

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE DECLARATION PURSUANT TO SECTION 289F HGB AND SECTION 315D HGB

The Executive Board and Supervisory Board of STS Group AG pursue the goal of responsible, sustainable and transparent corporate governance. We see good corporate governance as the basis for successful long-term corporate development that harmonises the interests of our national and international investors and the financial markets with the interests of our employees, business partners and the public. This is based on statutory regulations, the German Corporate Governance Code (GCGC or Code), the Articles of Association of STS Group AG and the rules of procedure of the Executive Board and Supervisory Board, which are taken into account in all decision-making processes.

After the Executive Board and the Supervisory Board dealt in detail with the requirements of the GCGC, STS Group AG adopted the annual declaration of compliance in accordance with Section 161 (1) sentence 1 AktG in February 2024 and published it on its website at www.sts.group.

In accordance with Principle 23 of the GCGC in its latest version dated 28 April 2022, published in the Federal Gazette on 27 June 2022, STS Group AG reports on corporate governance at STS Group AG in the Corporate Governance Statement. This Corporate Governance Statement in accordance with Section 289f of the German Commercial Code (HGB) and the Group Corporate Governance Statement in accordance with Section 315d HGB are published on the STS Group AG website. In accordance with Section 317 (2) sentence 6 HGB, the audit of the disclosures pursuant to Sections 289f (2) and (5), 315d HGB by the auditor must be limited to whether the disclosures have been made.

Against this background, STS Group AG reports below on the corporate governance of STS Group AG, in particular on the working methods of the Executive Board and Supervisory Board.

1. MANAGEMENT AND CONTROL STRUCTURE

As a German stock corporation, STS Group AG has a dual management system consisting of a Management Board and a Supervisory Board in accordance with statutory regulations.

1.1. THE SUPERVISORY BOARD

1.1.1 Composition of the Supervisory Board

The Supervisory Board currently consists of three members in accordance with Sections 95 sentence 1, 96 para. 1 var. 6, 101 para. 1 sentence 1 AktG in conjunction with Section 10 para. 5 Section 10 (1) and (2) of the Articles of Association of STS Group AG, the Supervisory Board currently consists of three members who are elected by the Annual General Meeting. The Supervisory Board currently has no employee representatives in accordance with Section 4 (1) DrittelbG or Section 7 (1) sentence 1 MitbestG or other co-determination regulations, as the relevant requirements are not met. By resolution of the Annual General Meeting on 23 July 2021, the three Supervisory Board members (Mr Paolo Scudieri, Mr Pietro Gaeta and Mr Pietro Lardini) were elected for the period until the end of the Annual General Meeting that resolves on the discharge for the 2023 financial year.

1.1.1.1 Objectives of the Supervisory Board

Contrary to the recommendation in Section C.1 of the GCGC, STS Group AG has not specified any concrete objectives for its composition and has not drawn up a profile of skills and expertise for the entire Board. However, when selecting candidates to be proposed for election to the Supervisory Board, STS Group AG always ensures that these are individuals who have the necessary knowledge, skills and personal experience. For this reason, STS Group AG has come to the conclusion that the targets set with regard to composition are unsuitable for the election of an efficient and qualified Supervisory Board of STS Group AG. Accordingly, STS Group AG has declared a deviation from the recommendation in Section C.1 of the GCGC in its declaration of conformity in accordance with Section 161 para. 1 sentence 1 AktG.

No age limit has been set for the members of the Supervisory Board of STS Group AG. The company is of the opinion that the specialist knowledge and professional as well as personal experience of the candidates are decisive in the selection of Supervisory Board members and that a specific age limit is unsuitable for ensuring the required skills. For this reason, the company has declared a deviation from the recommendation in section C.2 of the GCGC in the declaration of conformity.

1.1.1.2 Competences

STS Group AG is of the opinion that the current composition of the Supervisory Board fulfils the requirements of Principle 11 of the GCGC, according to which the members of the Supervisory Board as a whole must have the knowledge, skills and professional experience

required to properly perform their duties. In particular, in the opinion of STS Group AG, the Supervisory Board has the competences that are considered essential in view of the activities of STS Group AG. In particular, this includes many years of experience and in-depth knowledge in the management of an internationally active company, including in the automotive sector, as well as in the areas of production, product development, strategic management, finance and accounting.

1.1.1.3 Independence

The current members of the Supervisory Board and their close family members have no personal or business relationship with STS Group AG or its Executive Board that could give rise to a material and not merely temporary conflict of interest. The Supervisory Board does not include any former members of the Executive Board, nor have the Supervisory Board members maintained any significant business relationship with the company or a company dependent on it (e.g. as a customer, supplier, lender or consultant), either directly or as a shareholder or in a responsible function at a company outside the Group, either currently or in the year prior to their appointment. There are no family ties to members of the Executive Board and the term of office of Supervisory Board members is three years and therefore less than 12 years. The members of the Supervisory Board of STS Group AG are therefore to be regarded as independent of the company and its Executive Board within the meaning of Section C.7 (1) of the GCGC.

In addition, two of the current three Supervisory Board members are also independent of the controlling shareholder within the meaning of Section C.9 (2) and Section C. 10 of the GCGC. The Chairman of the Supervisory Board, Mr Paolo Scudieri, and the Supervisory Board member Mr Pietro Gaeta are independent of the controlling shareholder. The two aforementioned Supervisory Board members are neither themselves nor are any of their close family members a controlling shareholder. They are also not members of the Executive Board of the controlling shareholder of STS Group AG and have no other personal or business relationship with the controlling shareholder that could give rise to a material and not merely temporary conflict of interest. Mr Paolo Scudieri is only a member of the management of several Group companies of the controlling shareholder.

