

CORPORATE GOVERNANCE

Declaration of corporate governance in accordance with Section 289f and 315d of the German Commercial Code

The Executive and Supervisory Boards of STS Group AG work to ensure that corporate governance is conducted responsibly, sustainably, and transparently. We regard good corporate governance as an essential basis for the long-term success of the Company as a means of equally upholding the interests of our national and international investors, the financial markets, our employees, our business partners, and the general public. The foundations of corporate governance are statutory laws, the German Corporate Governance Code (GCGC or Code), the Articles of Association of STS Group AG and the rules of procedure Executive and Supervisory Boards, which inform all decision-making processes.

Following detailed discussion by the Executive and Supervisory Boards of the requirements under German Corporate Governance Code (GCGC) in February 2023 STS Group AG adopted the annual declaration of compliance in line with Section 161 (1) Sentence 1 of the German Stock Corporation Act (AktG) and published this declaration on the Company website www.sts.group.

According to Principle 23 DCGK in its last version of April 28, 2022, published in the Federal Gazette on June 27, 2022, STS Group AG reports in the declaration of corporate governance regarding to the corporate governance of STS Group AG. This corporate governance statement pursuant to Section 289f of the German Commercial Code (HGB) and, at the same time, the Group corporate governance statement pursuant to Section 315d of the German Commercial Code (HGB) have been published on the website of STS Group AG. Pursuant to Section 317 (2) Sentence 6 of the German Commercial Code (HGB), the auditor's review of the disclosures pursuant to Sections 289f paragraph 2 and 5, 315d of the German Commercial Code (HGB) is to be limited to whether the disclosures have been made.

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

1. MANAGEMENT AND CONTROL STRUCTURE

STS Group AG has a dual governance system in place in accordance with statutory provisions governing German stock corporation consisting of the Executive and Supervisory Boards, respectively.

1.1. THE SUPERVISORY BOARD

1.1.1. Composition of the Supervisory Board

The Supervisory Board is currently constituted of three members elected by the General Assembly, in accordance with Section 95 Sentence 1, 96 Par. 1 Var. 6, 101 Par. 1 Sentence 1 AktG in connection with Section 10 (1) and (2) of the Articles of Association of STS Group AG. There are presently no employee representatives on the Supervisory Board in accordance with Section 4 (1) of the German One Third Participation Act (DrittelbG) or Section 7 (1) Sentence 1 of the German Co-Determination Act (MitbestG), or other co-determination regulations, because the relevant requirements are not met. By resolution of the Annual General Meeting on July 23, 2021, the three members of the Supervisory Board were elected (Paolo Scudieri, Pietro Gaeta and Pietro Lardini) and appointed for the period until the end of the Annual General Meeting that resolves on the formal approval of the acts of management for the 2023 financial year.

1.1.1.1. Supervisory Board objectives

In deviation from the recommendation in section C.1 of the GCGC, STS Group AG has, STS Group AG has not specified any concrete objectives for its composition and has not developed a competence profile for the entire body. When selecting candidates to be proposed for election to the Supervisory Board, STS Group AG always ensures that candidates have the required knowledge, ability, and personal experience. STS Group AG has thus determined that adopting concrete objectives in respect to composition is not a suitable means for ensuring that the Supervisory Board of STS Group AG is composed of qualified members capable of working efficiently. STS Group AG has therefore disclosed a deviation from the German Corporate Governance Code recommendations in section C.1 in the Company declaration of compliance, in accordance with Section 161 (1) Sentence 1 AktG.

An age limit has not been set for the members of the Supervisory Board of STS Group AG. The company is of the opinion that the technical 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 necessary skills. For this reason, the Company has declared a deviation for the recommendations from Section C.2 to the GCGC in the Declaration of Conformity.

