

# Declaration of conformity by the Management Board and Supervisory Board of SFC Energy AG pursuant to § 161 AktG on the German Corporate Governance Code

Pursuant to Section 161 AktG, the management board and the supervisory board of exchange-listed companies are required to declare annually that the company has complied, and will comply, with the recommendations of the Government Commission on the German Corporate Governance Code (the "Code") published by the German Federal Ministry of Justice in the official Section of the Federal Gazette (Bundesanzeiger) and/or which recommendations the company has not applied and/or will not apply. This declaration has to be made accessible to the public on a permanent basis on the company's website. Thus, companies may deviate from the recommendations of the Code but, if they do, they are required to disclose such deviations on an annual basis. This allows companies to take account of sector-specific or company-specific needs. Thus, the Code helps to make corporate governance of German companies more flexible and promotes their self-regulation.

On March 23, 2021, the Management Board and the Supervisory Board of SFC Energy AG made the following declaration of conformity pursuant to Section 161 AktG:

"After due examination, the Management Board and the Supervisory Board of SFC Energy AG declare that, since March 25, 2020 (the date as of which the last declaration of conformity was made), the Company has complied, and will comply, with the recommendations of the German Corporate Governance Code as amended on December 19, 2019 (published in the Federal Gazette on March 20, 2020, "GCGC"), with the following exceptions:

- Contrary to Section B.5 GCGC, the Supervisory Board of SFC Energy AG has not determined fixed age limits for members of the Management Board until the publication of this declaration. Age alone is not decisive for the capabilities, suitability and independence of a current or potential member of the Management Board. However, by setting an age limit for Management Board members by resolution of March 23, 2021, the recommendation under B.5 GCGC is now being followed.
- According to Section C.1 GCGC, the Supervisory Board shall determine concrete objectives regarding its composition, and shall prepare a profile of skills and expertise for the entire Board, while taking diversity into account. Proposals by the Supervisory Board to the General Meeting shall take these objectives into account, while simultaneously aiming at fulfilling the overall profile of required skills and expertise of the Supervisory Board. The implementation status shall be published in the corporate governance statement. This statement shall 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. The Company deviates from the recommendation to determine concrete objectives, to prepare a profile of skills and expertise for the entire Board, and to 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. The composition of the Supervisory Board shall ensure that the Management Board is effectively advised and controlled, based on the Company's best interests. To ensure compliance with these statutory requirements the Supervisory Board will continue to base its proposals of candidates primarily on the knowledge, skills and experience of eligible candidates, while taking diversity into account. Setting specific targets or quotas in advance that exceed the legally required target quota of women for the Supervisory Board under Section 111 para. 5 AktG, however, is something which the Supervisory Board considers to be neither necessary nor reasonable due to the fact that to do so would be to impose a sweeping restriction on the selection of suitable candidates particularly for SFC Energy AG, as a small, stock-listed German stock corporation (Aktiengesellschaft) with a supervisory board that is composed of only three members. Accordingly, the corporate governance statement does not mention any such objectives. As a result, the Company deviates from the recommendation set forth in Section C.1 GCGC.

- Contrary to Section C.2 GCGC, the Supervisory Board of SFC Energy AG has not determined fixed age limits for members of the Supervisory Board until the publication of this declaration. Age alone is not decisive for the capabilities, suitability and independence of a current or potential member of the Supervisory Board. However, by setting an age limit for Supervisory Board members by resolution of March 23, 2021, the recommendation under C.2 GCGC is now being followed.
- According to Section D.2 GCGC, the Supervisory Board shall, depending on the specific circumstances of the enterprise and the number of Supervisory Board members, form committees with relevant specialist expertise. In particular, Section D.3 GCGC 2020 recommends that an Audit Committee be established. The respective committee members and the committee chairs shall be provided in the corporate governance statement. The Supervisory Board of SFC Energy AG comprises only three members. The Supervisory Board holds the view – which is consistent with the legal literature on this subject – that the efficiency of the advisory and controlling activities of a Supervisory Board made up of only three members cannot be increased meaningfully by forming any committees. Accordingly, the respective committee members and the committee chairs have not been provided in the corporate governance statement. As a result, the Company deviates from the recommendations set forth in Sections D.2 and D.3 GCGC. The fact that no Supervisory Board committees have been formed results in further deviations in respect of additional recommendations of the GCGC pertaining to Supervisory Board committees and their members (Sections C.10, D.4, D.8, D.11, D.13 and G.17 GCGC). However, on 23 March 2021, the Executive Board and Supervisory Board resolved to propose to the Annual General Meeting that the statutory number of Supervisory Board members be increased to four, also with the aim of forming an Audit Committee in the future.
- According to Section D.5 GCGC, the Supervisory Board shall form a Nomination Committee, composed exclusively of shareholder representatives, which names suitable candidates to the Supervisory Board for its proposals to the General Meeting. The Company's Supervisory Board has not formed a Nomination Committee. Consistent with the legal literature on this subject, the Supervisory Board takes the view that forming a Nomination Committee is irrelevant if there are no employee representatives on the Supervisory Board. As a result, the Company deviates from the recommendation set forth in Section D.5 GCGC.
- According Section G.1 GCGC, the remuneration system shall define, in particular, how the target total remuneration is determined for each Management Board member and the maximum limits for total remuneration (maximum remuneration). The remuneration system adopted on 23 March 2021

complies with this recommendation. From the financial year 2014 onwards, the Supervisory Board of the Company had implemented a virtual stock option program that applied to any Management Board member's employment contract to become effective from January 1, 2014 onward and that provided for the grant of virtual stock options to the members of the Management Board. After the end of a waiting period, the virtual stock options conferred the right to a cash payout depending on the price of the share of SFC Energy AG at the time of exercise. Whereas the total number of stock options to be granted was limited from the beginning, there was no limit to the amount with regard to a potential increase in the share price during the exercise period. The Supervisory Board holds the opinion that a limitation of the potential increase of a share price-based remuneration could contradict the principle behind this form of remuneration and could undermine its major incentive which is to work for and contribute to an increased company value but also recognizes the benefit of a limit to the amount. On May 19, 2020, the Annual General Meeting of SFC Energy AG authorized the Company's Supervisory Board to introduce a stock option program for the members of the Management Board. In this context, the Supervisory Board was also authorized to define a limit of the total amount (cap) of the stock options which was agreed for all stock option programs that were implemented afterwards. Since the Supervisory Board of SFC Energy AG made insofar use of this authorization, there has no longer been a deviation from Section G.1 GCGC with respect to stock option programs that were implemented afterwards. According to Section G.1 GCGC, the remuneration system shall also define, in particular, the relative share in the target total remuneration of fixed remuneration on the one hand, and short-term variable and long-term variable remuneration components on the other hand. The remuneration system adopted on 23 March 2021 complies with this recommendation. Because no such target total remuneration had been defined before, it was not possible to define the relative share of the individual remuneration components in the target total remuneration. As a result, the Company deviated from Section G.1 GCGC.

Brunnthal, March 23, 2021

SFC Energy AG

The Management Board

The Supervisory Board"