

Declaration of compliance with the German Corporate Governance Code pursuant to section 161 of the German Stock Corporation Act (AktG)

Section 161 AktG requires the Management Board and the Supervisory Board of KAP AG to annually declare that the recommendations of the Government Commission on the German Corporate Governance Code (GCGC), published by the German Federal Ministry of Justice in the official section of the German Federal Gazette (Bundesanzeiger), have been and are being complied with or which of the Code's recommendations are not being applied and why. The declaration is to be made permanently available to the public on the Company's website.

In accordance with section 161 AktG, the Management Board and Supervisory Board of KAP AG (hereinafter the **Company**) declare as follows:

Since issuing the last declaration of compliance on 20 April 2023, the Company has complied with the recommendations of the German Corporate Governance Code (GCGC) as amended on 28 April 2022 and published in the German Federal Gazette (Bundesanzeiger) on 27 June 2022 with the exception of nos. 1 to 6 and will comply with them in the future with the exception of nos. 1 to 5:

1. Pursuant to Recommendation D.4 GCGC, the Supervisory Board should form a nomination committee composed exclusively of shareholder representatives, which names suitable candidates to the Supervisory Board for its proposals to the Annual General Meeting for the election of members to the Supervisory Board. Due to the number of members of the Supervisory Board (six members) and in view of the fact that the Company's Supervisory Board consists exclusively of shareholder representatives, the Supervisory Board decided against forming a nomination committee. In the Supervisory Board's opinion, the formation of such a nomination committee does not make any contribution towards further increasing the efficiency of the Supervisory Board's work given the Company's specific situation. The Supervisory Board therefore retains this function within the full Supervisory Board.
2. Pursuant to Recommendation F.2 GCGC, the consolidated financial statements and group management report should be made publicly accessible within 90 days from the end of the financial year, while mandatory interim financial information should be made publicly accessible within 45 days from the end of the respective reporting period. The consolidated financial statements are not published within 90 days of the end of the financial year, but within four months in accordance with current legal requirements. The interim reports are not published after 45 days, but are published within the legal requirements and the requirements of the Stock Exchange Rules and Regulations of the Frankfurt Stock Exchange. The Company is of the opinion that these requirements are sufficient to provide detailed information to shareholders.
3. Pursuant to Recommendation G.3 GCGC, the Supervisory Board should use a suitable peer group of third-party entities, the composition of which it should disclose, to assess whether the specific total remuneration of the members of the Management Board is in line with usual levels compared with other enterprises. The Supervisory Board assesses whether the remuneration of the members of the Management Board is appropriate also taking into account the remuneration of the management boards of comparable companies. The Supervisory Board has deliberately refrained from a fixed and static definition of a peer group, as the Supervisory Board is of the opinion that tying remuneration to such a firmly defined peer group may well lead to inappropriate results.
4. Pursuant to Recommendation G.6 GCGC, the share of variable remuneration achieved as a result of reaching long-term targets should exceed the share from short-term targets. In deviation from the recommendation, a contract with one member of the Management Board does not provide for a higher weighting of short-term variable remuneration in the event of 100% target achievement in each case. The Supervisory Board also considers an equal weighting or marginally higher weighting of the short-term variable remuneration components to be a reasonable arrangement that has proven expedient. In

the Supervisory Board's view, this current deviation from the recommendation does not lead to misguided incentives and does not justify any intervention in existing contracts. Corresponding provisions can be taken into account in future contracts with members of the Management Board.

5. Pursuant to Recommendation G.10 sentence 1 GCGC, the variable remuneration of members of the Management Board should be predominantly invested in Company shares by the respective member of the Management Board or granted predominantly as share-based remuneration. The Company has deviated from this recommendation with respect to the current service contracts of the Management Board. All members of the Management Board receive share-based remuneration. However, the variable compensation is not granted predominantly as share-based remuneration, but rather is paid out for the most part. In the Supervisory Board's view, this current deviation from the recommendation does not lead to misguided incentives and does not justify any intervention in existing contracts. Corresponding provisions can be taken into account in future contracts with members of the Management Board.
6. Pursuant to Recommendation G.11 GCGC, the Supervisory Board should be permitted to retain or reclaim variable remuneration of the Management Board, if justified. One contract that expired at the end of September 2023 for a member of the Management Board did not include any provision for variable remuneration components to be retained or reclaimed if justified (referred to as "disincentive and clawback clauses"). The Supervisory Board was not precluded from asserting claims for damages in accordance with section 93 AktG in the event of culpable breach of duty. KAP AG has complied with recommendation G.11 GCGC since 1 October 2023.

Fulda, 15 April 2024

The Management Board

The Supervisory Board