



NEXT LEVEL
In Leadership

Declaration of Corporate Governance in accordance with Sections 289f and 315d of the German Commercial Code (HGB) Financial year 2021

The Executive Board and Supervisory Board provide information on the Company's corporate governance in accordance with Sections 289f and 315d HGB and Principle 22 of the German Corporate Governance Code (hereafter also referred to as "GCGC" or "Code").

The Executive Board and Supervisory Board of GESCO AG govern the Company with a view to sustainability. The business model is of a long-term nature and all measures are aimed at sustainable positive development. The Executive Board and Supervisory Board of GESCO AG agree with the aims of the Code: to promote good, trustworthy company management for the benefit of shareholders, employees and customers. Section 161 of the German Stock Corporation Act (AktG) requires an annual declaration of compliance with the recommendations of the Code. The preamble to the Code expressly provides for justified deviations from its recommendations, thereby allowing companies to take into account industry or company-specific factors. This means that deviations are not negative per se, but can actually contribute to good management, at smaller companies in particular.

The Executive Board and Supervisory Board submitted a declaration of compliance on schedule and as required by law in December 2021 and made it permanently available to shareholders on the Company's website (www.gesco.de). This declaration is based on the current version of the Code dated 16 December 2019.

The declaration of compliance issued in December 2021 is included in this Corporate Governance Statement. Previous declarations of compliance are also available to our shareholders and other interested parties from the Compliance and Corporate Governance section of the Company's website at www.gesco.de. The GESCO AG Articles of Association are also available in this section of the website.

Compliance management system

GESCO Group mitigates compliance risks such as corruption, violations of antitrust law and other actions with potentially criminal implications through a suitable compliance management system, which includes a Group-wide Code of Conduct, accompanying guidelines and work instructions, an online information system (Rulebook) for GESCO Group employees, accompanying training courses, random case-by-case assessments and a whistle-blower system for both employees and external parties. It is the job of the subsidiaries' Managing Directors to anchor these requirements and principles in their companies' corporate cultures. The Code of Conduct for GESCO Group employees is also available from the Compliance and Corporate Governance section of the website at www.gesco.de, as is further information on the whistle-blower system.

Shareholders and Annual General Meeting

Shareholders exercise their voting rights at the Annual General Meeting. Each share in GESCO AG grants one vote. GESCO AG publishes all documents relevant to points on the agenda on the Company's website www.gesco.de in the Investor Relations section in due time before the Annual General Meeting. In the course of the invitation to the Annual General Meeting, the Company explicitly requests that shareholders exercise their voting rights. To make it easier for shareholders to vote, the Company appoints a voting rights representative who can vote at the Annual General Meeting on behalf of shareholders and according to their instructions. The Company enables shareholders to order tickets, complete their postal vote and appoint a proxy via an online tool. The Company feels that a high Annual General Meeting attendance rate is important in order to maintain democracy amongst shareholders and to ensure that decisions of the Annual General Meeting reflect the wishes of the majority of shareholders. GESCO AG publishes the invitation to the Annual General Meeting and any reports and information required to pass a resolution in accordance with the regulations of the German Stock Corporation Act (AktG). This information is also available on the Company's website. Since its IPO in 1998, the Company has published the voting results on its website on the day of the Annual General Meeting.

On account of the unusual circumstances caused by the COVID-19 pandemic, the Annual General Meeting on 30 June 2021 was held as a virtual Annual General Meeting without the physical presence of shareholders or their authorised representatives in accordance with Section 1 para. 2 of the German Act Concerning Measures under the Law of Companies, Cooperative Societies, Associations, Foundations and Common hold Property to Combat the Effects of the COVID-19 Pandemic (GesRuaCOVBekG) of 27 March 2020. The validity of the aforementioned Act was extended from 20 October 2020 to 31 December 2021 by the Ordinance on the Extension of Measures under the Law of Companies, Cooperative Societies, Associations and Foundations to Combat the Effects of the COVID-19 Pandemic (GesRGenRCOVMVV). By way of Article 16 of the German Act on the Establishment of a Special “2021 Reconstruction Aid” Fund and on the Temporary Suspension of the Obligation to File an Insolvency Application due to Heavy Rainfall and Floods in July 2021 and on the Amendment of Other Acts (Reconstruction Aid Act – AufbhG 2021) of 10 September 2021, the corresponding legislation has now been further extended to 31 August 2022.

