the Management Board, the Management Board set the following targets for the period from 1 July 2017 to 30 June 2022: zero percent for the first level and eleven percent for the second level. In view of the small size of the Company, the limited number of management positions and the associated low level of fluctuation, the Management Board is of the opinion that more ambitious targets would currently not be realistic. However, the Management Board reiterates its intention to move towards a higher proportion of management positions being held by women to the greatest extent possible.

In the 2019 financial year, the proportion of women at the second management level below the Management Board was 8 percent (previous year: 10.5 percent).

Responsible risk management

Good corporate governance also means that the Company must take a responsible approach to risk. Systematic risk management as part of our value-oriented Group management ensures that risks are identified and evaluated at an early stage, and that risk positions are optimised. The Management Board reports regularly to the Supervisory Board on the current development of key risks. Details of risk management at secunet Security Networks AG can be found in the combined Management Report. It also contains the report on the key characteristics of the internal control and risk management system relating to accounting.

Transparent corporate governance

Transparency in corporate governance is very important to the Management Board and Supervisory Board of secunet Security Networks AG. Shareholders, all participants in the capital market, financial analysts, shareholder associations and the media are provided with comprehensive, regular and up-to-date information regarding the Company's position and key changes to the Company's business.

secunet Security Networks AG reports to its shareholders four times a year on business performance and on the financial and earnings situation, and makes all reports and information permanently available to shareholders on the Company's website at www.secunet.com. The dates for regular financial reporting are listed in the financial calendar. If any circumstances arise at secunet Security Networks AG that might significantly influence the stock market price of secunet Security Networks AG, these are disclosed in ad hoc announcements in accordance with the legal requirements. The financial calendar and ad hoc announcements are available to view on the website of secunet Security Networks AG under >> The Company >> Investor Relations >> Financial News and Reports.

Shareholders and Annual General Meeting

The shareholders of secunet Security Networks AG may exercise their rights, including voting rights, at the Annual General Meeting. Shareholders can exercise their voting rights at the Annual General Meeting themselves or choose an agent or Company proxy bound by their instructions to exercise the voting rights. The Annual General Meeting takes place in the first eight months of the financial year. The Chairman of the Supervisory Board normally chairs the Annual General Meeting. Ahead of the Annual General Meeting, shareholders receive comprehensive information about the past financial year and about the individual items on the agenda of the upcoming meeting by way of the Annual Report and invitation to the meeting. All relevant documents and information on the Annual General Meeting, together with the Annual Report, are also available on our website.

In accordance with the provisions of law, the auditors are appointed by the Annual General Meeting. At the Annual General Meeting on 15 May 2019, the Düsseldorf branch of the auditing firm KPMG AG Wirtschaftsprüfungsgesellschaft was appointed as auditors for secunet Security Networks AG and Group auditors for secunet Group for the 2019 financial year, and was therefore selected to perform an audit review of the Condensed Financial Statements and the Interim Management Report of secunet Security Networks AG and secunet Group as at 30 June 2019.

Shareholders are notified of important dates by means of a financial calendar published in the Annual Report, in the quarterly updates and on the Company's website.

Further detailed information about secunet Security Networks AG is available on our website at www.secunet.com.

Corporate governance guidelines

The Articles of Association of secunet Security Networks AG form the basis of our Company. The Company's Articles of Association, the current Declaration of Conformity, the Declarations of Conformity for previous years and further corporate governance documents can be found online at www.secunet.com under >> The Company >> Investor Relations >> Corporate Governance.

The Management Board has introduced a Code of Conduct for the Company and its employees, summarising the business principles of secunet Security Networks AG. These principles are a crucial part of how secunet Security Networks AG sees itself, and of the expectations that it strives to meet. The Code of Conduct sets down standards of conduct for dealing with all the economic, legal and moral challenges that we face in our day-to-day business activities, and is intended to serve as a benchmark and guide when working with customers, suppliers and other business partners, as well as for our conduct towards our competitors. It also governs our conduct in financial matters and trading in secunet shares, their derivatives and other financial instruments. The Company has set up a compliance unit to handle questions arising in connection with the Code of Conduct.

In accordance with the provisions of Item 4.1.3, sentence 3 of the German Corporate Governance Code in the version applicable in the 2019 financial year, the Company has provided its employees with an opportunity to report, under protection, legal violations within the Company by means of an electronic whistleblower system. This option is also available to third parties.

Management Board and Supervisory Board remuneration

secunet Security Networks AG complies with statutory regulations and the recommendations of the German Corporate Governance Code in the version applicable in the 2019 financial year and discloses the remuneration of each individual member of the Management Board. In this Annual Report (more specifically, in the remuneration report, which forms part of the Management Report), we detail the remuneration of the members of the Management Board and Supervisory Board.

Information on stock option programmes and similar securities-based incentive systems

No stock option programmes or similar securities-based incentive systems exist for members of corporate bodies or employees of the Company.

Notification of transactions under Article 19 of the European Market Abuse Regulation (managers' transactions)

Article 19 of the European Market Abuse Regulation (EU) No. 596/2014 requires members of corporate bodies (Supervisory Board/Management Board) and certain executives, as well as closely related parties, to disclose transactions in secunet shares or related financial instruments where the sum total of such transactions reaches or exceeds 20,000 euros (until 31 December 2019: 5,000 euros) within a single calendar year. Disclosures regarding managers' transactions (directors' dealings) are also published on our website under Investor Relations. No managers' transactions were reported in the 2019 financial year, in which the threshold of 5,000 euros was applicable.

