

## Composition and working methods of Executive Board and Supervisory Board

R. STAHL AG is subject to the provisions of the German Stock Corporation and Co-Determination Act and the capital market regulations as well as the provisions of the Articles of Association and the Rules of Procedure for the Executive Board and the Supervisory Board. In Germany, the dual management system is prescribed by law for stock corporations. The members of the Executive Board are jointly responsible for the management of the company. The Supervisory Board acts as a monitoring and advisory body. The two bodies work closely together in the interests of the company, with the aim of ensuring its continued existence and sustainable value creation. They are committed to the interests of the shareholders and the welfare of the company.

### Executive Board

The Executive Board manages the company on its own responsibility and conducts the business. It defines the strategic direction of the company, agrees it with the Supervisory Board and implements it in a targeted manner. In doing so, the Executive Board includes the interests of the shareholders, its employees and other stakeholders in its decisions.

The Supervisory Board has issued a catalogue of transactions requiring approval for the Executive Board (in addition to § 7 para. 1 of the Articles of Association). Insofar as certain transactions require the approval of the Supervisory Board, such approval shall be obtained.

The Executive Board of R. STAHL AG consists of two members. The Executive Board, with the consent of the Supervisory Board, has adopted rules of procedure that include a schedule of responsibilities. Dr Mathias Hallmann is responsible for Sales, Marketing & Innovation, Finance & Controlling, Purchasing, IT, Human Resources and Governance, Risk & Compliance. Bernardo Kral is responsible for Production and Quality Management.

The Executive Board informs the Supervisory Board regularly and promptly about current business developments, the asset, financial and earnings situation as well as the risk situation and compliance in the Group. In addition, the Executive Board reports comprehensively to the Supervisory Board on fundamental aspects of strategy and corporate planning.

The Chairman of the Supervisory Board decides whether the Executive Board shall attend the meetings of the Supervisory Board. Each meeting of the Supervisory Board provides for a part in which topics are discussed without the presence of the Executive Board. In 2021, the Executive Board in its respective composition attended five regular meetings of the Supervisory Board. The Executive Board reported in writing and by word of mouth on the individual agenda items and draft resolutions and answered questions from the Supervisory Board members. The Executive Board did not attend two extraordinary meetings of the Board and the constituent meeting after the Annual General Meeting.

## Supervisory Board

R. STAHL AG's Supervisory Board is formed in accordance with Germany's One-Third Participation Act (DrittelbG) and consists of nine members: Three members are employee representatives, and the other six are shareholder representatives. Three of the six members of the capital side are from the founding families. In the opinion of the Supervisory Board, more than half of these members should be independent within the meaning of the recommendations under Chapter C. of the German Corporate Governance Code as amended on December 16, 2019, i.e. at least four members. According to the recommendations in C. 6 and C. 7 (independence from the company and its Management Board), the indicators listed there as well as the recommendations in C. 9 and the explanatory statement of the Code on C. 6 (independence from a controlling shareholder), all shareholder representatives are currently independent in the opinion of the Supervisory Board. It is true that in 2021, the Chairman of the Supervisory Board, Mr Peter Leischner, and the Deputy Chairman of the Supervisory Board, Ms Heike Dannenbauer, have been members of the Board for more than 12 years, so that one of the indicators of the Code against independence of the Executive Board and the company is present. The Supervisory Board nevertheless considers Mr Leischner and Ms Dannenbauer to be independent and justifies this as follows in accordance with recommendation C.8 of the Code: Both have only a relatively minor shareholding in the company, they have never been employees or members of the Executive Board and do not have any significant business relationship with R. STAHL AG. Above all, according to the assessment of the other shareholder representatives, the contributions and expressed positions of Mr. Leischner and Ms. Dannenbauer in the course of their entire Supervisory Board activity demonstrate their independent position towards the company.

R. STAHL's international customer orientation is also reflected in the Supervisory Board, which includes several members with experience abroad. The proportion of women is 33.33 %.

There are no conflicts of interest among the current members of the Supervisory Board; in the case of new candidates, careful checks are carried out in advance to establish whether there are any conflicts of interest. On December 31, 2021, members of the Supervisory Board held 2.68% of the voting capital. With regard to the remuneration of the Supervisory Board, reference is made to the system of remuneration of the Supervisory Board approved by the 28th Annual General Meeting on 15 July 2021 with a majority of 83.7 % ([Annual General Meeting](#)). The actual remuneration is broken down and presented individually in the remuneration report.

The Supervisory Board of R. STAHL AG has the task of appointing the Executive Board of the company, supervising it in the management of the business and assisting it in an advisory capacity.

