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Company Management Declaration and  
Declaration of Compliance



# Corporate Governance Statement

Corporate Governance Statement pursuant to Section 315d HGB in conjunction with Section 289f HGB

- A.** Joint Declaration of the Management Board and the Supervisory Board of PVA TePla AG pursuant to Section 161 of the German Stock Corporation Act (AktG)
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The corporate governance of PVA TePla AG as a listed German stock corporation (AG) domiciled in Germany is primarily determined by the German Stock Corporation Act (AktG), the Articles of Association of PVA TePla AG and by the requirements of the German Corporate Governance Code (DCGK) in its current version.

## **A. Joint Declaration by the Management Board and the Supervisory Board of PVA TePla AG pursuant to Section 161 of the German Stock Corporation Act (AktG)**

The Management Board and Supervisory Board of PVA TePla AG, headquartered in Wettengel, Germany, hereby declare that the recommendations of the "Government Commission on the German Corporate Governance Code" as amended on December 16, 2019, published in the official section of the Federal Gazette by the Federal Ministry of Justice and Consumer Protection on March 20, 2020, ("GCGC") have been complied with since the last Declaration of Conformity was issued, with the following deviations, and will be complied with in the future, with the following deviations:

1. *Section C.5 of the Code stipulates, among other things, that the Executive Board of a listed company should not chair the Supervisory Board of a listed company outside the Group.*

This recommendation has not been complied with and will not be complied with in the future. The Chairman of the Supervisory Board, Alexander von Witzleben, is a member of the management boards of two external, listed companies.

**Reason:** The Supervisory Board and the Management Board of PVA TePla AG do not see any conflicts of interest or time conflicts as a result of the two mandates. Alexander von Witzleben has continuously demonstrated his intensive, critical support of PVA TePla since taking office.

2. *Section C.7 of the Code stipulates, among other things, that Supervisory Board members should not serve on the Supervisory Board for more than 12 years in view of their independence from the Company and the Executive Board.*

This recommendation has not been complied with and will not be complied with in the future. Alexander von Witzleben and Prof. Dr. Hebestreit have been members of the Supervisory Board for more than 12 years.

**Justification:** The Supervisory Board does not consider a general limit for the length of membership of Supervisory Board members to be appropriate. Setting such a limit would be based on the assumption that

a longer period of membership in the Supervisory Board alone would disqualify a Supervisory Board member for further membership or call his independence into question. There is no objective justification for such a presumption. Moreover, such a rigid rule limit does not take into account individual factors that speak in favor of a longer membership of individual Supervisory Board members.

3. *Among other things, the Code provides for recommendations on the compensation of the Executive Board under items G.1 to G.4, G.6, G.7 and G.10 to G.13.*

Section G of the GCGC contains mainly new recommendations on Executive Board compensation. These are also closely related to the amendments to the German Stock Corporation Act (AktG) on Executive Board compensation as a result of the Act Implementing the Second Shareholders' Rights Directive. The approach developed to date by the Supervisory Board in determining the specific total compensation of the Executive Board members and the specific content of the current Executive Board service contracts are for the most part not yet in line with these recommendations of the Code.

The recommendations on Executive Board compensation G.1 to G.16 - with the exception of recommendations G.2, G.4, G.5, G.8 G.9, G.15 and G.16 - have therefore not been complied with to date.

However, the Supervisory Board has now fundamentally revised the system of Executive Board compensation, taking into account the new requirements on Executive Board compensation in the German Stock Corporation Act (AktG), and submitted this new system to the Company's Annual General Meeting in 2021 for approval. The Annual General Meeting approved this compensation system. The new system applies to all new or renewed Executive Board service contracts. Based on this system, the recommendations on Executive Board compensation in section G of the GCGC will be complied with in the future with the following exceptions:

- a) *Point G.6 of the Code stipulates that the variable compensation resulting from the achievement of long-term targets should exceed the share resulting from short-term targets.*

This recommendation will also not be complied with in the future. The same percentage bands for the share of total compensation have been defined for variable short-term and long-term variable compensation, so that the variable compensation resulting from the achievement of long-term-oriented targets will not exceed the share of compensation resulting from short-term-oriented targets.

**Justification:** The long-term variable compensation component is structured in such a way that it accounts for a significant share of the target total compensation. In the opinion of the Supervisory Board, this provides sufficient long-term behavioral incentives, and the long-term compensation component makes a decisive contribution to aligning the Executive Board compensation system to the long-term and sustainable development of the Company.

