

Principles of good corporate governance firmly anchored

Responsible and transparent corporate governance oriented to long-term value creation has high priority at Koenig & Bauer. We are convinced that good corporate governance forms an essential basis for sustainable business success and strengthens the trust of our shareholders, business partners, employees and the financial markets in our Company. We regard integrity and compliance as indispensable in business transactions and pursue a zero-tolerance policy.

Declaration of compliance in accordance with section 161 of the German Stock Corporation Act

The Management Board and the Supervisory Board of Koenig & Bauer AG issued the following declaration of compliance on 18 March 2022 on the basis of the current version of the German Corporate Governance Code dated 16 December 2019.

The recommendations of the Government Commission on the German Corporate Governance Code in the version of 16 December 2019 published by the Federal Ministry of Justice on 20 March 2020 in the official section of the Federal Gazette are complied with. Koenig & Bauer AG has complied with the Code recommendations since the last Declaration of Conformity dated 19 March 2021, with the exception of recommendations G.2, G.3, G.4, G.7 and G.9.

This declaration as well as the ones for earlier years are available publicly at the Company's website at <https://www.koenig-bauer.com/en/investor-relations/corporate-governance/corporate-governance-statement/>. The recommendations of the German Corporate Governance Code are being implemented.

You can find out more about remuneration at <https://www.koenig-bauer.com/en/investor-relations/corporate-governance/compensation/>

Composition of the Supervisory Board

In accordance with the recommendations of the Code, the Supervisory Board has defined specific objectives for its composition. A limit on the length of service on the Supervisory Board is not in the Company's interests as a rigid rule would fail to take account of the members' individual expertise and qualifications. In addition to international management experience and strategic competence, the Supervisory Board considers it necessary for its members to possess expertise in the following areas in order to properly perform its tasks in accordance with the law, the Articles of Association and the rules of procedure: finance/accounting/auditing, purchasing/manufacturing/assembly, markets/products/communication, legal/corporate governance/compliance, IT systems/digitalisation and sustainability. On the basis of the profile of skills devised for it, the Supervisory Board generally possesses the necessary knowledge, capabilities and experience for the due and proper performance of its duties. Diversity has also been duly included as a further criterion. As separate fulfilment by the shareholder and employee representatives has been agreed upon, the gender representation required under the Act on the Equal Participation of Women and Men in Executive Positions in Private and Public Sector has been duly achieved. Moreover, with the inclusion of Carsten Dentler, Prof Dr.-Ing. Raimund Klinkner, Prof Dr.-Ing. Gisela Lanza, Dr Johannes Liechtenstein

and Ms Dagmar Rehm on the Supervisory Board, it believes that it has a reasonable number of independent shareholder representatives. Mr Matthias Hatschek has been a member of the Supervisory Board as a shareholder representative since 2006. He is a minority shareholder of MKB Holding GmbH, which owns AlternInvest GmbH, Vienna, Austria. AlternInvest GmbH holds a significant 10.2% share of Koenig & Bauer AG's share capital. With Ms Rehm and Dr Liechtenstein, the Supervisory Board holds extensive knowledge in the areas of accounting, auditing and internal control systems. Furthermore, the Supervisory Board's rules of procedure have been published on the Company's website. These rules of procedures set an age limit for the Supervisory Board. Only persons who have not yet reached the age of 67 at the time they are elected may be nominated for election to the Supervisory Board. The D&O insurance taken out for the members of the Supervisory Board is subject to a deductible of €2,500. There were no conflicts of interest on the part of the members of the Supervisory Board and the Management Board in the year under review. The members of the Management Board and Supervisory Board are under a duty to disclose to the Supervisory Board any conflicts of interest arising from material transactions or contracts with the Company without undue delay.

The Supervisory Board will be including diversity in terms of age, gender, educational or professional background and international profile as a criterion for future Management Board appointments. The Supervisory Board and the Management Board respect the objectives pursued with the introduction of a gender representation quota and attach importance to the equal treatment of and equal opportunities for women and men. In accordance with the Act on the Equal Participation of Women and Men in Executive Positions in Private and Public Sector, the Management Board and the Supervisory Board have defined targets for gender representation quotas. The Supervisory Board's gender quota for female representation on the Management Board remains at 0%. The 17% proportion of women at the first management level beneath the Management Board and 7% at the second management level beneath the Management Board is to be retained until at least 31 December 2022 in accordance with a resolution of the Management Board. In cases in which female and male candidates have comparable qualifications, the proportion of women is to be increased as far as possible when new appointments are made.

