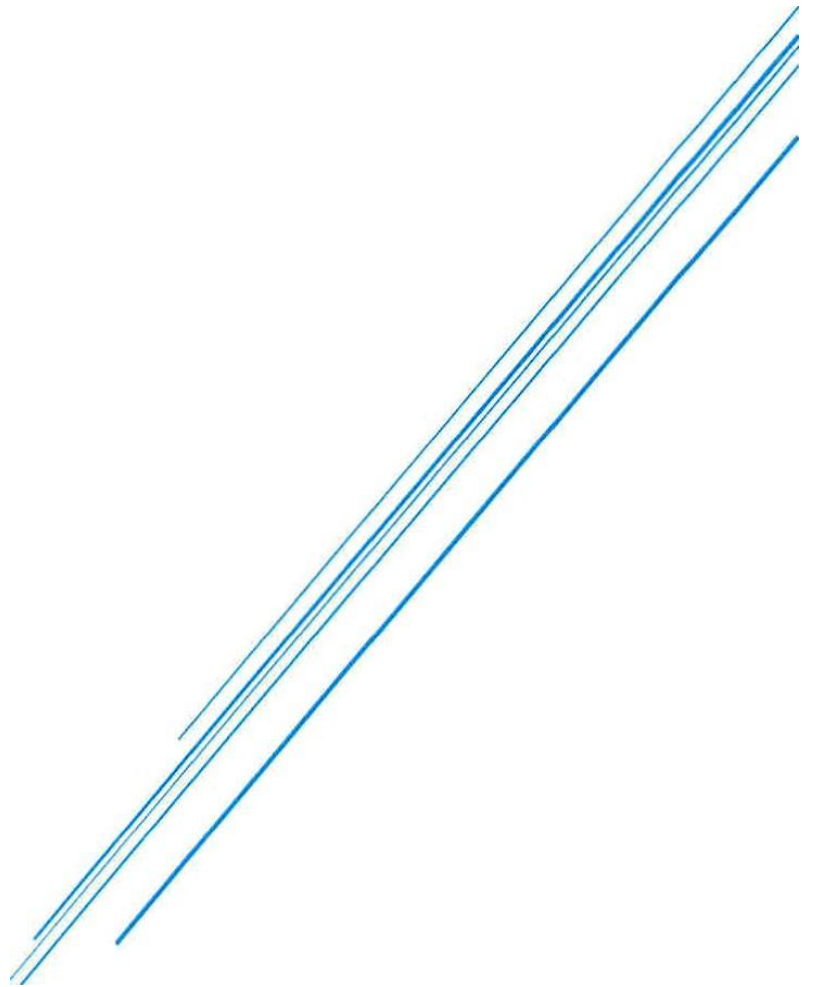


# PVA TePla

## REMUNERATION REPORT

2023



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# 1. GENERAL INFORMATION

## **Reporting company and business model**

PVA TePla AG, Wettenberg (hereinafter referred to as "PVA TePla AG" or "the Company") is a stock corporation under German law. The Company is registered in the Commercial Register at the Giessen Local Court under the number HRB 6845 and has its registered office in 35435 Wettenberg, Germany. The shares of PVA TePla AG have been listed in the Prime Standard segment of the Frankfurt Stock Exchange since June 21, 1999 (ISIN: DE0007461006).

PVA TePla AG and the subsidiaries it controls (hereinafter referred to as the "PVA TePla Group") produce systems in which customers manufacture and refine materials that are used in the semiconductor industry, among others. The PVA TePla Group's operating activities focus on the development, production and sale of high-temperature and vacuum systems, crystal growing systems and quality inspection systems for finely structured objects. The PVA TePla Group maintains global business relations through its locations in Germany, France, Italy, the USA, the People's Republic of China, Taiwan, Singapore and Korea. For further information on the Group's business model, please refer to the explanations in the combined management report of PVA TePla AG for fiscal year 2023 in section "2. Group Fundamentals".

## **Basis of presentation and review by the Supervisory Board**

PVA TePla AG is obliged to prepare a remuneration report in accordance with Section 162 AktG. The following remuneration report describes the main features of the new remuneration system and explains the amount and structure of the remuneration of the Management Board and the remuneration of the Supervisory Board of PVA TePla AG for fiscal year 2023 in accordance with the Articles of Association. The remuneration of the individual members of the Management Board and Supervisory Board is disclosed individually in the remuneration report. The remuneration report complies with the requirements of the German Stock Corporation Act (AktG) pursuant to Section 162. In addition, the remuneration report is based in particular on the recommendations of the German Corporate Governance Code (GCGC), the requirements of the EU's Second Shareholder Rights Directive (ARUG II) and the requirements of the German Stock Corporation Act (AktG).