- b) *Under item G.7, the Code stipulates, among other things, that the Supervisory Board shall determine the performance criteria for all variable compensation components for each Executive Board member for the upcoming financial year.*

This recommendation will also not be complied with in the future insofar as an annual determination of the performance criteria is not made for all variable remuneration components, but these are in part determined by the Executive Board service agreement for a longer period. This relates to Group EBIT as a financial performance criterion under short-term variable compensation and to the performance criteria under long-term variable compensation. As the long-term variable compensation has an assessment period of three to five years, the performance criteria are also set for three to five years in line with the assessment period.

**Justification:** This procedure serves to ensure legal certainty and predictability for the members of the Board of Management. Insofar as the performance criteria for a medium-term period have already been conclusively determined, there is no longer any need to determine them for the respective upcoming fiscal year. Mere confirmation resolutions would have no added value. Irrespective of this, the defined performance criteria are designed in each case to promote the strategic and sustainable development of the Company and to increase its enterprise value.

- c) *Point G.10 of the Code stipulates that the variable compensation amounts granted are to be invested primarily in shares of the Company or granted on a share-based basis, taking into account the respective tax burden. The Executive Board member should not be able to dispose of the long-term variable grant amounts until after four years.*

This recommendation will also not be complied with in the future. The short-term variable compensation amounts are not invested in shares of the Company or granted on a share-based basis. However, the long-term variable compensation is similar to share-based compensation because the performance criterion is the development of the Company's market capitalization. The assessment period is between three and five years, so that in individual cases a member of the Executive Board may have access to the long-term variable grant amounts after less than four years.

**Justification:** The Supervisory Board is of the opinion that a sufficient alignment of the Executive Board's compensation with the shareholders' interests is also achieved by the structure described above. As the strategic and sustainable development of the Company has an impact on the market capitalization of the Company and thus on the amount of long-term variable compensation, the objective of share-based compensation is also reflected by the structure of long-term variable compensation applied by the Company.

- d) *The Code provides under item G.11 that the Supervisory Board should have the possibility to take into account extraordinary developments to an appropriate extent. In justified cases, variable compensation should be able to be withheld or reclaimed.*

This recommendation will also not be complied with in the future to the extent that the compensation structure does not provide for the retention or clawback of variable compensation.

**Justification:** The Supervisory Board is of the opinion that the compensation structure provides sufficient incentives for long-term and sustainable corporate development even without such regulations, that the statutory claims for damages sufficiently encourage the Executive Board to act in accordance with its duties, and that these can also be enforced with sufficient certainty.

Wettenberg, November 2021

for the Management Board:

for the Supervisory Board:

Manfred Bender  
Chairman of the Board of Management

Alexander von Witzleben  
Chairman of the Supervisory Board

## **B. Corporate governance practices**

PVA TePla AG, together with its subsidiaries, carries out its business activities within the framework of the applicable legal and self-imposed framework conditions. This includes, for example, the country-specific applicable legislation, the corporate governance declaration, the company's Articles of Association, the sustainability report, the opportunity and risk report and the Code of Conduct. Implementation takes place through the organizational regulations in the company. In addition, the example set by managers, open and fair communication at and between all levels in the company, and close cooperation with customers and suppliers in a spirit of partnership are important prerequisites for our business activities. Further formal regulations are not applied. Due to the content of our business activities - the construction of innovative high-tech systems and the associated environment (e.g. purchase of parts generally from industrial companies in developed countries, low environmental risks) - we currently consider this to be appropriate.

### **Sustainable corporate governance**

Sustainable business and social responsibility are extremely important to the PVA TePla Group. They are an important basis on which the company is aligned and guided into the future. For the Group, acting sustainably and responsibly means respecting the law, conserving resources, promoting climate protection, and fulfilling its responsibility to employees and society. The PVA TePla Group is convinced that sustainable and responsible business practices increase the Group's ability to innovate and to face the future. Therefore, sustainability is an integral part of the company's development. By combining financial and non-financial indicators into a holistic approach, a positive contribution is made for employees and the environment.

The Sustainability Report can be viewed on the website at this [link](#).