Koenig & Bauer attaches particular importance to the diversity of its workforce in terms of ethnicity, age and religion (world view). People with mobile disabilities also have a place in the regular workforce. As with many other mechanical engineering companies, Koenig & Bauer has a relatively small proportion of women of 13.7% (previous year: 13.8%) in the Group compared with other sectors. Various activities are being initiated to widen the proportion of female employees. Together with a greater number of highly qualified female employees, the proportion of women in management positions is to be increased by means of internal promotions as well as external appointments. At the end of 2021, the proportion of women stood at 25.0% at the first management level and at 12.5% at the second management level below the Management Board at Koenig & Bauer AG. These ratios had stood at 14.3% and 6.7%, respectively, one year prior to this. The Management Board's diversity management policy also includes approaching specialists and managers in international labour markets via our production, service and sales companies outside Germany, whose potential for expansion is regularly reviewed.

Corporate governance practices further optimised

Beyond the legal requirements, Koenig & Bauer is adopting further leadership rules and corporate practices as a better basis for decisions and monitoring them efficiently. The comprehensive planning, management and control system is described in detail in the Company's combined management report.

Compliance management system meets high standards

Responsible and transparent corporate governance oriented to long-term value creation has high priority at Koenig & Bauer. We regard integrity and compliance as indispensable in business transactions.

The Group-wide compliance management system protects employees and companies from breaches of laws or internal rules and simultaneously helps them to duly follow these laws and internal rules.

The compliance management system reports to the Chief Executive Officer and is managed and implemented throughout the Group by the Group Compliance Officer. All Koenig & Bauer AG subsidiaries have designated contact persons to answer questions that employees may have on compliance or to communicate compliance-related matters. Compliance officers have been appointed at the segment level and compliance operatives named at the individual companies. In addition, managers with special responsibility for relevant matters, such as health and safety and environmental protection are appointed, overseeing their areas of responsibility independently and competently on the basis of their specific expertise. Beyond their duties in implementing and monitoring standards, processes and reporting at the subsidiaries, the local compliance officers and operatives have a special function as a direct contact and advisor for local employees for compliance-related matters. Koenig & Bauer AG has also established a central export control unit.

The system is continuously enhanced, structured more effectively and placed on a sustainable footing on the basis of a regularly updated compliance risk analysis. In addition to monitoring changes in the law and reported compliance risks, one component of the risk assessment entails the continuous sharing of information on the internal processes of the Koenig & Bauer Group. For this purpose, a compliance team composed of representatives from information technology, human resources, accounting, taxes, data protection as well as the local compliance officers has been set up. Since 2021, all subsidiaries have additionally submitted a standardised report on their compliance situation as part of the fixed agenda of the meetings of the relevant supervisory bodies (e.g. boards, shareholder assemblies, supervisory boards, governance bodies). Regular sharing with employees together with management's strong commitment to compliance ("tone from the top") has additionally strengthened the compliance culture within the Group.

The Code of Conduct adopted by Koenig & Bauer AG's Management Board forms the basis for the Group's system of values. Numerous Group guidelines have been issued on this basis, detailing the compliance organisation and requirements for processes. Guidelines, work instructions and processes are prepared as required and facilitate the application of the compliance requirements in day-to-day work. All

relevant guidelines, forms and guidelines are made available to employees in a suitable manner, primarily via a central portal on the Koenig & Bauer intranet.

At the same time, training and internal communications on the Group-wide Intranet promote broad-based awareness of compliance matters and encourage consistent observance of the applicable rules. Based on SuccessFactors, the “Koenig & Bauer Campus” training management system ensures the efficient and effective control of internally developed and externally sourced learning content across the Group based on employees’ areas of activity. Online training courses are supplemented by in-depth face-to-face sessions designed according to the needs of the specialist departments; the Covid-19 pandemic meant that only a small number of face-to-face training sessions were held in 2021. However, relevant and updated compliance information was communicated via the Intranet, the compliance officers at the subsidiaries or individual messages.

A Group-wide whistleblower system has been established as a channel for gaining swift and direct information on possible breaches of the law, regulations and internal rules, allowing employees to report any suspicious activities anonymously and in confidence. However, employees can still turn to the trusted internal third parties known to them at their companies, the central compliance organisation or management at any level. Business partners and third parties are able to contact Koenig & Bauer’s compliance organisation directly by e-mail. The e-mail address is published in the compliance section of the Koenig & Bauer website (<https://compliance.koenig-bauer.com>).

Independent inspections by Internal Auditing or external auditors continuously monitor the effectiveness of the compliance management system. The Supervisory Board’s Audit Committee is kept regularly informed at its meetings of any compliance incidents as well as the progress being made in this area.