In contrast, the other Supervisory Board member Pietro Lardini, who is also Chairman of the Audit Committee, which is now mandatory, is independent of the Executive Board of STS Group AG, but not independent of the controlling shareholder due to his position on the controlling shareholder's board. STS Group AG is convinced that this is a significant and not merely temporary conflict of interest. Due to the takeover by the controlling shareholder and the resulting need for a rapid change of members of the Supervisory Board, the lack of independence of Mr Pietro Lardini is temporarily accepted. For this reason, a deviation from the recommendation in section C. 10 sentence 2 of the GCGC was also declared in the declaration of compliance.

All Supervisory Board members comply with the limitation of Supervisory Board mandates recommended in sections C.4 and C.5 of the GCGC. In addition to their activities on the Supervisory Board of STS Group AG, none of the Supervisory Board members are members of other supervisory bodies; however, comparable control functions in commercial enterprises are held by all members. These control functions relate exclusively to non-listed Group companies of the majority shareholder. In addition, the number of control mandates is one each.

The members of the Supervisory Board do not perform any executive or advisory functions for major competitors of STS Group AG, nor do they have a personal relationship with a major competitor of STS Group AG.

1.1.2 Tasks of the Supervisory Board

The Supervisory Board monitors and advises the Executive Board on the management of the company. The Supervisory Board discusses business development and planning as well as corporate strategy and its implementation at regular intervals. It examines the annual and consolidated financial statements, the management report, the Group management report and the proposal for the appropriation of net profit. In accordance with statutory provisions, it also decides on the adoption of the annual financial statements and the approval of the consolidated financial statements of STS Group AG, taking into account the auditor's reports. The Supervisory Board reports on this to the Annual General Meeting. Significant Executive Board decisions, e.g. budget planning, long-term strategic decisions, the sale of significant fixed assets, capital measures and major financing and investment decisions, must be approved by the Supervisory Board in accordance with Section 5 in conjunction with Annex 2 of the Rules of Procedure. In conjunction with Appendix 2 of the rules of procedure for the Executive Board of STS Group AG are subject to the approval of the Supervisory Board.

1.1.3 Organisation and working methods of the Supervisory Board

Regulations relating to the Supervisory Board and its organisation and working methods are contained in particular in Sections 10 to 16 of the Articles of Association of STS Group AG and in the rules of procedure of the Supervisory Board. Contrary to the recommendation in Section D.1 of the GCGC, the rules of procedure of the Supervisory Board are not made available on the company's website, partly due to the confidential nature of the information they contain with regard to transactions requiring approval.

The new members of the Supervisory Board elected by resolution of the Annual General Meeting on 23 July 2021 elected Mr Paolo Scudieri from among their number as Chairman of the Supervisory Board at their constituent meeting in accordance with Section 3 (1) of the Supervisory Board's rules of procedure, who coordinates the work of the Supervisory Board, chairs the meetings of the Supervisory Board and represents the interests of the Supervisory Board externally.

As the Supervisory Board of STS Group AG consists of only three members in accordance with the Articles of Association, no committees within the meaning of Section 107 (3) AktG have been formed, with the exception of the Audit Committee, which is now mandatory in accordance with Section 107 (4) AktG. Accordingly, STS Group AG does not follow the recommendations in sections D.2 and D.4 of the GCGC. By circular resolution dated 15 November 2021, the Supervisory Board of STS Group AG resolved to establish an Audit Committee. The members of the three-member Supervisory Board also form the three-member Audit Committee.

At the constituent meeting of the Audit Committee on 15 November 2021, the Audit Committee elected Mr Pietro Lardini as Chairman and Mr Pietro Gaeta as Deputy Chairman. The Chairman of the Supervisory Board therefore does not chair the Audit Committee. Accordingly, STS Group AG follows the recommendation in Section D.3 sentence 5 of the GCGC.

The Supervisory Board and its Audit Committee thus each include Mr Pietro Lardini, a member with specialist expertise due to his work as a controller in a company from 1988 to 1990 and his studies in economics, and Mr Pietro Gaeta, another member with expertise in the field of auditing. With regard to the recommendation regarding the Chairman of the Audit Committee in Section D. 3 sentence 1 of the GCGC, STS Group AG follows the recommendations of the GCGC accordingly with Mr Pietro Lardini.

The members of the Supervisory Board are obliged by the provisions of stock corporation law and also in accordance with Section 8 of the rules of procedure for the Supervisory Board of STS Group AG to maintain confidentiality regarding trade and business secrets and other facts that become known to them through their work on the Supervisory Board and the disclosure of which could harm the interests of STS Group AG.

The report of the Supervisory Board provides details of the Board's work in the 2023 financial year. An overview of the composition of the Supervisory Board and the CVs of its members are available on the STS Group AG website at www.sts.group.

In accordance with the recommendation in Section D.12 of the GCGC, the Supervisory Board carried out a self-assessment in the 2023 financial year to determine the effectiveness and efficiency of the Supervisory Board's work. No external support was sought, as the Supervisory Board members themselves were fully involved in all of the Supervisory Board's work due to the lack of committees and the small size of the Supervisory Board with only three members. As part of the self-assessment, the Supervisory Board members examined the working methods and effectiveness of the Supervisory Board, particularly with regard to the prompt and comprehensive provision of information by the Executive Board, the possibility of (also short-term) internal coordination via a video conferencing system and the short-term availability of the Executive Board and Supervisory Board for current issues. The results of the audit confirm a good supply of information to the

Supervisory Board, a smooth flow of information within the Supervisory Board body and efficient meeting and work organisation.