### **Opportunity and risk report**

The risk and opportunity strategy is embedded in the corporate strategy and is aimed at securing the continued existence and entrepreneurial development of the company. The resulting strategy assesses the risks and opportunities of entrepreneurial activity. In the core competency areas of the Company or the Group, appropriate, manageable and controllable risks are consciously taken if they are expected to yield an appropriate return or are unavoidable. We transfer risks in supporting processes to other risk carriers where appropriate. By contrast, other risks that have no connection with core or support processes are avoided as far as possible. To this end, a "Risk Manual" with procedural instructions for proper and forward-looking risk management is available to the managing directors and employees. The manual regulates the specific processes in risk management. It is aimed at the totality of all risk-related activities and measures, i.e. the identification, assessment, control, reporting and monitoring of risks.

The risk and opportunity strategy can be viewed on the website at <https://www.pvatepla.com/investor-relations/corporate-governance/>.

### **Articles of Association of PVA TePla AG**

The Company's Articles of Association can be viewed at the following link: [https://www.pvatepla.com/fileadmin/user\\_upload/Gruppenwebsite/downloads/pva-tepla-ag-satzung-2017-dt.pdf](https://www.pvatepla.com/fileadmin/user_upload/Gruppenwebsite/downloads/pva-tepla-ag-satzung-2017-dt.pdf)

## **C. Working methods of the Executive Board and Supervisory Board**

### **1. Board of Directors**

The Management Board of PVA TePla AG determines the corporate objectives, strategic direction, corporate policy and Group organization. This includes, in particular, the management of the Group including its financial resources, the coordination and monitoring of the divisions, human resources planning and the presentation of the Company to the capital market and the public. The Executive Board informs the Supervisory Board promptly and comprehensively about all relevant plans affecting the Company. Transactions and measures requiring the approval of the Supervisory Board are submitted to it in good time.

#### **Functioning of the Board of Directors**

The Executive Board manages the Company on its own responsibility with the aim of sustainably increasing the value of the Company and achieving the defined corporate objectives. It manages the business in accordance with the statutory provisions, the Articles of Association and the Rules of Procedure for the Executive Board, and cooperates in a spirit of trust with the other corporate bodies of the Company.

The Executive Board sets the long-term goals and strategies for the Group and determines the guidelines and principles for the corporate policy derived from them. It coordinates and controls the significant activities. It defines the portfolio, develops and deploys managers, allocates resources, and decides on the Group's financial management and reporting.

The members of the Board of Management are jointly responsible for the overall management of the business. Notwithstanding the overall responsibility of all members of the Executive Board, the individual members manage the areas assigned to them on their own responsibility within the framework of the Executive Board resolutions. The allocation of duties among the four members of the Board of Management is based on a written schedule of responsibilities.

The Executive Board as a whole, together with the managing directors of the subsidiaries, decides on all matters of fundamental and material importance as well as in cases specified by law or otherwise in a binding manner. The Rules of Procedure of the Board of Management provide for a catalog of measures requiring consideration and decision by the full Board of Management. There is also a catalog of business transactions requiring the approval of the Supervisory Board.

Executive Board meetings, which are also attended by the managing directors of the subsidiaries, are held on a regular basis. They are convened by the Chairman of the Executive Board. In addition, any member may request that a meeting be convened. Unless unanimity is required by law, the Executive Board shall adopt resolutions by a simple majority of the votes cast. In the event of a tie, the Chairman shall have the casting vote. The meetings shall be minuted.

In accordance with the Rules of Procedure and the schedule of responsibilities of the Executive Board, the Chairman of the Executive Board is responsible in particular for managing and coordinating the Group Executive Board. He represents the Company and the Group vis-à-vis third parties and the workforce in matters which do not only concern parts of the Company or the Group. In addition, he has special responsibility for specific areas of activity in accordance with the schedule of responsibilities and for the strategic development of the Company. In view of the small number of Executive Board members, no Executive Board committees have been set up.

The Board of Directors consists of the following persons:

Manfred Bender, CEO, German nationality, \*1965  
Oliver Höfer, COO, German nationality, \*1969  
Jalin Ketter, CFO, German nationality, \*1985  
Dr. Andreas Mühe, CTO, German nationality, \*1970

With regard to the age limit, an age limit of 65 years has been set for members of the Board of Management in accordance with the Board of Management's Rules of Procedure.