In addition to permanently improving our compliance management system, we are committed to advancing our international compliance culture and, in particular, to combating corruption and other unfair business practices worldwide. With the KBA-NotaSys Integrity Fund, which was launched in 2017, Koenig & Bauer finances international projects to enhance compliance processes and culture. To date, 42 projects initiated by universities, associations and institutions in Europe, South America and Africa have been funded. The project initiators include Transparency International, the German Institute for Compliance (DICO), the German Institute for Efficiency Testing (DIEP) and various Swiss and German universities. Of particular importance is the support we provide as a member of the Banknote Ethics Initiative (BnEI). Since its foundation in 2013, BnEI has established a strict code to prevent and combat corruption and anti-trust violations in the field of banknote printing and trading. The principles developed are not only recognised among the members of the BnEI but also adopted by a significant proportion of central banks and banknote printers worldwide and form part of their procurement processes. As a member of the BnEI, Koenig & Bauer Banknote Solutions has agreed to be bound by strict rules of conduct and transparency, compliance with which is verified as part of regular recertification based on an audit programme developed by the BnEI. This accreditation was successfully renewed in 2020.

Further, more detailed information on the compliance management system can be found at <https://compliance.koenig-bauer.com> and in the non-financial statement included in the annual report of Koenig & Bauer AG in accordance with sections 289b (3) and 315b (1),(3) of the German Commercial Code.

Close cooperation between the Management Board and the Supervisory Board

As a German joint-stock company Koenig & Bauer AG has a two-tier management and control structure, exercised by the members of the Management Board and the Supervisory Board. The Management Board and Supervisory Board work together closely and responsibly in the best interests of the Company. The common goal is to ensure the Company's continued viability and to achieve growth in its enterprise value.

There were no changes in the composition of Koenig & Bauer AG's Management Board in 2021. It consists of five members: Dr Andreas Pleßke (Chief Executive Officer and responsible for Special segment), Dr Stephen M. Kimmich (Chief Financial Officer), Christoph Müller (responsible for Digital & Webfed segment), Ralf Sammeck (responsible for the Sheetfed segment and Chief Digital Officer) and Michael Ulverich (Chief Operation Officer – Production, Purchasing & Logistics). The business distribution plan and the allocation of the Management Board responsibilities and segments as well as functional responsibilities is presented in the combined management report on page 21.

As the Company's governance body, the Management Board manages the Company's business and determines and implements its strategy in consultation with the Supervisory Board. In its work, it is committed to pursuing the Company's best interests and the principles of its business policy. The rules of procedure govern the adoption of resolutions. They also define such matters as acquisitions, investments and capital measures for which the Management Board requires the approval of the Supervisory Board. The Management Board informs the Supervisory Board regularly, promptly and comprehensively of all issues relevant to the Company, such as planning, strategy implementation, current business performance and the financial, earnings and risk situation. Any deviations are explained in detail. Reporting by the Management Board also includes matters relating to compliance, i.e. the measures taken to comply with legal requirements, official regulations and internal guidelines.

Koenig & Bauer AG's Supervisory Board advises and monitors the Management Board. Under the German Stock Corporation Act (AktG), the Supervisory Board is responsible for appointing or dismissing the members of the Management Board, monitoring and advising the Management Board, adopting the annual financial statements, approving the consolidated financial statements and approving or advising on important aspects of corporate planning and decisions. In accordance with the German Co-Determination Act (Mitbestimmungsgesetz), the twelve-member Supervisory Board is composed of six shareholder representatives and six employee representatives. The shareholder representatives are elected by the shareholders at the Annual General Meeting and the employee representatives by the employees at the German sites. In the event of a tied vote on the Supervisory Board, the Chairman has the casting vote. The Supervisory Board may also adopt resolutions in circulatory procedures. The rules of procedure govern the work of the Supervisory Board and its committees. It is available on the Company's website at <https://www.koenig->

bauer.com/en/investor-relations/corporate-governance/rules-of-procedure-of-the-supervisory-board/.

The office held by Matthias Hatschek as a shareholder representative on the Supervisory Board was renewed by the shareholders at the Annual General Meeting on 11 May 2021. Otherwise, there were no changes to the composition of the shareholder representatives on the Supervisory Board during the year under review. On 20 April 2021, the Germany-based employees of the Koenig & Bauer Group held scheduled elections to select employee representatives for the Supervisory Board. Gottfried Weippert, Julia Cuntz, Marc Dotterweich, Christopher Kessler and Simone Walter were re-elected. Walther Flierl was elected to the Supervisory Board as a trade union representative to replace Walther Mann, who retired from the Supervisory Board at the end of the Annual General Meeting on 11 May 2021 for age-related reasons. The Supervisory Board thanked Mr Mann for his many years of dedicated service and held a special ceremony in his honour. Following this change in the composition of the employee representatives on the Supervisory Board, the constitutive meeting of the Supervisory Board was held on 11 May 2021 following the Annual General Meeting to select the members of the Supervisory Board committees. Julia Cuntz was elected to the Mediation Committee and Simone Walter to the Strategy Committee. Gottfried Weippert was elected Deputy Chairman of the Supervisory Board and a member of the Executive Committee.

