

**CORPORATE GOVERNANCE REPORT**

**EXECUTIVE BOARD**

The German law governing the commensurate remuneration of executive board members, VorstAG, came into force in 2009 and requires supervisory boards to ensure that the total salaries of members of executive boards do not exceed remuneration levels considered standard in the industries and markets within which the company operates. In 2015, the Supervisory Board commissioned an independent consultancy to assess whether the salaries of the Executive Board members were in line with the requirements of VorstAG. Kienbaum Management Consultants GmbH was the company appointed to conduct the assessment. This consultancy found the salaries of the Executive Board members to be in line with standard remuneration levels in R. STAHL's market, and made no recommendations for any changes to Executive Board members' remuneration. The Executive Board members' remuneration is additionally assessed once a year to ensure that it continues to be awarded in line with standard market levels.

The remuneration of the Executive Board members is listed in the notes to the Group financial statements in the Annual Report for 2018 in accordance with the statutory requirements. The figures are presented for each individual and are broken down into their fixed and variable components.

R. STAHL AG has not launched any share purchase plans or similar security-based incentive schemes, either for the Executive Board or other managerial staff or for the Supervisory Board.

The latest Declaration of Compliance with the German Corporate Governance Code can be found here.

**SUPERVISORY BOARD**

R. STAHL AG's Supervisory Board is formed and functions in accordance with Germany's One-Third Participation Act (DrittelbG) and consists of nine members (thereof eight positions filled currently) according to the Articles of Incorporation: Three of these members are employee representatives, and the other six (thereof five positions filled currently), which includes three members of the family that founded the company, are shareholder representatives.

R. STAHL has a global customer base and has an international outlook that is also reflected in the Supervisory Board, as several of its members have experience overseas. Two members of the Supervisory Board are woman, contributing to 22.22% of its membership.

There are no conflicts of interest concerning any of the current Supervisory Board members. Before new people can be nominated for board membership, we deem it important to ensure that no conflicts of interest will arise as a result of their membership.

To maximize its effectiveness when performing its duties, the Supervisory Board has set up three permanent specialist committees: The Audit Committee, Management Committee and Strategy Committee.

As of 31 December 2019, members of the Supervisory Board held in total 2.34 % of the voting capital. In the remuneration report, the salary of each individual Supervisory Board member is broken down into its fixed and performance-based components is provided.

**AGM**

Every R. STAHL AG share has a vote. Shareholders who are listed in the share register and have registered in accordance with the conditions for participation as stipulated by law and in the company's memoranda and articles of association are entitled to participate in the AGM.

The 26th AGM was held on 7 June 2019 in the CARMEN WÜRTH FORUM in Künzelsau-Gaisbach. In total, 82.7% of the voting capital was present. All items on the agenda that were put to the vote were adopted with a large majority. The detailed results are published in the Investor Relations section on the R. STAHL website under "AGM".

**ACCOUNTING AND AUDITOR**

R. STAHL AG's consolidated accounts for 31 December 2019 were prepared in accordance with the International Financial Reporting Standards (IFRS), and
R. STAHL AG's annual accounts for FY2019 were prepared in accordance with the statutory accounting requirements set out in the German Commercial Code (HGB).

The AGM held on 7 June 2019 appointed BDO AG, Wirtschaftsprüfungs-gesellschaft, Hamburg, as auditor for the financial year ending 31 December 2019.

(2019)