The compensation report of the Executive Board can be viewed at the following link:  
<https://www.pvatepla.com/investor-relations/corporate-governance/>

### **Rules of Procedure of the Management Board of PVA TePla AG**

The Rules of Procedure of the Board of Management can be viewed at the following link:  
[https://www.pvatepla.com/fileadmin/user\\_upload/Gruppenwebsite/downloads/pva-tepla-ag-satzung-2017-dt.pdf](https://www.pvatepla.com/fileadmin/user_upload/Gruppenwebsite/downloads/pva-tepla-ag-satzung-2017-dt.pdf)

## **2. Supervisory Board**

The Supervisory Board of PVA TePla AG consists of three members elected by the Company's Annual General Meeting. Curricula vitae of the Supervisory Board members are available at [www.pvatepla.com/ueber-pva-tepla/](http://www.pvatepla.com/ueber-pva-tepla/). In accordance with the statutory regulations, the Supervisory Board monitors the Management Board in the performance of its duties and the management of the Company. In particular, it supports the Executive Board in critical discussions of fundamental issues relating to the direction of the Company. These include in particular the annual corporate planning and the preparation of the financial statements, but also fundamental issues relating to the strategic alignment and further development of the Company.

### **Functioning of the Supervisory Board**

The Supervisory Board is informed in detail about the economic situation and the course of business in the company at four ordinary meetings a year. In addition, the Supervisory Board holds extraordinary meetings in the event of special external or internal occurrences.

The organization of the Supervisory Board's work is set out in writing in the Supervisory Board's Rules of Procedure.

### **Audit Committee**

The Supervisory Board has set up an Audit Committee which deals in particular with the audit of financial reporting, the monitoring of the financial reporting process, the effectiveness of the internal control system, the risk management system and the internal auditing system, as well as the audit of the financial statements and compliance. The accounting process includes in particular the consolidated financial statements and the Group management report (including non-financial reporting), financial communications during the year and the separate financial statements in accordance with the German Commercial Code (HGB). The Chairman of the Audit Committee is Prof. Dr. Gernot Hebestreit. He fulfills the legal requirements for independence and expertise in the fields of accounting and auditing. Alexander von Witzleben also fulfills the legal requirements in the field of accounting. The other member of the Audit Committee is Prof. Dr. Markus H. Thoma.

Regular reports from the Executive Board explaining key business figures provide the Supervisory Board with an insight into the development of the business situation. In addition to the meetings and reports, the members of the Supervisory Board obtain information in regular discussions with the Executive Board.

Together with the Executive Board, the Supervisory Board ensures that the Executive Board is filled as part of long-term succession planning. Issues relating to the composition of the Executive Board are regularly on the agenda at Supervisory Board meetings. The Supervisory Board regularly reviews the composition of the Executive Board. Together with the Executive Board, potential succession issues are identified and a plan of action is adopted for the specific individual case. The Executive Board proposes suitable candidates to the Supervisory Board for Executive Board positions to be filled, both with candidates developed within the company and from the external environment.

As a result of the appointment of new Executive Board members in the 2020 financial year, the Supervisory Board considers the Executive Board to be in a stable position for the future and sees no need for action at the present time.

PVA TePla AG's long-term succession planning is based on the corporate strategy. The basis for candidates originating from within the company is systematic management development with the following essential elements:

- Early identification of suitable candidates from different disciplines and of different genders
- Systematic development of managers by successfully taking on tasks with increasing responsibility, preferably in different businesses, regions and functions
- Proven, successful strategic as well as operational creative drive and leadership, especially under challenging business conditions

Irrespective of individual criteria, the Supervisory Board is convinced that ultimately only the holistic assessment of the individual personality can be decisive for an appointment to the Management Board of PVA TePla AG. The Supervisory Board considers the following criteria to be essential for the Management Board as a whole:

- Many years of management experience in scientific, technical and commercial fields of work
- International experience due to origin and/or professional activity
- A balanced age structure to ensure continuity in the work of the Executive Board and enable smooth succession planning

The number of members of the Board of Management is determined by the areas of work required for the management of a holding company with several subsidiaries. The Board of Management consists of four members as of December 31, 2021.

The following persons are members of the Supervisory Board:

Alexander von Witzleben, Chairman of the Supervisory Board, German nationality, \*1963

Prof. Dr. Markus H. Thoma, Supervisory Board, German nationality, \*1958

Prof. Dr. Gernot Hebestreit, Supervisory Board, German nationality, \*1963

### **Competence profile of the Supervisory Board**

The Supervisory Board of PVA TePla AG is composed in such a way as to ensure that the Supervisory Board provides qualified supervision and advice to the Management Board. Its members shall, as a whole, have the knowledge, skills and professional experience required to properly perform the duties of a Supervisory Board in a capital market-oriented, internationally active company in the field of high-technology plant engineering.