The Management Board and the Supervisory Board are responsible for the preparation of the remuneration report, including the related disclosures, in accordance with the requirements of Section 162 AktG. In addition, they are responsible for such internal control as they have determined necessary to enable the preparation of a remuneration report that is free from material misstatement, whether due to fraud or error. The information presented in this remuneration report has been formally reviewed by BDO AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, to determine whether all disclosures required by Section 162 (1) and (2) AktG have been made in the remuneration report. In addition, this remuneration report for fiscal year 2023 was reviewed by the Supervisory Board of PVA TePla AG, approved at its balance sheet meeting on March 12, 2024 and released for publication on the PVA TePla AG website.

**Distinction between parent company and group**

To clarify which disclosures relate to the parent company and which relate to the Group, "PVA TePla AG" is always used for the parent company and "PVA TePla AG" for disclosures relating to the Group, "PVA TePla Group" or "group of companies" is used. Where the above distinctions are not applied and no other separate references are made, the information relates equally to the group of companies and the parent company.

**Financial year**

PVA TePla AG's fiscal year 2023 began on January 1, 2023 and ended on December 31, 2023. The corresponding prior-year period (hereinafter also referred to as "PY") therefore covers the period from January 1, 2022 to December 31, 2022.

**Rounding differences**

For computational reasons, rounding differences of +/- one unit (EUR thousand, %, etc.) may occur in the information presented in this report.

## 2. PRINCIPLES OF THE NEW REMUNERATION SYSTEM

### 2.1. Remuneration system for the members of the Management Board of PVA TePla AG

From the 2021 financial year, a new remuneration system ("new remuneration system") was introduced for the Management Board of PVA TePla AG, which applies to all new contracts of the company's Management Board. The remuneration system is determined by the Supervisory Board, which can consult external, independent advisors if necessary. The aim of the remuneration system is to promote the sustainable and long-term development of PVA TePla AG. The remuneration system includes both short-term and long-term variable remuneration and is linked to various performance criteria. Other fixed remuneration components include the fixed annual salary, fringe benefits and pension contributions. The new remuneration system for the members of the Management Board of PVA TePla AG described below complies with the current requirements of the German Stock Corporation Act (AktG) and applies to all new Management Board service contracts to be concluded or extended. In the event of significant changes, but at least every four years, the remuneration system adopted by the Supervisory Board is submitted to the Annual General Meeting for approval. The previous remuneration system ("previous remuneration system") continues to apply to existing contracts of the Management Board.

#### **Determination of maximum remuneration for members of the Management Board, Section 87a para. 1 sentence 2 no. 1 AktG, and procedure for the Determination of the target total remuneration**

The total remuneration to be granted for a financial year, understood as the sum of all remuneration contributions paid by the company for the respective financial year, including fixed salary, variable remuneration, pension contributions, fringe benefits and any recognition bonus, is limited in the sense of a maximum remuneration. This maximum remuneration amounts to EUR 900 thousand for the Chairwoman of the Management Board or CEO and EUR 700 thousand for the other members of the Management Board. The maximum remuneration relates to the company's expenses for a financial year, irrespective of when the respective amounts are actually paid out.

If remuneration benefits are forfeited by a previous employer due to the change to PVA TePla AG (e.g. commitments to long-term variable remuneration or pension commitments), the Supervisory Board can promise compensation in the form of pension commitments or cash payments for the year in which the new Management Board member joins, which can lead to the maximum remuneration being exceeded in exceptional cases.

If the maximum remuneration is exceeded for a reason other than the promise of compensation for forfeited remuneration benefits from the previous employer, the remuneration components are reduced in the following order in order to ensure that the total remuneration is limited in line with the maximum remuneration:

1. Variable remuneration
2. Fixed salary

The maximum remuneration prescribed by stock corporation law merely sets an absolute limit according to

above in order to avoid disproportionately high remuneration in the event of unforeseen developments. It does not represent the remuneration level targeted by the Supervisory Board for members of the Management Board.

Instead, the Supervisory Board determines the amount of the target total remuneration for each Executive Board member for the upcoming financial year based on the remuneration system. This is the sum of fixed remuneration (fixed annual salary, fringe benefits, pension contributions) and variable remuneration in the event of 100% target achievement. It should be commensurate with the duties and performance of the Management Board member and at the same time take into account the economic situation and the success of the company. In addition, market conformity is verified on the basis of an internal and an external appropriateness test, whereby these comparisons are subjected to a critical assessment in order to avoid an automatic upward trend. The function and area of responsibility of the Management Board member are taken into account when determining the amount of the target total remuneration.