Koenig & Bauer currently has five committees: the Personnel, Audit, Strategy, Nominating and Mediation Committees. The names of the respective committee members and the committee chairpersons are summarised below:

Personnel Committee

Prof. Dr.-Ing. Raimund Klinkner (Chair)
Dagmar Rehm
Gottfried Weippert

Audit Committee

Dagmar Rehm (Chair)
Marc Dotterweich
Dr. Johannes Liechtenstein
Gottfried Weippert

Strategy Committee

Prof. Dr.-Ing. Gisela Lanza (Chair)
Carsten Dentler
Matthias Hatschek
Christopher Kessler
Prof. Dr.-Ing. Raimund Klinkner
Simone Walter
Gottfried Weippert

Nominating Committee

Prof. Dr.-Ing. Raimund Klinkner (Chair)
Matthias Hatschek
Dagmar Rehm

Mediation Committee pursuant to section 27 (3) of the Co-Determination Act

Prof. Dr.-Ing. Raimund Klinkner (Chair)

Matthias Hatschek

Gottfried Weippert

Julia Cuntz

The main purpose of the Committees is to prepare the topics to be discussed by the Supervisory Board in its entirety and the corresponding draft resolutions. The Supervisory Board continuously monitors the Management Board in its management of the Company's business and advises it on basic questions of business policy, strategic orientation and significant projects. The Supervisory Board performs an annual internal self-assessment, which is prepared and updated with external assistance. The results are discussed on the Supervisory Board and improvements implemented promptly.

In 2021, the Supervisory Board's activities focused in particular on stabilising and improving the Group's operating earnings and financial strength by means of the P24x efficiency and restructuring programme together with strategic matters for advancing the Group based on the three pillars of digitisation, modularisation and sustainability. In addition, the Supervisory Board dealt in detail with the Group's business and earnings performance as well as its financial situation, discussing matters such as its business policy, the competitive situation, risk management, compliance, cybersecurity, the strategy for the capital market, the ESG road map and the development of the Group including its investments. Alongside the pandemic situation and related activities within the Group, remuneration issues were also on the agenda of the Supervisory Board and its committees. All necessary resolutions were passed after detailed examination and intensive discussion.

Together with the Management Board, the Supervisory Board laid the foundations for long-term succession planning. The personnel development program established at Koenig & Bauer is a modular system for the Group-wide advancement of employees that defines target-oriented methods for the various hierarchical levels. All personnel development initiatives have an international focus and incorporate all Group companies as well as the global sales and service units. Development assessments are used to appraise executives and junior staff externally. This is followed by an internal process in which the immediate line managers draw up competence profiles on the basis of the results gained. In an ensuing step, the managing directors and department heads evaluate the executives and junior staff from their business units in calibration workshops to gain a neutral view. A comprehensive competence matrix is available in a database for the group undergoing assessment. Within this group, high potentials are identified in the subsequent coordination rounds for each business unit attended by members of the Management Board and executive staff on the basis of criteria such as age, language skills, international profile, leadership capabilities, expertise (technical/commercial skills), career background, mobility/willingness to change and skills/potential. Thereupon, individual development plans with further training measures are drawn up. The goal is to fill management positions from the Company's own ranks in order to strengthen its attractiveness as an employer through systematic career development. Moreover, systematic talent management addresses the expectations of career-oriented high performers and thus also helps the Company to retain qualified employees.

The one-year junior management programme (JuMP) with participants aged between the early 20s and 30s aims to systematically prepare junior staff for management tasks. It commenced in 2021 with 22 junior managers in two groups. In addition to the technical learning modules, junior managers work on practical projects from everyday business life. This encourages international networking and allows them to develop innovative problem-solving approaches for business challenges.

The age limit for the members of the Management Board and the Supervisory Board is specified in the Company's Articles of Association as follows: Appointees to the Management Board may be no older than 65 years as of the date of appointment, although an exception of up to 76 years is also possible. Only persons who have not yet reached the age of 67 at the time they are elected may be nominated for election to the Supervisory Board.