Against this background, the Supervisory Board has resolved the following objectives regarding its composition, taking into account the recommendations and suggestions of the German Corporate Governance Code:

### **Requirements for the composition of the full body**

#### **a. Competence profile**

The Supervisory Board as a whole shall have the competences that are considered essential in view of the activities of the PVA TePla Group. These include, in particular, in-depth experience and knowledge in the management of a medium-sized, internationally active group; in plant construction and, in particular, in the project business with, in some cases, globally leading companies; in the field of research and development, in particular in the area of technologies relevant to the Company as well as adjacent or related areas; in the areas of production, sales, management development; in the key markets in which the PVA TePla - Group operates; in accounting and financial reporting; in controlling/risk management and in the area of governance/compliance. At least one member of the Supervisory Board must have expertise in the areas of accounting or auditing, and the Supervisory Board members as a whole must be familiar with the relevant markets in which the Group operates. The current Supervisory Board considers the competence profile to be fully implemented, as all areas of expertise and competence described above are sufficiently represented by the members of the Supervisory Board individually or in their entirety.

#### **b. Independence and potential conflicts of interest**

More than half of the members of the Supervisory Board shall be independent within the meaning of item C7 of the German Corporate Governance Code. Two members of the Supervisory Board have been on the Supervisory Board for longer than twelve years. The Supervisory Board does not consider it appropriate to set a general limit on the length of service of Supervisory Board members. Setting such a limit would be based on the assumption that a longer period of membership on the Supervisory Board alone disqualifies a Supervisory Board member for further membership or calls his independence into question. There is no objective justification for such a presumption. Moreover, such a rigid rule limit does not take into account individual factors that speak for a longer membership of individual Supervisory Board members. For this reason, all members of the Supervisory Board consider themselves and their work to be independent. Moreover, the Supervisory Board does not consider it appropriate to set an a priori limit above which the work of a Supervisory Board member is no longer considered independent because of the loss of experience, expertise and efficiency this would entail. By adopting a fundamentally critical stance towards the Executive Board, all members of the Supervisory Board demonstrate in their exchanges with the Executive Board that they have an independent stance on all relevant issues of corporate governance and reach their own independent judgment, and are therefore independent.

In addition, all Supervisory Board members shall be free of potential conflicts of interest, in particular those that may arise as a result of an advisory or governing body function with customers, suppliers, lenders or other third parties. The Supervisory Board shall not include more than two former members of the Executive Board. At present, the Supervisory Board does not include any former members of the Executive Board.

#### **c. Age limit and length of membership of the Supervisory Board**

The Rules of Procedure of the Supervisory Board stipulate an age limit of 70 years for members of the Supervisory Board.

Alexander von Witzleben (Chairman) has been a member of the Supervisory Board of PVA TePla AG since 2004, Prof. Dr. Gernot Hebestreit since 2008 and Prof. Dr. Markus H. Thoma since 2014.

## **Requirements for individual members of the Supervisory Board**

### **a. General requirements profile**

Supervisory Board members should have entrepreneurial or operational experience and general knowledge of specialty mechanical engineering. Based on their knowledge, skills and specialist experience, they should be able to perform the duties of a Supervisory Board member in an internationally active company. Supervisory Board members should comply with the limit on supervisory board mandates recommended by the German Corporate Governance Code.

### **b. Time availability**

Each member of the Supervisory Board shall ensure that he or she is able to devote the expected amount of time to the proper exercise of the Supervisory Board mandate. In particular, it must be taken into account that at least four ordinary meetings of the Supervisory Board are held each year, each of which requires appropriate preparation, and sufficient time must be set aside for the examination of the annual and consolidated financial statements and the (Group) management report. In addition, extraordinary meetings of the Supervisory Board may be necessary to deal with special issues. Proposals for election by the Supervisory Board to the Annual General Meeting should take these objectives into account, at the same time aiming to fill out the competence profile for the entire body and paying particular attention to the personality, integrity, willingness to perform, professionalism and independence of the candidates.

The self-evaluation of the members of the Supervisory Board was carried out on the basis of a detailed catalog of questions and interviews, thus performing the review of the efficiency of the Supervisory Board required by the Corporate Governance Code.

