

Declaration of the Management Board and Supervisory Board of  
KAP AG

- issued pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz - AktG) –  
on the recommendations of the “Government Commission on the German Corporate Governance Code” (Regierungskommission Deutscher Corporate Governance Kodex), in the version of 16 December 2019 as published in the Federal Gazette on 20 April 2020 (hereinafter referred to as “DCGK”)

The Management Board and Supervisory Board of KAP AG have made the Declaration of Conformity pursuant to section 161 of the German Stock Corporation Act (AktG), which was adopted as of 24 March 2020, permanently accessible to shareholders on KAP AG's website on [www.kap.de/en/investor-relations/corporate-governance/compliance-statement](http://www.kap.de/en/investor-relations/corporate-governance/compliance-statement).

- I. The Declaration of Conformity pursuant to section 161 AktG adopted on 15 April 2021 applies to the period since the submission of the last declaration of conformity on 24 March 2020. This is replaced in full by the following Declaration of Conformity.
- II. KAP AG has complied with the recommendations in the German Corporate Governance Code of the “Government Commission on the German Corporate Governance Code” in the version of 16 December 2019, which was published in the Federal Gazette on 20 March 2020, with the exceptions specified and explained below under sections II.1 to II.6 and will also continue to comply with these.
  1. Section B.1 recommends that the Supervisory Board take diversity into account when appointing Management Board members. The Supervisory Board shall set targets for the proportion of women to be represented on the Management Board. Because the Management Board currently comprises two members, the Company does not yet implement measures to promote diversity when filling executive roles.
  2. Sections D.2, D.3 and D.5 recommend that the Supervisory Board should form committees of members with relevant specialist expertise, in particular an audit committee and a nomination committee, depending on the Company's specific circumstances and the number of Supervisory Board members. So far, an audit committee has been formed but a nomination committee has not because, in the Company's judgement, the Supervisory Board, which only has five members, does not need to set up further committees in addition to the audit committee, as decisions can be made quickly and efficiently in this way.
  3. Section C.1 sentences 1, 2 and 3 recommend that the Supervisory Board should determine specific objectives regarding its composition and should prepare a profile of skills and expertise for the entire Board. The Supervisory Board should take diversity into account here. The Supervisory Board should also provide information about what the shareholder representatives on the Supervisory Board regard as the appropriate number of independent Supervisory Board members representing shareholders, and the names of these members. An age limit has been specified for members of the Supervisory Board

and disclosed in the corporate governance statement. The term of Supervisory Board membership should be disclosed.

We have so far diverged from these recommendations in some cases because, taking into account the Company's individual circumstances, setting specific objectives for the Supervisory Board's composition and for the process of searching for and selecting suitable Supervisory Board candidates would have placed excessive restrictions on our Company and could have led to the automatic exclusion of potential candidates. To fill positions on the KAP AG Supervisory Board, it was important for the Supervisory Board to, in accordance with the requirements of the German Stock Corporation Act, establish that the candidates concerned had the skills, knowledge and experience required to perform the Board's work. Because the KAP AG Supervisory Board is made up of so few members, KAP AG has so far taken the view that the process of putting together the Supervisory Board should be based primarily on professional suitability, irrespective of gender. KAP AG has therefore so far not set a target figure for the number of female Supervisory Board members. The Company was moreover of the opinion that setting a standard length of service limit for Supervisory Board members was not an appropriate criterion by which to search for or exclude Board members. Rather, as already mentioned above, the selection criteria are the necessary knowledge, skills and professional experience.

In March 2019, the Supervisory Board adopted a profile of skills and expertise, objectives regarding the Board's composition and a diversity concept. These can all be viewed on the Company's website at [www.kap.de/en/investor-relations/corporate-governance/executive-board-and-supervisory-board](http://www.kap.de/en/investor-relations/corporate-governance/executive-board-and-supervisory-board).

4. Section C.1 sentences 2 and 3 recommend that proposals made by the Supervisory Board to the General Meeting should take the Supervisory Board's specific composition objectives into account, while simultaneously aiming at fulfilling the overall profile of required skills and expertise of the entire Board. The implementation status should be published in the corporate governance statement. Since no corresponding targets have yet been set, there were no targets to take into account for the candidate proposals made to the Annual General Meeting in 2018. Nor did any separate presentation have to be provided in the corporate governance statement.

The election proposals made to the Annual General Meeting in 2021 will take into account the Supervisory Board's specific objectives concerning its composition and simultaneously aim to fulfil the profile of skills and expertise for the entire Board. A progress report will then be published in the corporate governance statement for 2021/22.

5. Due to the vagueness of the term "independence" and the associated potential for conflict, the independent members of the Supervisory Board are not named in the Corporate Governance Report. The German Corporate Governance Code provides interpretive guidance for a determination of independence. The Supervisory Board considers that it has an appropriate number of independent members.

6. Section F.3 recommends that the consolidated financial statements and the Group management report be made publicly accessible within 90 days of the end of the financial year, and that any mandatory interim financial information be made publicly accessible within 45 days of the end of the reporting period. The Company did not submit the consolidated financial statements and the Group management report for the 2019 financial year or the interim financial information in the 2020 financial year within the recommended deadlines, but within the statutory deadlines. Such statutory deadlines will also be deemed sufficient for the 2021 financial year.

KAP AG

Frankfurt, 15 April 2021

The Management Board

The Supervisory Board