**Contribution of the remuneration to the promotion of the business strategy and the long-term development of the company, Section 87a para. 1 sentence 2 no. 2 AktG**

The new remuneration system for the members of the Management Board of PVA TePla AG contributes to the promotion of the business strategy and the long-term development of the company. Through the strong weighting of variable remuneration components and ambitious targets, the Management Board remuneration system helps to motivate the Management Board to effectively implement the business strategy. By defining a multi-year performance criterion related to the long-term success of the company in the form of market capitalization and by giving a high weighting to the long-term elements of the variable remuneration components, the remuneration system also makes a significant contribution to the long-term and sustainable development of the Group.

The short-term variable remuneration (STI) is based on the economic performance target of the development of the (positive) consolidated operating result before interest and taxes (EBIT, earnings before interest and taxes) and the achievement of individual performance targets by the respective Executive Board member. The Group operating result (EBIT) is one of the Group's key performance indicators. The short-term variable remuneration component promotes the implementation of the business strategy, as a key component of the business strategy is to operate profitably and efficiently, and the remuneration system provides an incentive for this by focusing on the Group operating result (EBIT) as a performance target. In addition to the Group operating result (EBIT), the individual performance targets also take into account key targets for the sustainable development of the company, such as customer and employee satisfaction.

The long-term variable remuneration (LTI) makes a contribution to the long-term development of the company through its multi-year assessment basis. The share price orientation of the long-term variable remuneration component links Management Board remuneration with shareholder interests. The long-term variable remuneration honors the long-term success of the company and the long-term positive performance of the PVA TePla share price.

## **Information on all fixed and variable remuneration components and their respective relative share of remuneration, Section 87a (1) sentence 2 no. 3 AktG**

### *Overview of the remuneration components and their relative shares of total remuneration*

The remuneration of the members of the Management Board is made up of fixed and variable remuneration components. The former comprise the fixed annual salary as well as various fringe benefits and pension contributions. The variable remuneration components are a component linked to a short-term annual target (short-term incentive) (hereinafter referred to as the "STI component") and a long-term variable remuneration component (long-term incentive) (hereinafter referred to as the "LTI component").

"LTI component") is provided for. There is also the possibility of a recognition bonus for special performance.

Based on the target total remuneration, the fixed remuneration (annual fixed salary, fringe benefits and pension contributions) is expected to account for around 40%, the STI component for around 30% and the LTI component for around 30%. The possibility of a recognition bonus is not included in the calculation here because it can only be considered in the case of very exceptional performance. Due to annual fluctuations in the fringe benefits and pension contributions granted, the Supervisory Board determines a target total remuneration, the components of which lie within the following percentage ranges:

- Fixed remuneration: 35% to 45%
- STI component: 25% to 35%
- LTI component: 25% to 35%

### *Fixed remuneration*

Each member of the Management Board receives a fixed basic remuneration, which is paid in 12 monthly installments. It can vary for the individual members of the Executive Board. In addition, the members of the Management Board are granted contractually agreed fringe benefits. The company provides each member of the Management Board with an appropriate company car, including for private use. Furthermore, allowances are granted in the amount of the employer's maximum share of contributions to statutory health and long-term care insurance as well as statutory pension insurance or an alternative pension scheme or life insurance. Finally, the premiums for accident insurance and D&O insurance are covered.

### *Variable remuneration components*

*STI component:* The STI component is granted to the members of the Executive Board as performance-related remuneration with a one-year assessment period. The performance criterion here is the Group operating result (EBIT) in accordance with IFRS principles plus any Management Board bonuses and other bonuses included as expenses. The Executive Board member receives a direct percentage share. Payments from the STI component are based on the achievement of a threshold value of the Group operating result (EBIT) in accordance with IFRS principles in the respective financial year (hereinafter "STI threshold value"). The percentage shareholding and the STI threshold are either already stipulated in the Executive Board service contract or are determined for the respective financial year.

The STI component for the upcoming financial year is determined by the Supervisory Board at its due discretion. A further performance criterion for the STI component is the individual performance of the Executive Board member, which generally also includes non-financial key figures. The Supervisory Board sets new performance criteria for each Executive Board member for the upcoming financial year and assesses their achievement after the end of the financial year. The components Group operating result (EBIT) and individual performance are weighted 60% to 40% based on the target remuneration within the STI component. The total amount paid out under the STI component is limited to an amount (cap) that corresponds to the fixed remuneration of the respective Executive Board member for the respective financial year.