Executive Board and Supervisory Board

The Executive Board is responsible for managing the Company, while the Supervisory Board is responsible for monitoring corporate governance and advising the Executive Board. Both boards maintain a close and trusting working relationship within the scope of their legally defined

responsibilities. The Executive Board provides the Supervisory Board with regular, prompt and comprehensive information on company planning, earnings and financial position, risk management, strategic development and intended acquisitions. A list of business activities defines those Executive Board decisions that require approval by the Supervisory Board.

Supervisory Board members did not receive any remuneration or benefits in kind for personal activities such as consultancy or agency services in the reporting year or the year before. Neither Executive Board members nor Supervisory Board members had any conflicts of interest.

Executive Board

The Executive Board is responsible for the management of GESCO AG. The members of the Executive Board manage the Company’s activities in compliance with the law, the Articles of Association and the rules for management of the Company approved by the Supervisory Board. The Executive Board elaborates the strategic development of the Company, coordinates the approach with the Supervisory Board and implements it. The Executive Board also defines the Company’s goals, makes plans and manages the internal control and risk management system, as well as controlling. In addition, the Executive Board prepares the quarterly reports or quarterly statements, the half-year interim report, the individual financial statements of GESCO AG and the consolidated financial statements. Its actions and decisions are aligned with the interests of the Company.

The rules for the management of the Company approved by the Supervisory Board define responsibilities within the Executive Board, and include detailed instructions regarding the work of the Executive Board and the specifics of reporting to the Supervisory Board by the Executive Board, as well as setting out the Executive Board decisions that require the approval of the Supervisory Board. The maximum age for members of the Executive Board is 65.

The Executive Board comprised Ralph Rumberg (Spokesman of the Executive Board) and Kerstin Müller-Kirchhofs (Chief Financial Officer).

Relevant details regarding management practices

The members of the Executive Board manage the Company with the care required of an orderly and conscientious manager, while observing the applicable laws, Articles of Association and the rules for the management of the Company.

In addition, the GESCO Code of Conduct includes basic rules and principles for our actions derived from our self-image, including our conduct in relation to customers, business partners, competitors, third parties and the general public. The GESCO Code of Conduct is available from the Compliance and Corporate Governance section of our website at www.gesco.de.

GESCO AG does not pursue any relevant management practices that go beyond these standards.

Long-term succession planning for the Executive Board

Together with the Executive Board, the Supervisory Board is responsible for long-term Executive Board succession planning. The Supervisory Board addresses the issue of Executive Board succession planning on a regular basis and not only in relation to specific vacancies. The Supervisory Board draws up a job profile listing the key characteristics and qualifications candidates must possess in order to be appointed to the Executive Board, in consideration of the requirements of the German Stock Corporation Act, the Code and the target for the percentage of women on the Executive Board. The likely area of future Executive Board responsibility and the Company's strategic planning function also influence the job profile. In the event of a vacancy on the Executive Board, the Supervisory Board conducts structured interviews with selected candidates, on the basis of which the vacancy is then filled. If necessary, the Supervisory Board will consult external advisers when drawing up job profiles and selecting suitable candidates.

Supervisory Board

The Supervisory Board appoints the Executive Board, monitors its corporate governance and advises it on issues of Company management. The report from the Supervisory Board contains detailed information on its work in the reporting year.

The Supervisory Board of GESCO AG has been deliberately kept small. This has proven to be extremely effective, as both strategic issues and detailed questions can be discussed in depth by the entire Supervisory Board. The Company feels that a strength of the Supervisory Board is that all its members are equally involved in all issues. The formation of committees is therefore not deemed to be necessary, with the exception of the audit committee required by law from 1 January 2022, which has now been established. Accordingly, GESCO AG's Supervisory Board did not have any committees in the reporting year. In this regard, the Executive Board and Supervisory Board declare a deviation from the recommendations D.2 sentence 1, D.3 and D.5 GCGC for financial year 2021 as well as a future deviation from recommendation D.5 GCGC.