1.2. THE EXECUTIVE BOARD

1.2.1 Composition of the Executive Board

In accordance with Section 7 of the Articles of Association of STS Group AG, the Executive Board consists of one or more persons, whereby the exact number of Executive Board members is determined by the Supervisory Board. With effect from 1 February 2022, the Supervisory Board elected Mr Alberto Buniato as the new sole member of the Executive Board for a period of three years. Information on the Executive Board and the curriculum vitae of Mr Alberto Buniato are available on the STS Group AG website at www.sts.group.

Contrary to the recommendation in Section B.5 of the GCGC, the Supervisory Board has refrained from setting a specific age limit for members of the Management Board. Since, in the opinion of the Supervisory Board, the professional expertise and professional and personal experience of candidates are decisive for their selection as a member of the Management Board and these requirements are not linked to a specific age, a specific age limit appears inappropriate against this background. For this reason, a deviation from the recommendation in Section B.5 of the GCGC was also declared in the declaration of compliance.

In accordance with the recommendation in Section B.2 of the GCGC, the Supervisory Board worked with the Executive Board in the 2022 financial year to ensure long-term succession planning. Based on the fact that the sole member of the Executive Board, Mr Alberto Buniato, was appointed for a period of three years, the Supervisory Board regularly consults on this and is in close dialogue with the Executive Board on this topic, continuity should always be ensured. In terms of content, the Supervisory Board has defined, discussed, assessed and weighted various requirement profiles, such as international experience in restructuring, negotiations in this business sector and the strategic orientation of companies. Expertise in the North American market is also of particular relevance in view of the strategic project to establish a new production site in the USA.

1.2.2 Tasks of the Executive Board

The Executive Board is responsible for the management and external representation of STS Group AG. The Executive Board is responsible for managing STS Group AG with the aim of sustainable value creation and in the interests of the company. It determines the business policy and develops the strategic direction of STS Group AG.

The Executive Board is responsible for preparing the half-year report and the annual and consolidated financial statements as well as the management report and Group management report of STS Group AG. The Executive Board also ensures that statutory

provisions, official regulations and internal company guidelines are complied with. It also works towards their observance by Group companies.

The Executive Board is also responsible for convening the Annual General Meeting, subject to the statutory rights of the Supervisory Board and a minority of shareholders to convene a meeting.

1.2.3 Organisation and working methods of the Executive Board

The main regulations on the organisation and working methods of the Executive Board are contained in particular in Sections 7 to 9 of the Articles of Association of STS Group AG and in the rules of procedure for the Executive Board of STS Group AG.

The sole Management Board decided on measures and transactions of a business division that were of extraordinary importance to the company or involved an extraordinary economic risk. These included, in particular, matters requiring the approval of the Supervisory Board, fundamental organisational and business policy issues and the convening of the Annual General Meeting. In accordance with Section 9 (1) of the Articles of Association of STS Group AG, the Executive Board of STS Group AG generally passed resolutions at meetings.

In the 2023 financial year, Mr Alberto Buniato performed the duties of the Executive Board comprehensively and independently as sole member of the Executive Board.

Members of the Executive Board are obliged to maintain confidentiality regarding all operational and business matters in accordance with the provisions of the German Stock Corporation Act and Section 11 of the rules of procedure for the Executive Board of STS Group AG. In addition, members of the Executive Board are subject to a comprehensive non-competition clause during their membership of the Executive Board and for the duration of their employment contract. The assumption of sideline activities by members of the Executive Board requires the approval of the Supervisory Board.

1.2.4 Cooperation between the Executive Board and the Supervisory Board

In accordance with Section 1 (1) of the rules of procedure for the Executive Board of STS Group AG and Section 1 (3) of the rules of procedure for the Supervisory Board of STS Group AG, the Executive Board and Supervisory Board work closely together for the benefit of the company. The Executive Board informs the Supervisory Board regularly, promptly and comprehensively about the course of business, the intended business policy and other fundamental questions of corporate planning as well as questions of profitability and liquidity in accordance with Section 90 (1) AktG in conjunction with Section 9 of the rules of procedure for the Executive Board of STS Group AG. In return, the Chairman of the Supervisory Board consults with the Executive Board in accordance with Section 3 (4) of

the rules of procedure for the Supervisory Board of STS Group AG, in particular on matters of strategy, business development and other important events that are of material importance for the assessment of the situation and development as well as for the management of the company and the Group.

1.2.5 Remuneration of the Executive Board

The remuneration of the individual members of the Executive Board is determined by the Supervisory Board, which must also ensure that it is commensurate with the tasks and performance of the Executive Board member and the situation of the company and does not exceed the usual remuneration without special justification. The remuneration structure must be geared towards the sustainable and long-term development of the company.

The Executive Board remuneration system approved at the Annual General Meeting on 23 July 2021 complies with the AktG and the recommendations of the GCGC. However, this system of Executive Board remuneration was not fully implemented with the contractual provisions for the sole Executive Board member Mr Alberto Buniato. For this reason, a deviation from the recommendations of sections G.3, G.4, G.6, G.10, G.11, G.12, G.15 and G.16 of the GCGC was also declared in the declaration of conformity. Nevertheless, the current situation ensures that the target total remuneration of the current Management Board is commensurate with the company's situation and does not exceed the usual remuneration for such a position. This is because the Executive Board remuneration must nevertheless be based on the Executive Board remuneration system resolved at the Annual General Meeting on 23 July 2021.