*Recognition bonus:* In individual cases, the Supervisory Board can grant members of the Management Board a recognition bonus for very exceptional performance in a financial year.

*LTI component:* The LTI component is granted to the members of the Management Board as performance-related remuneration with a multi-year assessment period.

#### **Information on all financial and non-financial performance criteria for the granting of variable remuneration components, Section 87a (1) sentence 2 no. 4 AktG**

The respective performance criteria of the variable remuneration components are named below and their relationship to the business strategy and the long-term development of the company is explained. The methods used to assess the achievement of the performance criteria are also described.

##### *STI component*

The STI component rewards the contribution made in the financial year to the operational implementation of the business strategy of operating profitably and efficiently, thereby ultimately also contributing to the long-term development of the company. The STI component is a performance-related remuneration with a one-year assessment period. The STI component depends both on a key economic performance target for the company, the Group operating result (EBIT), and on the individual performance of the respective Management Board members, which includes financial and non-financial performance criteria.

*Group operating result (EBIT):* The payment from this part of the STI component requires the achievement of a threshold value of the Group operating result (EBIT) in the respective financial year. The Group operating result (EBIT) is a key performance indicator that is of key importance for the strategic orientation of PVA TePla AG. The amount of the payments from this part of the STI component depends on the STI threshold being reached or exceeded. If the STI threshold is reached, the amount paid out from this part of the STI component is a certain percentage of the Group operating result (EBIT) to the extent that the Group operating result (EBIT) exceeds the STI threshold. This means that only the portion of the Group operating result (EBIT) that exceeds the STI threshold is used as the basis for calculating the amount of the payout. The specific STI threshold and percentage are specified in the service contracts of the respective Executive Board members or in a separate agreement for the respective Executive Board member for the coming financial year.



*Individual performance:* In addition to the financial criterion of the Group operating result (EBIT), the STI component is also based on the individual performance of the Management Board member, which generally also includes non-financial key figures. The individual performance allows for differentiation depending on the respective responsibilities and the specific strategic challenges of the individual members of the Management Board. To this end, the Supervisory Board sets new performance criteria for the individual members of the Management Board each year for the upcoming financial year. Possible performance indicators include, in particular

- Business development, market and innovation
- Optimization/increased efficiency and digitalization
- ESG criteria (employee and customer satisfaction, environmental and climate targets)

After the end of the financial year, the Supervisory Board assesses the achievement of the defined annual target on the basis of the achievement of the performance criteria defined for the respective Management Board members and the achievement of the STI threshold on the basis of the IFRS consolidated operating result (EBIT) according to the approved consolidated financial statements of PVA TePla AG. The payment amount is due for payment within one month of the Supervisory Board's resolution regarding the approval of the consolidated financial statements. In the event of joining or leaving the company during the year, the STI component is granted pro rata temporis.

#### *LTI component*

The Management Board is required to make a long-term commitment to the company and to promote its sustainable growth. Against this background, a significant portion of the variable remuneration is linked to the long-term performance of the PVA TePla share. The performance criterion for the LTI component is therefore the market capitalization of PVA TePla AG. The LTI component is a performance-related remuneration based on a three- to five-year assessment period. The performance criterion is the increase in market capitalization. The Supervisory Board determines a percentage of the increase in market capitalization for each Management Board member in the Management Board service contract or at its discretion, which is the basis for calculating the payout *from* the LTI component. The increase in market capitalization is determined by comparing the market capitalization at the beginning of the measurement period with the market capitalization at the end of the measurement period. The average closing price of the XETRA share in the six months prior to the start of the Management Board service contract (including this day) is used to determine the initial market capitalization. This applies accordingly to the final market capitalization, which is determined on the basis of the period of six months prior to the end of the assessment period (including this day). The amount of the payout from the LTI component is a certain percentage of the increase in market capitalization. Special effects, e.g. increases in market capitalization due to capital increases, are deducted. At the end of the assessment period, the

The Supervisory Board determines the achievement of the performance criterion of the increase in market capitalization on the basis of the increase in market capitalization during the assessment period and the defined percentage. The Supervisory Board determines the amount of the payout from the LTI component within one month of the end of the assessment period. The amount determined is due for payment within six weeks of the end of the assessment period. The total amount paid out from the LTI component is limited to an amount (cap) corresponding to 1.0 times the fixed remuneration of the respective Management Board member for the first full financial year of the respective Management Board service contract. In the event of the regular termination of the Management Board service contract, any outstanding variable remuneration components are paid out in accordance with the recommendation of the GCGC in line with the originally agreed targets and only at the respective due dates specified in the Management Board service contract. If the employment contract is terminated for good cause for which the Executive Board member is responsible, no payments are made to the Executive Board member.