1.1.1.2. Competencies

Nevertheless, STS Group AG holds the view that the current composition of the Supervisory Board conforms with the requirements in accordance with the principal 11 of the GCGC, pursuant to which the Supervisory Board members as a group possess the knowledge, ability and expert experience required to properly complete its tasks. STS Group AG believes in particular that the Supervisory Board members have the competencies which are considered essential in view of the activities engaged in by STS Group AG. Principally, these include many years of experience, extensive knowledge regarding managing an international automotive enterprise and competency in the areas of production, product development, strategic management as well as finances 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 constitute a material and not merely temporary conflict of interest. The Supervisory Board does not include any former members of the Executive Board, nor did the members of the Supervisory Board have any material business relationship with the Company or any company dependent on it (e.g. as a customer, supplier, lender, or consultant), either currently or in the year up to their appointment, either directly or as shareholders or in a responsible function of a company outside the Group. There are no family ties to members of the Executive Board, and the term of office of Supervisory Board members is three years, respectively, which is 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.

Furthermore, two of the three current members of the Supervisory Board 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 named members the Supervisory Board are even themselves nor any of their close family members are controlling shareholders. Nor are they members of the Executive Board of the controlling shareholder of STS Group AG, nor do they have any 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 board of the controlling shareholder. STS Group AG is convinced that this is a material and also not merely temporary conflict of interest. Due to the takeover by the controlling shareholder and the resulting need for a quick change of the 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 has also been declared in the Declaration of Conformity.

All Supervisory Board members are in compliance with the recommended term limit per Section C.4 and C.5 GCGC. All members of the Supervisory Board are not members of other supervisory bodies in addition to their activities on the Supervisory Board of STS Group AG, although comparable control functions in commercial enterprises are held by all members. These control functions relate exclusively to unlisted Group companies of the majority shareholder. In addition, the number of control mandates amounts to one in each case.

The members of the Supervisory Board do not hold any executive or advisory positions with 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 supervises and advises the Executive Board in the management of the enterprise. The Supervisory Board regularly discusses business results, planning and corporate strategy and its execution. The Supervisory Board reviews the single-entity and consolidated annual financial statements, management report, Group management report and the proposal for appropriation of net retained profits. Based on the legal provisions, the Supervisory Board also decides on the approval of the annual financial statements and the approval of the consolidated financial statements of STS Group AG, whereby the auditor's reports are taken into consideration. The Board is involved in the process of approval of the annual financial statements and ratification of the consolidated financial statements of STS Group AG, taking auditor reports into account. The Supervisory Board reports on these activities to shareholders at the General Meeting. Key Executive Board decision-making issues such as budget planning, long-term strategy, sale of significant fixed assets, capital measures and major financing and investment decisions are subject to Supervisory Board approval pursuant to Section 5 in conjunction with Appendix 2 of the rules of procedure for the Executive Board of STS Group AG.

1.1.3. Organisation and functioning of the Supervisory Board

Regulations concerning the Supervisory Board and its organization 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. In deviation from the recommendation in Section D.1 GCGC, the rules of procedure of the Supervisory Board have

not been made available on the Company's website, among other things due to confidential statements contained therein with regard to transactions requiring approval.

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

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

At the constituent meeting of the Audit Committee on November 15, 2021, the Audit Committee elected Mr. Pietro Lardini as Chairman and Mr. Pietro Gaeta as Vice Chairman. The Chairman of the Supervisory Board thus 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 based on his work as a controller in a company from 1988 to 1990 and on his studies in economics, and Mr. Pietro Gaeta, another member with expertise in the field of auditing. With regard to the recommendation concerning the Chairman of the Audit Committee in Section D. 3 Sentence 1 of the GCGC, STS Group AG accordingly follows the recommendations of the GCGC with Mr. Pietro Lardini.

In accordance with the regulations of the stock corporation act and with Section 8 of the rules of procedure for the Supervisory Board, Supervisory Board members are obligated to uphold confidentiality with regard to trade and business secrets of STS Group AG and other facts of which they become aware through their work on the Supervisory Board the disclosure of which could impair the interests of STS Group AG.

Specifics concerning the Board's work in the financial year 2022 are provided in the Report of the Supervisory Board. An overview of the composition of the Supervisory Board and the curriculum vitae of the Supervisory Board members are available on the STS Group AG website - www.sts.group.