The remuneration of the members of the Executive Board is based on the remuneration report prepared by the Executive Board and Supervisory Board in accordance with Section 162 AktG and formally audited by the auditor in accordance with Section 162 para. 3 AktG, which STS Group AG publishes on its website at <https://www.sts.group/de/investor-relations/corporate-governance> as a new, independent obligation under stock corporation law in accordance with Section 120a para. 4 AktG, Section 162 para. 1 and para. 4 AktG and whose approval must be resolved by the Annual General Meeting at the next Annual General Meeting in 2024.

1.3. PROMOTION OF WOMEN IN LEADERSHIP POSITIONS

§ Section 111 (5) AktG stipulates that the Supervisory Board must set targets for the proportion of women on the Management Board and Supervisory Board for listed stock corporations. If the proportion of women is below 30% at the time the targets are set, the targets may no longer fall below the proportion achieved in each case. At the same time as the targets are set, deadlines must be set for their achievement, which may not be longer than five years.

In a resolution dated 10 November 2023, the Supervisory Board of STS Group AG set the target for the proportion of women on the Executive Board and Supervisory Board from 10 November 2023 at 0% in view of the members of the Executive Board and Supervisory Board appointed at the time of the resolution and at the same time determined that this determination should apply until the end of 9 November 2026. However, STS Group AG is endeavouring to find female candidates for future positions on the Executive Board and Supervisory Board, particularly as part of its long-term succession planning.

By resolution dated 10 November 2023, the Executive Board of STS Group AG set targets for the proportion of women in the first management level below the Executive Board in accordance with Section 76 (4) AktG and determined that these should be achieved by 9 November 2026. As STS Group AG has a small number of employees and a flat management structure, there is only one management level below the Executive Board, meaning that a target for the proportion of women was only set for this management level. A target of 0% for the proportion of women was set for the first management level below the Executive Board.

The now mandatory justifications pursuant to section 76 para. 4 sentence 3 AktG and section 111 para. 5 sentence 3 AktG for 0% determinations as a result of the Second Management Positions Act (FüPoG II 2021) apply to the new resolutions, as according to the transitional provision in the Introductory Act to the AktG, the obligation to provide reasons only applies to determinations of target figures prior to 12 August 2021 (section 26I para. 2 EGAktG).

The Executive Board and Supervisory Board are convinced that there are many good reasons in favour of increasing the proportion of women in management positions. Promoting gender diversity can lead to more innovative ideas, better corporate governance and long-term success, among other things. Nevertheless, in this specific case, a target of 0% for the proportion of women was set for both the Executive Board and the Supervisory Board based on the following considerations: The Executive Board and Supervisory Board of STS Group AG are of the opinion that when selecting candidates, it is crucial that they are individuals who have the knowledge, skills and professional and personal experience required to properly fulfil their duties. The Executive Board and Supervisory Board of STS Group AG are convinced that these requirements are not linked to a specific gender, which is why the Executive Board and Supervisory Board of STS Group AG did not consider it appropriate to set specific targets for members of the Executive Board and Supervisory Board and for persons at the first management level at the time of the respective resolutions on 10 November 2023 in order to ensure that the persons concerned have the necessary skills.

In addition, the Executive Board and Supervisory Board of STS Group AG are of the opinion that by setting a 0% limit, discrimination against candidates based on their gender can be avoided, even though they have better knowledge, skills and professional and personal

experience. The Executive Board and Supervisory Board of STS Group AG are convinced that in this way they can ensure that the vacant positions can be filled with the most suitable persons.

In addition, there has been a lack of suitable female candidates to date. In the experience of the Executive Board and Supervisory Board, the automotive industry is more strongly characterised by traditional gender roles than other industries. For this reason alone, there are likely to be fewer female applicants than male applicants for the - also exposed - positions on the Management Board and Supervisory Board. This applies in particular to women who have (decades of) experience in the automotive industry. From the perspective of the Supervisory Board, however, such experience is essential in order to be able to successfully fulfil a mandate on the Management Board or Supervisory Board of the company. After all, the Management Board and Supervisory Board are satisfied with the development of recent years, which is why they believe that a change in the executive bodies "only" for reasons of gender proportionality harbours a not insignificant risk. The current mandate holders not only have the desired decades of experience in the automotive industry, but have also proven for many years that they are able to think entrepreneurially and make profitable long-term decisions. As the candidate situation in particular can change quickly, the decision was deliberately taken this time for only three years.

1.4. ACQUISITION OR SALE OF SHARES IN THE COMPANY BY THE MANAGEMENT BOARD OR SUPERVISORY BOARD

In accordance with Art. 19 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (MAR) in conjunction with the general ruling of the German Federal Financial Supervisory Authority (BaFin) of 24 October 2019 within the meaning of Art. 19 para. 9 MAR, members of the Executive Board and the Supervisory Board are, inter alia are obliged to disclose the purchase and sale of shares in STS Group AG or related derivatives or other related financial instruments if the value of the transactions carried out by the member concerned or by persons closely related to them exceeds a total volume of EUR 20,000 within a calendar year. The Federal Financial Supervisory Authority (BaFin) must also be notified of such transactions.

STS Group AG has established a process to ensure proper notification to BaFin and publication of the notifications. Corresponding notifications are available on the STS Group AG website at www.sts.group.