## **Rules of Procedure of the Supervisory Board of PVA TePla AG**

The Rules of Procedure of the Supervisory Board can be viewed at the following link:

[https://www.pvatepla.com/fileadmin/user\\_upload/Gruppenwebsite/downloads/pva-tepla-ag-satzung-2017-dt.pdf](https://www.pvatepla.com/fileadmin/user_upload/Gruppenwebsite/downloads/pva-tepla-ag-satzung-2017-dt.pdf)

## **D. Diversity**

### **Diversity in the company**

The Management Board and Supervisory Board of PVA TePla AG rely on the diversity and variety of its employees. For the PVA TePla Group, they form the basis of an efficient and successful company. The activities aim to bring together the right people to meet our challenges, to create a working culture that promotes the performance, motivation and satisfaction of our employees and managers. For PVA TePla AG - a pure management and functional holding company of medium-sized subsidiaries in the specialty mechanical engineering sector - there is only one management level below the Management Board level. For PVA TePla AG, the target value for the management level below the Management Board was set at 33% in November 2021. Currently, there is a proportion of women at the same level. For the proportion of women at the management level below the Management Board, the aim is to at least maintain the proportion at this level by December 31, 2026.

### **Diversity on the Board of Management**

The Supervisory Board shall fill Executive Board positions in particular on the basis of the candidates' professional and personal suitability. In the case of equal suitability, the Supervisory Board will take diversity into account and also pay attention to the proportion of women. When appointing members of the Executive Board, the Supervisory Board will therefore not only ensure that the persons appointed have the personal and professional qualifications and experience required to perform their duties. It will also strive to ensure that the Executive Board is characterized by a diversity of opinions and experience among its members. At the present time, the Executive Board includes three male members and one female member. The quota of women on the Board of Management is therefore 25%. The target for the quota of women on the Executive Board is defined as 20% by December 31, 2026.

### **Diversity on the Supervisory Board**

The Supervisory Board currently consists of three male members. In 2016, a target of 0 was defined for a specific quota of women by December 31, 2021. The new target for a women's quota on the Supervisory Board is defined as 20% by December 31, 2026. With regard to the issue of gender equality, the Supervisory Board is guided in particular by the professional and personal suitability of the candidates for its proposals to the Annual General Meeting for the election of new Supervisory Board members. In the event of equal suitability, the Supervisory Board will take diversity into account.

### **Diversity concept for the Executive Board**

The Supervisory Board of PVA TePla AG pursues the following concept for the composition of the Management Board, which currently (2022) consists of four persons:

When considering which personalities would best complement the Executive Board as a body, the Supervisory Board also takes diversity into account. By diversity as a consideration, the Supervisory Board understands in particular different, mutually complementary professional profiles, professional, educational and life experience, including international experience, age and an appropriate representation of both genders. In particular, the Supervisory Board also takes the following aspects into account:

- Board members should have many years of management experience.
- The Management Board as a whole shall have technical expertise, in particular knowledge and experience in the manufacture and sale of special machines of all kinds and other technical products, as well as international experience.
- The Management Board as a whole should have many years of experience in the fields of research and development, production, sales, finance and personnel management.
- The Supervisory Board decides in the interests of the Company and taking into account all the circumstances of the individual case which person should be appointed to a specific position on the Executive Board.

Irrespective of individual criteria, the Supervisory Board is convinced that ultimately only the holistic assessment of the individual personality can be decisive for an appointment to the Management Board of PVA TePla AG. The Supervisory Board considers the following criteria to be essential for the Management Board as a whole:

- Many years of management experience in scientific, technical and commercial fields of work
- International experience due to origin and/or professional activity
- A balanced age structure to ensure continuity in the work of the Executive Board and enable smooth succession planning

The number of Executive Board members is determined by the areas of work required for the management of a holding company with several subsidiaries.

#### **Diversity concept for the Supervisory Board**

The Supervisory Board of PVA TePla AG, which currently (2021) consists of three persons, aims to achieve a composition of the Supervisory Board that takes into account the following elements in view of the specific situation of the Company, the object of the Company being operated and the size of the Company:

On the shareholder side, all persons without potential conflicts of interest should be represented on the Supervisory Board, in particular without such conflicts of interest that may arise as a result of a consultancy or board function with customers, suppliers, lenders or other third parties.

The Supervisory Board as a whole should have experience in an internationally active company, if possible in the field of high-tech plant engineering. Furthermore, at least one member of the Supervisory Board must have expertise in the fields of accounting or auditing. The Supervisory Board members as a whole must be familiar with the relevant markets in which the PVA TePla Group operates.

When proposing candidates for election to the Annual General Meeting, the Supervisory Board will continue to pay attention to diversity in the form of age, educational and professional background, internationality and the proportion of women.