In accordance with the recommendation in Section D.12 GCGC, the Supervisory Board carried out a self-assessment in the 2022 financial year to determine the effectiveness and efficiency of the Supervisory Board's work. No external support was provided, as the lack of committees and the small size of the Supervisory Board with only three members meant that the Supervisory Board members themselves were fully involved in the overall work of the Supervisory Board. As part of the self-assessment, the members of the Supervisory Board reviewed the working methods and effectiveness of the Supervisory Board, in particular regarding the prompt and comprehensive provision of information by the Executive Board in each case, the possibility of (also short-term) internal coordination via a video conferencing system, and the availability of the Executive Board and Supervisory Board at short notice 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 an efficient organization of meetings and work.

1.2. THE EXECUTIVE BOARD

1.2.1. Composition of the Executive Board

In line with Article 7 of the STS Group AG Articles of Association, the Company's Executive Board consists of one or more persons. The exact number is determined by the Supervisory Board. Until January 31, 2022, the Executive Board consisted of one member, Mr. Andreas Becker as sole member of the Executive Board. However, by mutual agreement with STS Group AG, Mr. Andreas Becker terminated his office as sole member of the Executive Board as of January 31, 2022. Effective February 1, 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 Executive Board members. Since in the opinion of the Supervisory Board the technical expertise and professional and personal experience of candidates are decisive for their selection as a member of the Executive Board and these requirements are not linked to a specific age, a specific age limit appears unsuitable 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 Conformity.

In accordance with the recommendation in Section B.2 GCGC, the Supervisory Board has worked with the Executive Board to ensure long-term succession planning in the financial year 2022. Given that the sole member of the Board of Management, Mr. Alberto Buniato, was appointed for a period of three years, and that the Supervisory Board regularly consults on this matter and maintains close contact with the Board of Management, continuity should always be ensured. In terms of content, the Supervisory Board has defined, discussed, and assessed or weighted various requirement profiles for this purpose, such as international experience in restructuring, negotiations in this business

sector, and strategic alignments of companies. The expertise of the North American market is also of particular relevance, given the strategic project of establishing a new production site in the USA.

1.2.2. Tasks of the executive board

The Executive Board is charged with management of STS Group AG and representing the Group externally. The Executive Board manages STS Group AG on its own responsibility with the aim of sustainable value creation and in the interests of the company. It determines the business policy and develops the strategic orientation of STS Group AG.

The Executive Board is responsible for preparing the STS Group AG half-year report and the single-entity and consolidated financial statements, management report and Group management report of STS Group AG. The Executive Board also ensures that all provisions of law and the enterprise's internal policies are abided by and works to achieve their compliance by Group companies.

The Executive Board is also responsible for convening the General Meeting, although the Supervisory Board and a minority of shareholders also are responsible for convening shareholder meetings.

1.2.3. Organisation and functioning of the Executive Board

The main regulations governing the organization and working methods of the Executive Board are contained 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 member of the Executive Board decided on measures and transactions relating to a specific business area which were of extraordinary importance for the enterprise or involve extraordinary business risk. These include in particular matters requiring Supervisory Board approval, material organizational and business policy issues and convening the 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 in meetings.

In fiscal year 2022, first Mr. Andreas Becker and then Mr. Alberto Buniato performed the duties of the Executive Board comprehensively and on their own responsibility as sole members of the Executive Board.

In accordance with the regulations of the stock corporation act and Section 11 of the rules of procedure for the Executive Board of STS Group AG, Executive Board members are obligated to maintain confidentiality regarding any operational and business matters relating to STS Group AG. Executive Board members are also subject to broad non-competition provisions while serving on the Executive Board and for the duration of their respective employment contracts. Supervisory Board approval is required for any sideline activities to be engaged in by members of the Executive Board.

1.2.4. Cooperation between Executive Board and Supervisory Board

Pursuant to 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 and Supervisory Boards have a duty to cooperate closely to the benefit of the enterprise. In accordance with Section 90 (1) Sentence 1 of the German Stock Corporation Act (AktG) in conjunction with Section 9 of the rules of procedure for the Executive Board of STS Group AG, the Executive Board is to report regularly, without delay and comprehensively to the Supervisory Board on business activities, business policy and other fundamental corporate planning issues and results, as well as profitability and liquidity. In accordance with Section 3 (4) of the rules of procedure for the Supervisory Board of STS Group AG, the Chairman of the Supervisory Board advises the Executive Board on matters including particularly strategy and business results as well as other important events of material significance to assessing the position, growth and management of the Company and the Group.