Pursuant to the recommendation in D.1 GCGC, the Supervisory Board has created rules for the management of the Company and for the application of the law and the Articles of Association, which are available from the Compliance and Corporate Governance section of the Company's website at www.gesco.de. The Chairman coordinates the work of the Supervisory Board, chairs its meetings and represents its interests externally.

The Supervisory Board members in the reporting year were Mr Klaus Möllerfriedrich (Chairman), Mr Stefan Heimöller (Deputy Chairman), Dr Nanna Rapp and Mr Jens Große-Allermann. The Supervisory Board believes it is appropriate for at least two members of the Company's Supervisory Board to be independent within the meaning of the Code. All members of the

Supervisory Board currently meet the independence criteria. Although Mr Möllerfriedrich has been a member of the Company's Supervisory Board for more than 12 years, the Supervisory Board still considers him to be independent within the meaning of recommendation C.7 GCGC. In view of the performance of his duties to date, the Supervisory Board remains of the conviction that despite his many years on the Supervisory Board, Mr Möllerfriedrich continues to maintain the critical distance to the Company and its Executive Board necessary for the performance of his duties. Furthermore, Mr Möllerfriedrich does not have any personal or business relationships with the Company or its Executive Board that could give rise to a conflict of interest, nor does he hold any shares in the Company. Under the German Stock Corporation Act, at least one member of the Supervisory Board must have expertise in the area of accounting and at least one other member of the Supervisory Board must have expertise in the area of auditing. The necessary expertise is held by Mr Große-Allermann (accounting) and Mr Möllerfriedrich (auditing). In their entirety, the members of the Supervisory Board are familiar with the sector in which GESCO AG operates.

The most recent efficiency audit of the Supervisory Board's work was conducted in 2019. As the election of the Supervisory Board in 2021 did not lead to any changes in its composition, no efficiency audit was carried out in 2021. Furthermore, the coronavirus restrictions have resulted in temporary changes to how the Supervisory Board operates. The next efficiency audit of the Supervisory Board's work is scheduled for 2022.

Composition of the Supervisory Board and diversity of the Supervisory Board, Executive Board and executives

According to recommendation C.1 sentence 1 GCGC, the Supervisory Board shall specify concrete objectives regarding its composition and develop an expertise profile for the entire body and ensure that diversity is taken into account.

In the eyes of the GESCO AG Supervisory Board, diversity is not merely defined by gender and

nationality, but also, and specifically, by professional diversity and a well balanced mix of expertise from various professional fields. The areas of competence required by the Supervisory Board of GESCO AG include accounting, auditing and monitoring of the effectiveness of internal controls (“Financial Expert”), capital market experience, entrepreneurial expertise and experience as well as broad knowledge of the strategic, operational and financial functions of companies. The Supervisory Board believes that these competencies are fully covered by the current committee members as follows:

Area of competence	Möllerfriedrich	Heimöller	Dr Rapp	Große-Allermann
Organisation of the Supervisory Board's work	x			
Corporate governance	x			
Legal	x			
Taxes	x			
Controlling and risk management	x	x	x	x
Accounting	x	x	x	x
Personnel		x	x	x
Production		x	x	
Financing	x	x	x	x
Capital market	x			x
M&A	x	x	x	x
Strategy	x	x		
Internationalisation			x	x

The purpose of the age limit for members of the Supervisory Board is meant to ensure that a member's term usually ends at the end of the regular term of office following the respective member's 70th birthday. Details regarding the election and term of office of the Supervisory

Board members, the constitution of the Supervisory Board, its meetings and resolutions as well as the rights and responsibilities of its members are defined by the Articles of Association of GESCO AG.

Target regarding the inclusion of women

The “German Act on the Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector”, which came into effect on 1 May 2015, calls for the creation of targets with regard to the inclusion of women in supervisory boards, executive boards and the top two levels of management, and the setting of deadlines by which those targets must be met. The Executive Board and Supervisory Board defined corresponding targets on 13 August 2015 and, since then, have published an annual corporate governance statement on the status of target achievement as well as on target adjustments.