The Supervisory Board meets at least five times a year to discuss the issues under discussion and to pass the necessary resolutions, usually on the basis of reports submitted by the Executive Board and documents received in advance to prepare for the meeting. In 2021, the Board met six times, including a constituent meeting. If necessary, the Supervisory Board convenes for additional or extraordinary meetings. The possibility of adopting resolutions by written circular is used relatively rarely and only in cases that are particularly urgent. Minutes of the meetings are prepared and distributed to all members of the Supervisory Board as well

as to the Executive Board of the company (only insofar as it participated). Resolutions passed by circular letter are documented in the form of minutes of the adoption of the resolutions. In addition, there are information meetings without a formal session character, if required.

In addition to the constant discussion of strategic issues, the Supervisory Board decides on the adoption of the annual financial statements and examines the planning for the next three years submitted to it by the Executive Board. In addition, the Supervisory Board deals with the analysis of the operational development of the R. STAHL Group as well as with questions of risk management and compliance.

In personal meetings as well as through verbal or written statements, the Executive Board regularly informs the Chairman of the Supervisory Board about the development of the company and discusses current issues with him. Where necessary, the Chairman of the Supervisory Board reports on the topics discussed between the Executive Board and him at the meetings of the Board.

Each year, the Chairman of the Supervisory Board describes the activities of the Supervisory Board and its committees in his report to the shareholders, which is printed in the Annual Report. It is also available at the Annual General Meeting and will be read out on request.

In the 2021 reporting year, the Supervisory Board again followed the recommendations of the GCGC and complied with them to the extent that seems appropriate for a company of the size of R. STAHL AG in terms of good corporate governance. The Declaration of Compliance issued in December 2019 and updated on 1 October 2020 due to the introduction of an anonymous whistle-blower system is available to shareholders on the R. STAHL AG website and in the Annual Report.

The Supervisory Board conducts an annual self-assessment (formerly "efficiency review") with the help of a continuously developed questionnaire. The questionnaire covers all areas of the Board's work, such as the supply of information, the culture of discussion and the cooperation among each other. The evaluation is anonymous. The results are submitted to the Chairman of the Supervisory Board who presents them in detail to the entire Board for discussion at the following meeting. Jointly gained insights are implemented.

## Committees of the Supervisory Board

The Supervisory Board has formed two committees: the Audit Committee and the Administration Committee.

Since the 2018 Annual General Meeting, the Audit Committee has consisted of the Chairwoman Dr Renate Neumann-Schäfer, her Deputy Peter Leischner as well as Andreas Müller and Nikolaus Simeonidis (since July 30, 2020). According to the rules of procedure, the Audit Committee is mandated and authorised to deal in particular with issues of accounting, risk management and compliance, the tendering of the audit mandate, the required independence of the auditor, the issuing of the audit mandate to the auditor, the determination of audit focal points and the fee agreement. It prepares decisions of the Supervisory Board in this regard and makes recommendations for the resolutions. It discusses half-yearly and any quarterly reports with the Executive Board prior to their publication. The committee regularly

deals with the quality of the audit of the financial statements and is ultimately responsible, on behalf of the entire Board, for approving the commissioning of consultancy services from the auditor elected by the Annual General Meeting (Executive Board transaction requiring approval). The meetings of the Audit Committee are chaired by the Chairwoman. In the event of a tie vote, the Chairwoman has an additional vote. The Audit Committee held three meetings in 2021.

Since the 2018 Annual General Meeting, the Administrative Committee has consisted of the Chairman Peter Leischner, his Deputy Heike Dannenbauer as well as Klaus Erker and Harald Rönn (since 15 July 2021). In accordance with the Rules of Procedure, the Administrative Committee makes recommendations to the full Supervisory Board on the appointment, reappointment and dismissal of members of the Executive Board and the CEO, taking into account diversity. Furthermore, the committee prepares decisions of the Supervisory Board on the remuneration system for the Executive Board and submits corresponding resolution proposals also for an appropriate total remuneration of the individual Executive Board members. The committee negotiates and decides on the service contract and other contractual matters of the Executive Board, taking into account the decisions of the full Supervisory Board, and concludes contracts with the Executive Board members on behalf of the Supervisory Board. At least once a year, the committee discusses long-term succession planning together with the Executive Board and submits a proposal to the Supervisory Board for the relevant wording in the corporate governance statement. Finally, the Administrative Committee is responsible on behalf of the entire body for approving the conclusion of transactions with members of the Executive Board and Supervisory Board as well as with their related parties, insofar as the value exceeds € 5,000.00 in an individual case (transaction of the Executive Board requiring approval). The meetings of the Administrative Committee are chaired by its Chairman. In the event of a tie vote, the Chairman has an additional vote. The Administrative Committee held two meetings in 2021 and also met several times outside of meetings or discussed matters by telephone in the course of dealing with Executive Board matters.

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