1.5. COMPLIANCE MANAGEMENT SYSTEM

At its meeting on 16 November 2020, the Supervisory Board of STS Group AG adopted the Code of Conduct that will also apply in the 2023 financial year. This new version of the Code of Conduct is significantly more comprehensive and addresses the following content in detail:

- Capital market laws;
- Competition and antitrust laws;
- Corruption and bribery;
- Asset protection laws;
- Tax and customs laws;
- Accounting and financial reporting regulations;
- Money laundering and terrorist financing;
- Employment relationship laws; and
- Health and safety in the workplace, environmental laws and other regulations.

Other sections of the Code of Conduct deal with issues such as how conflicts of interest can be avoided.

The whistleblower system is published on the company's website at <https://stsgroup.integrityline.org/>. The new Code of Conduct can also be accessed there.

Although already included in the Code of Conduct, separate guidelines on capital market issues, competition and antitrust law, corruption, money laundering and IT were also introduced for STS Group AG. In addition, it was ensured that the various data protection requirements (in particular based on the GDPR) are complied with in practice, which is why numerous process guidelines were created in this context.

2. THE SHAREHOLDERS AND THE ANNUAL GENERAL MEETING

2.1. INFORMATION FOR SHAREHOLDERS

STS Group AG regularly reports to its shareholders twice a financial year on business developments and on the company's net assets, financial position and results of operations.

As part of its investor relations work, STS Group AG provides comprehensive information on the development of the company. STS Group AG primarily uses the Internet for its reporting. In addition to the half-year and annual reports, earnings reports, ad hoc announcements, analyst presentations and press releases, the financial calendar for the current financial year is published at www.sts.group, which contains the key publication dates for financial communication and the date of the Annual General Meeting.

2.2. PROCEDURE OF THE ANNUAL GENERAL MEETING

The Annual General Meeting, which also reports on business developments, takes place in the first eight months of each financial year in accordance with Section 17 (1) of the Articles of Association of STS Group AG. Shareholders may exercise their voting rights at the Annual General Meeting by proxy in accordance with Section 18 (4) of the Articles of Association of STS Group AG. The authorisation must be in text form, provided that no simplifications are specified in the invitation to the Annual General Meeting. In accordance with Section 20 of the Articles of Association of STS Group AG, the Executive Board is authorised to permit the video and audio transmission of the Annual General Meeting. In addition, in accordance with Section 18 (5) and (6) of the Articles of Association of STS Group AG, the Executive Board may provide that shareholders may cast their votes in writing or by means of electronic communication without attending the Annual General Meeting (postal vote) or may participate in the Annual General Meeting without being present at the venue and without an authorised representative and may exercise all or some of their rights in whole or in part by means of electronic communication (online participation). To date, no use has been made of the option of postal voting in accordance with the provisions of the Articles of Association.

In the 2023 financial year, an Annual General Meeting was held on 7 July 2023. The Annual General Meeting was held with the physical presence of shareholders or their authorised representatives. The company can only hold Annual General Meetings virtually after 31 August 2023 if there is a corresponding basis in the Articles of Association. In accordance with Section 118a para. 1 sentence 1 AktG, the Articles of Association may provide for or authorise the Executive Board to provide for the Annual General Meeting to be held without the physical presence of shareholders or their proxies at the venue of the Annual General Meeting (virtual Annual General Meeting).

The information to be published on the Internet in accordance with Section 124a AktG following the convening of the Annual General Meeting, in particular the agenda, is made available on the STS Group AG website at www.sts.group.

2.3. TASKS OF THE ANNUAL GENERAL MEETING

The Annual General Meeting elects the members of the Supervisory Board. It also decides on matters assigned to it by law, in particular the appropriation of profits, the discharge of the Management Board and Supervisory Board, the election of the auditor and amendments to the Articles of Association. Each share entitles the holder to one vote when passing resolutions. Amendments to the Articles of Association, such as measures to change the capital, are resolved by the Annual General Meeting and implemented by the Executive Board. Shareholders can submit motions on resolutions proposed by the Executive Board and Supervisory Board and challenge resolutions of the Annual General Meeting. Shareholders whose shares together amount to one hundredth of the share capital or the proportionate amount of the share capital totalling at least EUR 100,000 at the time the motion is submitted may also request that a special auditor be appointed by the court to review certain transactions, subject to the further requirements of Section 142 AktG.

DECLARATION OF COMPLIANCE IN ACCORDANCE WITH SECTION 161 OF THE GERMAN STOCK CORPORATION ACT

Pursuant to Section 161 of the German Stock Corporation Act (AktG), the Management Board and Supervisory Board of a listed stock corporation must declare annually that the recommendations of the Government Commission on the German Corporate Governance Code ("Code") published by the Federal Ministry of Justice in the official section of the Federal Gazette have been and are being complied with or which recommendations have not been or are not being applied. The declaration must be made permanently available to the public on the company's website. The companies can therefore deviate from the recommendations of the Code, but are then obliged to disclose and justify this annually. This enables the companies to take into account industry- or company-specific requirements. In this way, the Code contributes to the flexibilisation and self-regulation of the German corporate constitution.

Declaration by the Executive Board and the Supervisory Board of STS GROUP AG on the recommendations of the "Government Commission on the German Corporate Governance Code" pursuant to Section 161 of the German Stock Corporation Act (Aktengesetz, AktG)

Management Board and Supervisory Board of STS Group AG with its seat in Hagen, North Rhine-Westphalia, (the "Company") declare:

The Company complies with the recommendations of the "Government Commission on the German Corporate Governance Code" in the version of April 28, 2022, published in the German Federal Gazette (*Bundesanzeiger*) on June 27, 2022, (the "Code"), since February 2023, the date of the Company's last Declaration of Conformity, and will continue to comply, in each case with the following exceptions:

1. Section A.5 of the code:

With the updated version of the Code dated April 28, 2022, since then the Code now also recommends that the key features of the overall internal control system and the risk management system should be described in the management report (*Lagebericht*) and that a statement should be made on the appropriateness and effectiveness of these systems.