1.2.5. Compensation of the Executive Board

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

Against the background of the change in personnel of the sole member of the Board of Management, Mr. Andreas Becker, in the financial year 2022 and the associated appointment of the sole member of the Board of Management, Mr. Alberto Buniato, at short notice, the recommendations of the GCGC were only implemented to a limited extent. Neither for Mr. Andreas Becker nor for Mr. Alberto Buniato, who succeeded him as sole member of the Management Board, were all recommendations of the GCGC implemented by the end of the 2022 financial year.

The system of Executive Board compensation approved at the Annual General Meeting on July 23, 2021 complies with the AktG and the recommendations of the GCGC. However, this system of Executive Board compensation was not fully implemented with the contractual provisions for the sole Executive Board member Mr. Andreas Becker, as well as 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 compensation of the incumbent Executive Board is commensurate with the situation of the Company and does not exceed the customary compensation for such a position. This is because the Executive Board compensation must nevertheless be based on the Executive Board compensation system resolved at the Annual General Meeting on July 23, 2021.

Executive Board member compensation is documented in the compensation report prepared by the Executive Board and the Supervisory Board in accordance with Section 162 AktG and formally audited by the auditor in accordance with Section 162 (3) AktG, which STS Group AG publishes as new, independent obligation under stock corporation law pursuant to Sec. 120a (4) AktG, Sec. 162 (1) and (4) AktG on its website at <https://www.sts.group/investor-relations/corporate-governance> and on whose approval the Annual General Meeting must pass a resolution at the next Annual General Meeting in 2023.

1.3. CAREER DEVELOPMENT OF WOMEN TO MANAGEMENT POSITIONS

Section 111 (5) of the German Stock Corporation Act (AktG) requires that the Supervisory Boards of publicly traded stock corporations establish targets for the representation of women on their Executive and Supervisory Boards. If at the time of establishing such targets the percentage representation of women is less than 30% at the company in question, the target values set may not be below the existing current percentage. At the same time as the targets are specified, deadlines must be determined for achieving the targets which may extend no further than five years in the future.

In a resolution adopted on November 29, 2018, the STS Group AG Supervisory Board set the respective targets for the percentage of female representation on the Executive and Supervisory Boards at 0% from November 29, 2018, in view of the terms of office of the Executive and Supervisory Board members appointed at the time of the resolution and specified that this percentage shall apply until November 28, 2023. However, STS Group AG will endeavour to appoint female candidates to the Executive and Supervisory Boards, principally in the context of long-term succession planning.

In a resolution adopted on November 29, 2018, 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) of the German Stock Corporation Act (AktG) and determined that these targets should be achieved by November 28, 2023. STS Group AG has few employees and a flat management structure in place, such that there is only one managerial tier level below the Executive Board level, which is why a percentage for representation of women has been specified only for that managerial level. The target

percentage for the representation of women has been set to 0% for the first managerial tier below Executive Board level.

According to the transitional provision in the Introductory Act to the German Stock Corporation Act (Einführungsgesetz zum AktG), the now obligatory justification of 0% targets in accordance with Sec. 76 (4) Sentence 3 AktG and Sec. 111 (5) AktG does not apply to targets set before August 12, 2021 (Sec. 26I (2) EGAktG). Because it was set before August 12, 2021, the 0% target will continue to apply until November 28, 2023 without any obligation to state reasons.

Although the obligation to provide reasons for the fiscal year 2022 is therefore not mandatory for either the Executive Board or the Supervisory Board of STS Group AG, the Executive Board and the Supervisory Board have nevertheless opted for voluntary early implementation of the new statutory provisions. In the following, the Supervisory Board justifies its 0% determinations, made in the resolution of November 29, 2018, in accordance with the new requirements under Section 111 (5) sentence 3 AktG for the target figures of the Executive Board and Supervisory Board. The Executive Board also justifies its 0% determination, also made in the resolution of November 29, 2018, in accordance with section 76 (4) sentence 3 AktG for the target size of the first management level below the Executive Board.