GESCO Group companies pursue a clear and absolute policy of equal opportunities in their day-to-day business. This is regarded as a matter of course, irrespective of any legal obligations. The companies make a conscious effort to attract job applications from female candidates, support interested female candidates with their applications, take part in campaigns such as “Girls’ Days” and actively seek out dialogue with schools and universities. This is not a result of pressure to fulfil a quota, but stems from both the conviction and the need to recruit highly qualified individuals for vacant roles. Overall, GESCO Group companies have a keen interest in positioning themselves as attractive employers.

In 2017, the Supervisory Board of GESCO AG set a target of a 25 % share of women on the **Supervisory Board**. This target is currently met.

In 2015, the Supervisory Board of GESCO AG set a target of a 30 % share of women on the **Executive Board**. This target is currently met.

The organisational structure of GESCO AG was expanded effective as at 1 September 2020 with the addition of a **first level of management below the Executive Board**. A second level of management below the Executive Board does not exist. The Executive Board has specified target of 25 % for the first level of management. This target is currently met.

The deadline for the next review of target achievement remains 30 June 2022.

Comprehensive and transparent communication

GESCO AG promptly and accurately informs shareholders, the capital market, the media and the general public about all relevant events and the financial development of the Company. Financial reports, press releases and ad hoc notifications, the financial calendar, documents relating to the Annual General Meeting and a host of other information are available from the Investor Relations section of the Company’s website at www.gesco.de.

Shareholdings of members of executive bodies

In accordance with the legal provisions, GESCO AG publishes without delay transactions by the persons referred to in Article 19 of the

Market Abuse Regulation – particularly by members of executive bodies, and by persons closely associated with them, involving equities and debt instruments of the Company or financial instruments related thereto – that require notification under the regulation. The transactions reported to GESCO AG in the past financial year are available from the Investor Relations section of the Company’s website at www.gesco.de.

Remuneration report / remuneration system

The current remuneration system for the members of the Executive Board in accordance with Section 87a para. 1 and 2 sentence 1 AktG, which was approved by the Annual General Meeting on 30 June 2021, as well as the resolution adopted by the Annual General Meeting on 18 June 2020 in accordance with Section 113 para. 3 AktG on the remuneration of the members of the Supervisory Board are publicly available in the Compliance and Corporate Governance section of the website www.gesco.de. The remuneration report and the auditor’s report are made publicly available in the same section of the aforementioned website in accordance with Section 162 AktG.

Accounting and audit of financial statements

The individual financial statements of GESCO AG are prepared in accordance with the German Commercial Code (HGB). Since

financial year 2002/2003, the consolidated financial statements of GESCO AG have been prepared in accordance with International Financial Reporting Standards (IFRS). The individual and consolidated financial statements were audited by Mazars GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft – Steuerberatungsgesellschaft, Düsseldorf, Germany. The responsible auditor is Mr Heiko Wittig.

The individual financial statements of the subsidiaries are also audited by Mazars GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft – Steuerberatungsgesellschaft, Düsseldorf, Germany. Audits of the foreign sub-subsidiaries were largely conducted by international cooperation partners of our German auditors.

The auditor is appointed by the Annual General Meeting for a period of one financial year in accordance with legal requirements. At the Annual General Meeting on 30 June 2021, the Annual General Meeting agreed to the Supervisory Board’s proposal and appointed Mazars GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft – Steuerberatungsgesellschaft, Düsseldorf, Germany, as auditors of the annual and consolidated financial statements for financial year 2021 and for any potential review of the condensed financial statements and the interim management report as at 30 June 2021. The Chairman of the Supervisory Board appointed the auditor for the individual and consolidated financial statements in line with this resolution. An audit or review of the half-year interim report and/or the first- and third-quarter statements did not take place in the reporting year.

GESCO AG, Wuppertal, Germany

Securities Identification Number (SIN) A1K020
ISIN DE000A1K0201

Declaration of compliance in accordance with Section 161 AktG

The Executive Board and Supervisory Board of GESCO AG declare, in accordance with Section 161 AktG, that the recommendations of the Government Commission of the German Corporate Governance Code published by the Federal Ministry of Justice and Consumer Protection in the official section of the *Bundesanzeiger* (Federal Gazette) on 20 March 2020 have been followed pursuant to the version of the Code dated 16 December 2019 since the last declaration of compliance was issued in December 2020, with the following exceptions:

D.2 sentence 1, D.3, D.5: Establishment of supervisory board committees

The Supervisory Board of GESCO AG comprises four members. The small size of the committee allows overarching strategic issues, as well as detailed questions, to be discussed in depth and without any loss of efficiency and decided upon by the entire Supervisory Board. We therefore believe that it is not appropriate to create committees above and beyond the scope of legal requirements. Rather, the Company feels that a strong point of the Supervisory Board derives from the fact that its members are equally involved in all issues.