Accounting and auditing of the financial statements

secunet Security Networks AG prepares its Consolidated Financial Statements and Consolidated Interim Financial Statements in accordance with the International Financial Reporting Standards (IFRS) as applicable in the EU. The Annual Financial Statements of secunet Security Networks AG are prepared in accordance with German commercial law (HGB) and the German Stock Corporation Act. The Annual and Consolidated Financial Statements are compiled by the Management Board and audited by the auditors and the Supervisory Board. Quarterly updates and the half-year financial report are discussed by the Management Board and Supervisory Board prior to their publication.

secunet Security Networks AG's Consolidated and Annual Financial Statements have been audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Düsseldorf branch, the auditors appointed by the 2019 Annual General Meeting. The audits were performed in accordance with Section 317 HGB and with due consideration for the generally accepted standards for the audit of financial statements in Germany promulgated by the Institute of Public Auditors in Germany (IDW). The undersigned auditors for the Annual Financial Statements and Consolidated Financial Statements of secunet Security Networks AG are Mr Martin C Bornhofen and Dr Dominic Sommerhoff.

It was also contractually agreed with the auditors that they inform the Supervisory Board without delay of any potential grounds for exclusion or bias and of any findings or occurrences of significance to the Supervisory Board's remit that came to light during the auditing of the financial statements.

The Condensed Consolidated Interim Financial Statements and the Interim Group Management Report as at 30 June 2019 were subjected to an audit review by KPMG AG Wirtschaftsprüfungsgesellschaft.

Declaration of Conformity under Section 161 of the German Stock Corporation Act dated 27 November 2019

The management and supervisory boards of companies listed on the German stock exchange are legally obliged, in accordance with Section 161 of the German Stock Corporation Act (Aktiengesetz, AktG), to annually declare whether the official recommendations of the Government Commission on the German Corporate Governance Code applicable at the time of making the declaration have been fulfilled and will be fulfilled. The Company is furthermore required to disclose which recommendations of the Code have not been applied or will not be applied and to explain the reasons for this. This Declaration of Conformity is printed in full below, with explanations. The Declaration of Conformity can also be found on secunet Security Networks AG's website under >> The Company >> Investor Relations >> Corporate Governance. The Declarations of Conformity issued in the last five years are permanently available on the website.

The Company complies with, and will continue to comply with, the recommendations of the Government Commission on the German Corporate Governance Code, as amended in the version of 7 February 2017 applicable in the 2019 financial year and published by the German Ministry of Justice in the official part of the Federal Gazette on 24 April 2017, with the following exceptions:

3.8, para. 3

A similar deductible shall be agreed upon in any D&O policy for the Supervisory Board.

Explanation: The secunet Supervisory Board conducts its business with the utmost sense of responsibility. A deductible would not give rise to any additional improvement or incentive.

5.1.2, para. 2, sentence 3

An age limit for members of the Management Board shall be specified.

Explanation: secunet Security Networks AG does not stipulate an age limit for Management Board members, as the age of the particular Management Board member is not a blanket criterion for suitability to hold a position on the Management Board. An age limit would therefore generally limit the selection of suitable candidates to an unreasonable degree.

5.3.1

Depending on the specifics of the enterprise and the number of its members, the Supervisory Board shall form committees with sufficient expertise.

Explanation: The Supervisory Board of secunet Security Networks AG has no committees. In the opinion of the Supervisory Board, this is not in fact necessary, as the Supervisory Board comprises only six members. Four members are elected by the shareholders and two members by the employees (employee representatives) in accordance with the One-Third Participation Act pertaining to employees on the Supervisory Board (Drittelbeteiligungsgesetz). Given a board of this size, efficient operation of the Supervisory Board can be guaranteed without the formation of committees.

5.3.2

The Supervisory Board shall set up an Audit Committee.

Explanation: The Supervisory Board consists of six members. Four members are elected by the shareholders and two members by the employees (employee representatives) in accordance with the One-Third Participation Act pertaining to employees on the Supervisory Board (Drittelbeteiligungsgesetz). Due to the number of Supervisory Board members and the composition of the Supervisory Board, setting up a separate Audit Committee would not increase the efficiency of the work performed by the Supervisory Board with regard to accounting, risk management, compliance and the auditing of the financial statements.

5.3.3

The Supervisory Board shall form a Nomination Committee.

Explanation: The Supervisory Board of secunet Security Networks AG consists of only six members. Four members are elected by the shareholders and two members by the employees (employee representatives) in accordance with the One-Third Participation Act pertaining to employees on the Supervisory Board (Drittelbeteiligungsgesetz). Due to the number of Supervisory Board members and the composition of the Supervisory Board, setting up a separate Nomination Committee would not increase the efficiency of the work performed by the Supervisory Board with regard to the nomination of suitable candidates for the Supervisory Board's proposals to the Annual General Meeting for the election of Supervisory Board members. An additional Nomination Committee has therefore not been set up.

5.4.1, para. 2, sentence 1

The Supervisory Board shall specify concrete objectives regarding its composition which, whilst considering the specifics of the enterprise, take into account the international activities of the enterprise, potential conflicts of interest, the number of independent Supervisory Board members within the meaning of number 5.4.2, an age limit and a regular limit to Supervisory Board members' term of office, both to be specified, as well as diversity.

Explanation: The Supervisory Board of secunet Security Networks AG has not specified a regular limit for the term of office on the Supervisory Board. In the view of the Supervisory Board such a restriction is not necessary with regard to efficient operation of the Board, especially since the Board's work may benefit from the experience of long-standing members.

5.4.6, para. 1, sentence 2

The status as Chair or membership of a committee shall also be taken into consideration when specifying the remuneration of Supervisory Board members.

Explanation: Since the Supervisory Board has no committees, there is currently no question of a special chairmanship and committee membership remuneration.

secunet Security Networks AG

Essen, 27 March 2020

For the Management Board For the Supervisory Board