At the time the management report for the financial year 2022 was prepared, the inclusion of the main features of the overall internal control system and the risk management system in the management report, as well as a statement on their appropriateness and effectiveness, was already a recommendation of the German Corporate Governance Code (the „GCGC“). This recommendation was already considered in the declaration of compliance in February 2023. The Company already addressed this recommendation of the GCGC at the beginning of the financial year 2022 and again at

the beginning of the 2023 financial year – during the preparation of the management report for the respective financial year – and was also in an exchange with the Company's auditing firm commissioned to pre-prepare the management report in this regard. However, the Company decided against including the aforementioned points in the management report for financial year 2021, as well as for financial year 2022, because the auditing firm was appointed and is responsible for the audit of the financial statements only. If the aforementioned points were included, however, the auditing firm would have to subject the Company's entire internal control system to an audit, for which the auditing firm was not actually appointed. In the management report for the financial year 2023, the Company therefore also intends not to have its internal control system audited by the auditing firm.

2. Section B.5 of the Code:

The Code recommends that an age limit be specified for members of the Management Board and stated in the Corporate Governance Statement.

The Supervisory Board has repeatedly not passed a resolution specifying a concrete age limit for members of the Management Board, which is why no information can be provided in the Corporate Governance Statement in this regard. The Supervisory Board continues to be of the opinion that the decisive factor in the selection of candidates is that they are persons who possess the knowledge, skills and professional and personal experience required to properly perform their duties. The Company is convinced that these requirements are not linked to a specific age, which is why the Company continues to regard a specific age limit for members of the Management Board as unsuitable for ensuring that the persons concerned have the necessary skills.

3. Section C.1 of the Code:

The Code recommends that the Supervisory Board should specify concrete objectives for its composition and draw up a competence profile for the entire body. In doing so, the Supervisory Board should pay attention to diversity. The competence profile of the Supervisory Board should also include expertise on sustainability issues of importance to the Company. Proposals of the Supervisory Board to the Annual General Meeting shall take these objectives into account and at the same time aim to fill out the competence profile for the entire body. The status of implementation shall be disclosed in the form of a qualification matrix in the Corporate Governance Statement. This shall also provide information on the number of independent shareholder representatives on the Supervisory Board, considered appropriate by the shareholder representatives, and the names of these members.

The Supervisory Board has repeatedly not passed a resolution setting out specific objectives for the composition of the Supervisory Board or a competence profile for the entire body, which also includes expertise on sustainability issues of importance to the company. The Company is of the opinion that the current composition of the Supervisory Board meets the requirements of Section C.1 of the Code. When selecting candidates to be proposed for election to the Supervisory Board, the Company always ensures that

these are persons who have the knowledge, skills and professional and personal experience required to properly perform their duties, also with regard to sustainability issues affecting the Company. For this reason, the Company continues to believe that targets set with regard to the specific composition are unsuitable for the election of an efficient and qualified Supervisory Board.

4. Section C.2 of the Code:

The Code recommends that an age limit be specified for Supervisory Board members and stated in the Corporate Governance Statement.

The Supervisory Board has also not passed any resolution specifying a concrete age limit, which is why no information can be provided in the corporate governance declaration. With reference to the above explanations on Section C.1, the Company is of the opinion that the decisive factor in the selection of candidates is that they are persons who have the knowledge, skills and professional and personal experience required to properly perform their duties, also with regard to sustainability issues affecting the Company. The Company is still convinced that these requirements are not linked to a specific age, which is why, in the future, the Company does not consider necessary a specific age limit for Supervisory Board members to be suitable for ensuring the necessary skills of the persons concerned either.

5. Section C.10 of the Code:

The Code recommends that the Chairman of the Supervisory Board, the Chairman of the Audit Committee and the Chairman of the committee dealing with Management Board compensation should be independent of the Company and the Management Board. The Chairman of the Audit Committee should also be independent of the controlling shareholder.

The Company is convinced that the Chairman of the Supervisory Board is independent of the Company and the Management Board. However, as the Supervisory Board of the Company consists of only three persons in accordance with the Articles of Association, no committees are formed, with the exception of the Audit Committee, which is now mandatory under Sec. 107 para. 4 of the German Stock Corporation Act (AktG). Accordingly, the Company does not have a Chairman of the committee dealing with Management Board compensation, but only a Chairman of the Audit Committee. The Company is convinced that the Chairman of the Audit Committee is also independent of the Management Board and the Company, but due to his position on the board of the majority shareholder he is not independent of the controlling shareholder. The primary objective of the Company was initially to comply with the new statutory obligation to establish an Audit Committee without at the same time adding further members to the Supervisory Board. In view of the extraordinary workload for the Chairman of the Supervisory Board that would be associated with a combination of the duties of Chairman of the Supervisory Board and Chairman of the Audit Committee, it was more important from the Company's point of view that the Chairman of the Supervisory Board should not also be Chairman of the Audit Committee, which is why the lack of

independence of the Chairman of the Audit Committee vis-à-vis the controlling shareholder will be accepted for the foreseeable future, especially as the Company is convinced that the institutional separation of the Audit Committee and the Management Board already ensures a high degree of independence. Since the last declaration of conformity in February 2023, no new members have been added to the Supervisory Board in the financial year 2023, as the Company remains convinced that the institutional separation of the Audit Committee and the Management Board already ensures a high degree of independence and that the Company therefore still does not consider it necessary to expand the Supervisory Board. The term of office of the Supervisory Board members elected at the Annual General Meeting on 23 July 2021 continues. The composition of the current Supervisory Board has proven itself to date and should continue to do so in the future.