F.2: Publishing financial information

The change in the financial year of GESCO AG to match the calendar year in the abbreviated financial year 2019 and the resulting accounting adjustments resulted in the Group financial statements and the Group management report for financial year 2020 (1 January 2020 to 31 December 2020) not being able to be published within 90 days of the end of the financial year and the mandatory interim financial information for financial year 2021 (1 January 2021 to 31 December 2021) not being able to be published within 45 days of the end of the reporting period.

G.1 to G.11: Executive Board remuneration

The Executive Board remuneration system in place until 30 June 2021 did not comply in all aspects with the new recommendations regarding Executive Board remuneration (G.I) that entered into force on 20 March 2020. On 30 June 2021, the Annual General Meeting resolved a revised remuneration system that complies with the new recommendations. The revised remuneration system applies to all Executive Board service contracts concluded or extended after 30 June 2021.

G.18: Supervisory Board remuneration

The GESCO AG Supervisory Board remuneration system approved by the Annual General Meeting on 18 June 2020 includes a fixed component and a performance-oriented component based on Group net income for the year after minority interest. Where applicable, Group losses are carried forward into the following year and offset against profits. In our opinion, this rule is in keeping with a sustainable and entrepreneurial way of thinking and should be in compliance with the orientation towards sustainable corporate development called for in the Code. However, as it cannot be excluded that alternate points of view may be held, we hereby take the precaution of noting this departure from the recommendations of the Code.

The Executive Board and Supervisory Board of GESCO AG also declare in accordance with Section 161 AktG that the recommendations of the Government Commission German Corporate Governance Code published by the Federal Ministry of Justice and Consumer Protection in the official section of the Bundesanzeiger (Federal Gazette) on 20 March 2020 will also continue to be followed in the future pursuant to the version of the Code dated 16 December 2019, with the following exceptions:

D.5: Formation of a nomination committee

The Supervisory Board of GESCO AG comprises four members. The small size of the committee allows overarching strategic issues, as well as detailed questions, to be discussed in depth and without any loss of efficiency and decided upon by the entire Supervisory Board. We therefore believe that it is not appropriate to create committees above and beyond the scope of the legal requirement to form an audit committee from 1 January 2022, which has been fulfilled. Rather, the Company feels that a strong point of the Supervisory Board derives from the fact that its members are equally involved in all issues.

F.2: Publishing financial information (90-days deadline)

Due to the change in company auditor on the basis of the resolution of the Annual General Meeting on 30 June 2021 and the anticipated additional workload and coordination required in the first audit period, the Group financial statements and the Group management report for financial year 2021 (1 January 2021 to 31 December 2021) will not be published within 90 days of the end of the financial year. The mandatory interim financial information for financial year 2022 (1 January 2022 to 31 December 2022), on the other hand, will be published within the recommended 45 days of the end of the respective reporting period.

G.18: Supervisory Board remuneration

Wuppertal, December 2021

The GESCO AG Supervisory Board remuneration system approved by the Annual General Meeting on 18 June 2020 includes a fixed component and a performance-oriented component based on Group net income for the year after minority interest. Where applicable, Group losses are carried forward into the following year and offset against profits. In our opinion, this rule is in keeping with a sustainable and entrepreneurial way of thinking and should be in compliance with the orientation towards sustainable corporate development called for in the Code. However, as it cannot be excluded that alternate points of view may be held, we hereby take the precaution of noting this departure from the recommendations of the Code.

GESCO AG

On behalf of the Supervisory Board
Klaus Möllerfriedrich
(Chairman of the Supervisory Board)

On behalf of the Executive Board
Ralph Rumberg
(Spokesman for the Executive Board)