



Declaration of Compliance

with the German Corporate Governance Code

Waldenburg, December 2021

R. STAHL AG complies with the recommendations of the "Government Commission on the German Corporate Governance Code" as amended on 16 December 2019 ("Code 2019") published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette and will continue to comply with them in the future, with the following exceptions:

B. 5

An age limit shall be specified for members of the Management Board and disclosed in the Corporate Governance Statement.

An age limit for members of the Executive Board was not and is not specified. When filling executive positions, R. STAHL focuses on the qualifications, professional expertise and experience of the respective Executive Board members.

C.1 sentence 1 - 4

The Supervisory Board shall determine concrete objectives regarding its composition, and shall prepare a profile of skills and expertise for the entire Board while taking the principle of diversity into account. Proposals by the Supervisory Board to the General Meeting shall take these objectives into account, while simultaneously aiming at fulfilling the overall profile of required skills and expertise of the Supervisory Board. The implementation status shall be published in the Corporate Governance Statement.

The Supervisory Board does not consider it useful to give itself an abstract competence profile for the entire Board. Rather, criteria such as internationality, potential conflicts of interest, the number of independent Supervisory Board



members and diversity - after determining and weighting the desired competencies in each individual case - are taken into account in the intensive and deliberative search for suitable candidates.

C.2

An age limit shall be specified for members of the Supervisory Board and disclosed in the Corporate Governance Statement.

As regards proposals for Supervisory Board members, an age limit has not been and is not considered. Competence and health are more crucial factors to consider than age. Furthermore, the Supervisory Board does not consider appropriate to define a regular limit of length of membership in the Supervisory Board, as it will take care of a generational change in time, as already shown in the past.

D.5

The Supervisory Board shall form a Nomination Committee, composed exclusively of shareholder representatives, which proposes suitable candidates to the Supervisory Board for its recommendations to the General Meeting.

R. STAHL does not have a nomination committee in the sense stated above. We are of the opinion that the size of our Supervisory Board (six shareholder representatives) does not justify a committee dedicated to the proposal of Supervisory Board nominees. According to the Rules of Procedure of the Supervisory Board (accessible [here](#)), the shareholder representatives on the Administrative Committee recommend proposals for suitable candidates to the full Board.

D. 10

The Supervisory Board, or the Audit Committee, shall arrange for the external auditors to inform it and note in the audit report if, during the performance of the audit, the external auditors identify any facts that indicate an inaccuracy in the Declaration of Compliance regarding the recommendations of the Code issued by the Management Board and Supervisory Board.



The auditor shall verify whether the Declaration has been made and whether it has been made available. In addition, the auditor examines the Declaration to see if there is anything significant that would contradict his findings from the audit. In view of the size of the company and the structures at R. STAHL, the Executive Board and the Supervisory Board do not consider a detailed examination beyond this to be necessary.

F.2

The consolidated financial statements and the group management report shall be made publicly accessible within 90 days from the end of the financial year, while mandatory interim financial information shall be made publicly accessible within 45 days from the end of the reporting period.

Consolidated financial statements and management reports are published within four months of the end of the financial year in accordance with the statutory deadlines. We publish the key financial data for a fiscal year in advance within 90 days of the end of the fiscal year, in line with the time frame of the recommendation formulated in the GCGC.

Mandatory financial information during the year is published within the time frame of the recommendations formulated by the GCGC, unless otherwise stipulated by legal deadlines.

F. 5

The company shall keep previous Corporate Governance Statements and Declarations of Compliance regarding the recommendations of the Code available on its website for a period of at least five years.

In the past, previous Declarations of Compliance have already been kept accessible on the website for at least five years on the basis of former recommendations. For the entire corporate governance statement, this (new) recommendation will be complied with starting with the version for 2019.

G.18 sentence 2

If members of the Supervisory Board are granted performance-related remuneration, it shall be geared to the long-term development of the company.



The current variable remuneration of the Supervisory Board members, last amended by the Annual General Meeting on 27 June 2008 and confirmed by the approval of the remuneration system by the Annual General Meeting 2021, is based on the amount of the dividend paid out insofar as it exceeds 20% of the share capital per share. It is limited to twice the amount of fixed annual remuneration of the Supervisory Board members. Thus, the effective variable remuneration does not meet with the criterion "sustainability" in the sense of this recommendation. Due to the alignment of the variable remuneration with shareholder interests, however, the Supervisory Board believes that variable remuneration in its present form is still adequate.

G.10

Taking the respective tax burden into consideration, Management Board members' variable remuneration shall be predominantly invested in company shares by the respective Management Board member or shall be granted predominantly as share-based remuneration. Granted long-term variable remuneration components shall be accessible to Management Board members only after a period of four years.

The Supervisory Board is of the opinion that the recommendation according to sentence 1 is not practicable for a company of R. STAHL's size. As already described in the remuneration report for the 2019 financial year, the update of the Executive Board contracts in spring 2019 increased the weighting of the long-term incentive (LTI with a three-year period) and linked it to a mandatory personal investment in R. STAHL shares during the term of the contract. At the time of payment, the Executive Board member must prove to hold shares in the Company amounting to at least 50% of an annual basic salary (gross). These shall be held in his ownership at least until the maturity of the last long-term variable remuneration to which he is entitled under the service contract. The LTI becomes due at the Annual General Meeting of the Company that has resolved on the appropriation of profits for the last financial year of the three-year period.