6. Section D.1 of the Code:

The Code recommends that the Supervisory Board should adopt rules of procedure and make them available on the Company's website.

Although the Supervisory Board has adopted rules of procedure, it has deliberately decided not to publish them on the Company's website. The Supervisory Board is of the opinion that the Rules of Procedure contain very detailed regulations for cooperation within the Supervisory Board and with the Board of Management, but that these only relate to internal processes within the body or between the bodies and that making the Rules of Procedure accessible therefore offers no added value for investors. Conversely, however, the Rules of Procedure also contain confidential statements with regard to measures requiring approval, which are deliberately not intended to be published. The company continues to adhere to this view.

7. Section D.2, D.3 sentence 1 to sentence 3 and D.4 of the Code:

The Code recommends that the Supervisory Board should form professionally qualified committees depending on the specific circumstances of the Company and the number of its members. The respective committee members and the committee chairman should be named in the Corporate Governance Statement. The expertise in the field of accounting should consist of special knowledge and experience in the application of accounting principles and internal control and risk management systems, and the expertise in the field of auditing should consist of special knowledge and experience in auditing. Accounting and auditing also include sustainability reporting and its audit. The Supervisory Board shall form a Nomination Committee composed exclusively of shareholder representatives which nominates suitable candidates to the Supervisory Board for its proposals to the Annual General Meeting for the election of Supervisory Board members. The Audit Committee shall regularly assess the quality of the audit of the financial statements.

As the Supervisory Board of the Company consists of only three persons in accordance with the Articles of Association, no committees are formed - apart from the Audit Committee, which is mandatory by law (cf. Sec. 107 para. 4 of the German Stock

Corporation Act (AktG). Accordingly, the above recommendations do not apply to the Company and the Company still cannot comply with the above recommendations. As the Audit Committee is also the plenary body of the Supervisory Board, all members of the Audit Committee, in addition to the plenary body, deal in particular with accounting in accordance with the accounting principles, the internal control and risk management systems and the audit of the financial statements, including sustainability reporting and its audit. The Chairman of the Audit Committee also has special knowledge and experience in the application of accounting principles and internal control procedures and does not simultaneously hold the office of Chairman of the Supervisory Board. However, the Chairman of the Audit Committee is not yet familiar in depth with the audit of the financial statements and sustainability reporting and - as stated in section C.10 - is not independent of the controlling shareholder. The primary objective of the Company was initially to comply with the new statutory obligation to establish an Audit Committee without at the same time adding further members to the Supervisory Board. In view of the extraordinary workload of the Chairman of the Supervisory Board, which would be associated with a combination of the duties of Chairman of the Supervisory Board and Chairman of the Audit Committee, from the point of view of the Company it was more important that the Chairman of the Supervisory Board should not at the same time be Chairman of the Audit Committee, which is why on the one hand the lack of independence of the Chairman of the Audit Committee vis-à-vis the controlling shareholder and on the other hand the lack of familiarity with the auditing of the financial statements are accepted for the foreseeable future. This is particularly the case against the background that the Supervisory Board, due to its size, corresponds to the Audit Committee and thus the Chairman of the Supervisory Board, who is also familiar with the audit of the financial statements, and is also a member of the Audit Committee, which, from the continuing point of view of the Company, ensures the corresponding competence of the Audit Committee. The composition of the Supervisory Board and thus the Audit Committee has also proven itself and should continue to do so.

8. Section D.11 of the Code:

The Code recommends that the Company should provide appropriate support for the members of the Supervisory Board during their induction into office and during training and development measures, and report on the measures taken in the report of the Supervisory Board.

The Company did provide appropriate support to the Supervisory Board members newly appointed by the Annual General Meeting in July 2021 during their induction and will continue to support the members of the Supervisory Board appropriately in the future. However, no training or further education measures have been carried out by the Supervisory Board members to date, due in particular to recent outbreaks of the COVID 19 pandemic. The Company also intends to provide appropriate support to the members of the Supervisory Board in terms of training and continuing education measures in the future; talks are currently underway with various providers of such training courses, which are planned for the current financial year.

9. Section F.2 of the Code:

The Code recommends that the consolidated financial statements and the Group management report should be publicly accessible within 90 days of the end of the financial year, and the mandatory interim financial information within 45 days of the end of the reporting period.

In view of the legal requirement to publish the consolidated financial statements within the first four months of the Group's financial year, the Company complies with the legal requirements. The consolidated financial statements were published on April 20, 2023, just a few days after the deadline recommended by the Code. Due to the time required for the careful preparation of interim reports, the Company has also followed the statutory publication deadlines for the respective interim reports. However, the Company continues to endeavour to reduce the time required for the publication of consolidated financial statements and interim financial information to an absolute minimum in future.

10. Section G.3 of the Code:

The Code recommends that, in order to assess the customary nature of the specific total compensation of the members of the Management Board in comparison with other companies, the Supervisory Board uses a suitable comparison group of other companies (peer group comparison), the context of which it discloses.