The Executive Board and Supervisory Board of STS Group AG are 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 Executive Board and Supervisory Board of STS Group AG are convinced that these prerequisites are not linked to a specific gender, which is why the Executive Board and Supervisory Board of STS Group AG did not consider a concrete definition of the target figures for Executive Board and Supervisory Board members as well as for persons of the first management level at the time of the respective resolutions on November 29, 2018 to be suitable in order to be able to ensure the required skills of the persons concerned.

In addition, the Executive Board and the Supervisory Board of STS Group AG are of the opinion that a 0% determination can avoid discrimination against candidates on the basis of their gender, 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 open positions can be filled with the most suitable persons.

1.4. Purchases and sales of Company shares by Executive and Supervisory Board members

Pursuant to Section 19 of the Regulation (EU) No. 596/2014 of the European Parliament and of the Council as of April 16, 2014 on Market Abuse (MAR) in connection with the general

ruling of the Federal Financial Supervisory Authority (BaFin) dated October 24, 2019 within the meaning of Art. 19 (9) MAR members of the Executive Board and the Supervisory Board are i.a. obliged to disclose the purchase and sale of shares in STS Group AG or of related derivatives or other related financial instruments, insofar as the value of the transactions carried out by the member concerned or by persons closely related to them within a calendar year exceeds a total volume of 20,000 EUR. Such a transaction must also be notified to the Federal Financial Supervisory Authority (BaFin).

STS Group AG has established a process to ensure that BaFin is properly notified and that the notices are published. These notifications are available on the STS Group AG website at www.sts.group.

1.5. COMPLIANCE MANAGEMENT SYSTEM

At its meeting on November 16, 2020, the Supervisory Board of STS Group AG adopted the Code of Conduct that will also apply in fiscal year 2022. This new version of the Code of Conduct is significantly more detailed and addresses the following contents 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
- Occupational health and safety, environmental laws and other regulations.

Other sections of the Code of Conduct address, among other things, how to avoid conflicts of interest.

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

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

2. 2. SHAREHOLDER AND ANNUAL GENERAL MEETING

2.1. REPORTING TO SHAREHOLDERS

STS Group AG reports to its shareholders twice during the financial year regarding the Company's business development as well as the asset, financial and earnings situation of the company.

STS Group AG provides comprehensive information about the Company's business as part of its investor relations activity, utilizing the internet primarily for reporting and disclosure purposes. In addition to half-year and annual reports, earnings announcements, ad-hoc disclosures, analyst presentations and press releases, the financial calendar for each fiscal year is posted on www.sts.group, specifying the most important publication dates for financial communications and the General Meeting date.

2.2. CONDUCTING OF ANNUAL GENERAL MEETING

The Annual General Meeting, at which additional reporting on the Company's business takes place, is held within the first eight months of each financial year in accordance with Article 17 (1) of the STS Group AG Articles of Association. Shareholders may exercise their voting rights by proxy at the Annual General Meeting in accordance with Article 18 (4) of the STS Group AG Articles of Association. A proxy must be appointed in writing unless exceptions are provided for in the notice of convening the Annual General Meeting. In accordance with Article 20 of the Articles of Association of STS Group AG, the Executive Board is authorized to permit video and audio broadcasting of the Annual General Meeting. In addition, the Executive Board may, in accordance with Article 18 (5) and (6) of the STS Group AG Articles of Association, provide that shareholders may submit their votes in writing or via electronic communication channels (postal vote) and participate in the Annual General Meeting without being present at the venue where it is held even without a proxy, and may exercise some or all of their rights, wholly or in part, via electronic communication channels (i.e. online participation). To date, posting voting have not been utilized in accordance with the provisions of the Articles of Association as options.

