

Management Board and Supervisory Board Declaration of Compliance in accordance with Section 161 German Stock Corporation Act (AktG)

In accordance with Section 161 AktG, the Management Board and Supervisory Board of 4SC AG state that since its most recent Declaration of Compliance issued on 7 December 2023, 4SC AG has complied with and continues to comply with the recommendations of the German Corporate Governance Code as amended on 28 April 2022 ("Code") with the exceptions stated below:

1. Independence of more than half of the Supervisory Board members (C.7 of the Code)

According to recommendation C.7 of the Code, more than half of the shareholder representatives on the Supervisory Board should be independent from the Company and its Management Board. The Code cites, amongst other things, membership of the Supervisory Board for more than 12 years as a significant indication that independence is in question. Four of the five current Supervisory Board members have been members of the Supervisory Board for more than 12 years, which is why a deviation from C.7 of the Code is declared as a precautionary measure. The Management Board and Supervisory Board are convinced that long membership of the Supervisory Board does not necessarily lead to a "substantial – and not merely temporary – conflict of interest", which is precisely what matters for the assessment of independence. On the contrary, we consider it desirable that Supervisory Board members work with the Company over a long period of time, as this promotes the required deep understanding of the Company, its business and the specific opportunities and risks.

2. Independence of the Chair of the Supervisory Board, the Chair of the Audit Committee and the Human Resources Committee (C.10 of the Code)

The Chair of the Supervisory Board, the Chair of the committee dealing with Management Board remuneration – at 4SC AG this is the Human Resources Committee – and the Chair of the Audit Committee shall be independent of the Company and the Management Board according to recommendations C.10 of the Code. Mr. Doppler, Ph.D., the Chair of the Supervisory Board who is also the Chair of the Human Resources Committee, and Mr. Jeggle, the Chair of the Audit Committee, each have been members of the Supervisory Board for more than 12 years. The criteria of length of membership does not constitute a reason for assuming a lack of independence, as explained above; however, as a precautionary measure, a deviation from these recommendations is declared.

C.10 of the Code also recommends that the Chair of the Audit Committee be independent from the controlling shareholder. Mr. Jeggle (last re-elected by the 2022 Annual General Meeting until the 2025 Annual General Meeting) held management positions at the Santo Group until April 2021. As managing director of Salvia GmbH, which he founded in 2014, he acts as an entrepreneurial venture capital investor and managed in the past investments of the (indirect) owners of Athos KG, which currently indirectly holds 72.44% of the voting rights in 4SC AG. In the opinion of the Supervisory Board, these circumstances, which are disclosed

here in the interests of maximum transparency, do not contradict Mr. Jeggler's independence from the controlling shareholder.

3. Nomination Committee of the Supervisory Board (D.4 of the Code):

The Supervisory Board has decided against establishing a Nomination Committee. The Supervisory Board of 4SC AG believes that setting up such a Nomination Committee would not render the Supervisory Board's work more efficient. This is why this function remains the responsibility of the full Supervisory Board.

4. Remuneration of the Management Board (G.I of the Code)

Since February 2022, the Company is focusing most of its resources on its only remaining biopharmaceutical product, Resminostat (Kinselby) and on the timely commercialization of this asset. Due to this special situation the contracts of Management Board members deviate in some points from the recommendations on Management Board remuneration in section G.I of the Code.

- According to recommendation G.3, the Supervisory Board shall use an appropriate peer group of other third-party entities and shall disclose the composition of such group when determining the specific total remuneration of the members of the Management Board. The Supervisory Board is of the opinion that an "appropriate peer group of other third-party entities" does not exist (deviation from recommendation G.3 of the Code).
- According to recommendation G.6, the share of variable remuneration achieved as a result of reaching long-term targets shall exceed the share from short-term targets. The contracts of Management Board members do not provide for any long-term variable remuneration components, since the Company's sole focus is on achieving the aforementioned short-term targets and there are currently no further "long-term targets" as presupposed in the recommendation (deviation from recommendation G.6 of the Code).
- In view of the Company's special situation, the contracts of Management Board members do not provide for an obligation to invest granted variable remuneration amounts predominantly in shares of the Company or for such amounts to be granted predominantly as share-based remuneration, nor does it provide for the Management Board member to have access to granted long-term variable remuneration amounts only after a period of four years (deviation from recommendations G.10 of the Code).

The contracts of Management Board members specify caps both for the overall Management Board remuneration stipulated in the contracts and for individual bonus provisions (severance cap) in case the contracts are terminated early. Under the Company's Employee Stock Option Program (ESOP), for which all employees and the Management Board are eligible, stock options were issued to both Management Boards members most recently in 2018. These stock options can only be exercised in the event of clearly defined, significant share price increases. If the options can be exercised, the beneficiaries of the stock option plan would, however, profit from the shares' appreciation potential, which theoretically is unlimited (deviation from recommendation G.13 sentence 1 of the Code).

Planegg-Martinsried, 11. December 2024

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for the Management Board

Clemens Doppler, Ph.D.
for the Supervisory Board