The contractual documents relating to the compensation of the Management Board members do not currently provide for a comparison with the Management Board compensation of other companies. Nevertheless, Management Board compensation is to be based on the Management Board compensation system resolved at the Annual General Meeting on July 23, 2021, which provides for a comparison with other suitable companies under item 3. Accordingly, an additional explicit mention in the contractual basis of the Management Board compensation was not considered necessary. In the next revision of the contractual documents, however, a peer group comparison is to be made and taken into account in the customary nature of the specific total compensation.

11. Section G.4 of the Code:

For the purpose of assessing customary practice within the Company, the Code recommends that the Supervisory Board take into account the ratio of Management Board compensation to the compensation of senior management and the workforce as a whole, and this also in terms of its development over time.

This recommendation is not taken into account at present, as the Company continues to be in a state of upheaval in financial year 2023 as a result of the takeover by the new majority shareholder. In addition, the Company has only one employee below management level in financial year 2023. As the only comparator, this is not sufficiently meaningful. The Management Board currently still consists of only one sole Management Board member, so that a comparison with the compensation of other Management Board members is also ruled out. Nevertheless, it is intended to take into account the

compensation of senior executives and the workforce as a whole in the future, if and to the extent that a comparison appears meaningful.

12. Section G.6 of the Code:

The Code recommends that the variable compensation resulting from the achievement of long-term oriented targets should exceed the share resulting from short-term oriented targets.

This recommendation was not implemented as the Management Board compensation was affected by the aforementioned takeover process. However, the recommendation can be implemented in the foreseeable future; the Supervisory Board intends to adjust the contractual basis accordingly in the near future.

13. Section G.10 of the Code:

The Code recommends that the variable compensation amounts granted to the Management Board member should be invested by him predominantly in shares of the Company, taking into account the respective tax burden, or granted on a share-based basis accordingly.

This recommendation was not implemented as the contractual basis for this was lacking and could not be implemented in the current situation of the Company and, in the continuing conviction of the Company, will not be implemented in the foreseeable future.

14. Section G.11 of the Code:

The Code recommends that the Supervisory Board should have the possibility to take account of extraordinary developments to an appropriate extent. In justified cases, it should also be possible to withhold or demand the return of variable compensation.

This recommendation has not been implemented, as the Company continues to believe that the variable compensation model already takes account of extraordinary developments through the automatic mechanism inherent in the compensation system. On the one hand, concrete criteria are redefined for each Management Board member at the beginning of each year. Secondly, variable remuneration that can be paid out only arises if at least 80% of the target, such as EBITDA, is achieved.

15. Section G.12 of the Code:

The Code recommends that, in the event of termination of a Management Board contract, the payment of outstanding variable compensation components attributable to the period up to the termination of the contract should be made in accordance with the originally agreed targets and comparison parameters and in accordance with the due dates or holding periods specified in the contract.

From the Company's point of view, this recommendation is achieved by other means: The Management Board compensation modifies the recommendation in such a way that the payment of the variable compensation components is even waived if the due date of the

payment falls on a date after the termination of the Management Board contract. The Company assumed that the Management Board member should only be able to participate in the achievement of targets at the time the payment is due if he or she has an existing Management Board contract, as this was the only way of binding the Management Board member to the Company. No change has been made and is therefore not planned for the foreseeable future.

16. Section G.15 of the Code:

The Code recommends that where members of the Board of Management hold supervisory board mandates within the Group, the compensation should be credited. This recommendation has been implemented indirectly, but does not contain the intended automatism: The contractual basis for the compensation of the Board of Management requires the prior consent of the Company in the case of intra-Group supervisory board mandates. In addition, it should only be agreed how to deal with the further intra-Group Supervisory Board mandate once approval has been obtained. The implementation of the recommendation is therefore laid down in the basic contractual conditions and can therefore be implemented. The Supervisory Board will continue to ensure that in cases of intra-Group Supervisory Board mandates the recognition of compensation is also guaranteed in the future.

17. Section G.16 of the Code:

The Code recommends that, in the event of the assumption of supervisory board mandates from outside the Group, the Supervisory Board should decide whether and to what extent the compensation is to be imputed.

This recommendation has been implemented in accordance with the aforementioned explanations to Section G.15: The contractual basis for Management Board compensation also provides for an agreement on the handling of such mandates in individual cases. The implementation of the recommendation is therefore also laid down in the contractual basis and can therefore be implemented. The Supervisory Board will also continue to ensure that in cases of Supervisory Board mandates outside the Group, the compensation is taken into account in the future as well.

18. Section G.17 of the Code:

The Code recommends that the compensation of Supervisory Board members should take appropriate account of the greater time commitment of the Chairman and Deputy Chairman of the Supervisory Board and of the Chairman and members of committees.

The compensation of Supervisory Board members currently takes into account the chairmanship of the Supervisory Board, but not the deputy chairmanship of the Supervisory Board or the chairmanship or membership of committees. In determining the compensation system for the members of the Supervisory Board, the Company assumed that, in view of the intended division of duties and work among the members of the Supervisory Board, the Chairman of the Supervisory Board would probably have a

significantly higher time commitment, but not the Deputy Chairman compared with the third member of the Supervisory Board. Therefore, the compensation of the Supervisory Board members only takes into account the higher time expenditure of the Chairman. The chairmanship of the Audit Committee is not taken into account because the Company does not expect any significant additional expense in this respect either. As the Company has not formed any committees - apart from the Audit Committee - in view of the size of the Supervisory Board of three members, the above recommendation is not relevant with regard to committee members.

Hagen, February 2024

STS Group AG

The Executive Board

The Supervisory Board