In the financial year 2022, an ordinary general meeting was held on May 24, 2022. Like the ordinary general meeting in fiscal year 2021, the ordinary general meeting was held on the basis of the Act on Measures in Company, Cooperative, Association, Foundation and Condominium Law to Combat the Effects of the COVID 19 Pandemic (COVMG), which entered into force on March 28, 2020, most recently extended by Art. 15 of the Act on the Establishment of a Special Fund "Reconstruction Assistance 2021" and on the Temporary Suspension of the Obligation to File an Insolvency Petition due to Heavy Rainfall and Floods in July 2021 and on the Amendment of Other Acts of September 10, 2021 (AufbhG 2021, Federal Law Gazette I No. 63, p. 4147), was held without the physical presence of the shareholders or their proxies (virtual general meeting). This is because Sec. 1 (2) Sentence 1 No. 1, Sec. 3 and Sec. 5 COVMG in conjunction with Art. 15 AufbhG 2021 reopened the

possibility of holding ordinary general meetings without the physical presence of shareholders or their proxies until August 31, 2022 (virtual general meeting). For future general meetings convened up to and including August 31, 2023, the Executive Board may again decide in the 2023 financial year, with the approval of the Supervisory Board in accordance with Art. 26n par. 1 EGAktG, to hold the meeting as a virtual general meeting in accordance with Art. 118a AktG.

The information to be published on the Internet in accordance with section 124a of the German Stock Corporation Act (AktG) following the convening of the Annual General Meeting, in particular the agenda, will be made available on the website of STS Group AG at www.sts.group.

2.3. TASKS OF THE ANNUAL GENERAL MEETING

The general meeting elects the members of the Supervisory Board. It also resolves on matters assigned to it by law, in particular on the appropriation of profits, the formal approval of the actions of the Management Board and Supervisory Board, the election of the auditors, and amendments to the Articles of Association. Each share entitles the holder to one vote in the passing of resolutions. Amendments to the Articles of Association, such as measures to change the capital, are resolved by the 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 general meeting. Shareholders whose shares together amount to one hundredth of the capital stock or the proportionate amount of the capital stock of at least EUR 100,000 at the time of filing the motion may also, subject to the further requirements of § 142 AktG, demand that a special auditor be appointed by the court to review certain transactions.

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

In accordance with Section 161 AktG, the Executive and Supervisory Boards of publicly traded companies must issue an annual declaration of which recommendations made by the Government Commission on German Corporate Governance Code ("the Code"), which are published by the Federal Ministry of Justice in the official disclosures section of the Federal Gazette, the Company is and will be in conformity with, stating what recommendations have not been or will not be adopted. This declaration must be made permanently accessible on the Company's website. Companies are therefore free not to adopt the recommendations per the Code, but then are obliged to disclose this annually, stating explanations. This enables companies to reflect sector and enterprise-specific requirements. Thus, the Code contributes to more flexibility and more self-regulation in the German corporate constitution.

Declaration of 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 (AktG)

The Management Board and Supervisory Board of the STS Group AG with its registered office in Hagen, (the "**Company**") declare the following:

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 2022, 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, 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 2021 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 not yet one of the recommendations of the German Corporate Governance Code (the "**GCGC**"). This recommendation was only added as a recommendation in the updated version of the GCGC dated April 28, 2022. The Company already addressed this recommendation of the GCGC at the beginning of the

financial year 2022 – during the preparation of the management report for the financial year 2021 – and was also in an exchange with the Company's auditing firm commissioned to prepare the management report in this regard. However, the Company decided against including the aforementioned points in the management report for financial year 2021 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 2022, 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 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 is 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 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 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 convinced that these requirements are not linked to a specific age, which is why, in the future, the Company does not consider 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 2022, no new members have been added to the Supervisory Board in the financial year 2022, 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.

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.

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 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 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.

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. 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. For the future, the Company intends to again provide appropriate support for the members of the Supervisory Board in terms of training and continuing education measures; talks are currently again underway with 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 06, 2022, 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.

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 2022 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 2022. As the only comparator, this is not sufficiently meaningful. The Management Board currently also consists of only one 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. No 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.

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 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 shall 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 ensure that in cases of Supervisory Board mandates outside the Group, the compensation is also taken into account in the future.

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 2023

STS Group AG

Management Board

Supervisory Board