#### *Recognition bonus*

In addition to the STI component and the LTI component, members of the Management Board can be remunerated with a recognition bonus for exceptional performance in a reference year. This provides a further incentive to promote the business strategy through exceptional performance. Naturally, no criteria are defined in advance for this and the award is at the discretion of the Supervisory Board.

#### **Deferral periods for the payment of remuneration components, Section 87a para. 1 sentence 2 no. 5 AktG**

The payment amount from the LTI component is only due after the three- to five-year assessment period has expired. There are no provisions that postpone the due date of a claim that has already arisen beyond the usual payment terms.

#### **Possibilities for the company to reclaim variable remuneration components, Section 87a para. 1 sentence 2 no. 6 AktG**

There is no provision for remuneration components that have already been paid out to be repaid to the company due to subsequent events.

#### **Special disclosures for share-based remuneration, Section 87a (1) sentence 2 no. 7 AktG**

The members of the Management Board are not remunerated with real or virtual shares or share options. However, if share-based remuneration is understood as all remuneration components where the amount of the monetary benefit granted is linked to the value of the company's shares, the LTI component can also be subsumed under this, as the amount of this remuneration component is based on the increase in market capitalization during the assessment period. The level of market capitalization is also largely determined by the value of the company's shares. As the remuneration does not consist of real or virtual shares or share options, there are no typical time limits for share-based remuneration, such as waiting periods (in the sense of a certain period until the shares can be exercised), exercise periods, holding or blocking periods (in the sense of a period from acquisition during which the shares may not be sold) or vesting periods (during which the share-based remuneration is first accrued).

is determined). There is only a three- to five-year assessment period within which the development of the level of market capitalization is determined. Naturally, there are also no conditions for holding shares after acquisition. The LTI component leads to a greater alignment of interests between members of the Executive Board and shareholders and, due to the multi-year assessment period, promotes the strategic goal of increasing the long-term value of the Group.

**Disclosures regarding remuneration-related legal transactions, Section 87a (1) sentence 2 no. 8 AktG**

Initial appointments are made for a maximum period of three years, subsequent appointments are limited to a maximum period of five years. In the event of premature termination of Management Board activity, payments to the Management Board member, including fringe benefits, will not exceed the value of two years' remuneration ("severance payment cap") and will not remunerate more than the remaining term of the employment contract. The severance payment cap is calculated on the basis of the total remuneration for the past financial year and, if applicable, the expected total remuneration for the current financial year. If the employment contract is terminated for good cause for which the Management Board member is responsible, no payments are made to the Management Board member. In accordance with the requirements of stock corporation law, the Management Board service contracts do not provide for ordinary termination; the right of both parties to terminate the Management Board service contract without notice for good cause remains unaffected. If a member joins or leaves the Management Board during the year, the remuneration is calculated pro rata temporis. This does not apply to remuneration in the event of extraordinary termination of the Management Board member's contract by the company for good cause for which the Management Board member is responsible; in this case, there is no entitlement to payment of the variable remuneration for the financial year in which the member leaves the company. If members of the Management Board hold Supervisory Board mandates within the Group or take on activities in associations or honorary positions, no separate remuneration is generally paid. If remuneration is granted in exceptional cases, this is offset against the remuneration of the Management Board member. In the case of non-Group Supervisory Board mandates, the Supervisory Board decides whether and to what extent the remuneration is to be offset.

**Consideration of the remuneration and employment conditions of employees when determining the remuneration system, Section 87a para. 1 sentence 2 no. 9 AktG**

The appropriateness of the remuneration of the members of the Management Board is regularly reviewed by the Supervisory Board. This includes a comparison with the internal remuneration structure of the company (vertical comparison). This includes the remuneration of both the senior management of the Group and the total workforce employed in Germany at the level of the stock corporation and its Group companies. The vertical comparison also includes, in particular, the ratio of Executive Board remuneration to this peer group over time.

## **Procedure for establishing, implementing and reviewing the remuneration system, Section 87a (1) sentence 2 no. 10 German Stock Corporation Act**

In accordance with the legal requirement under Section 87a para. 1 sentence 1 AktG, the Supervisory Board decides on a clear and comprehensible remuneration system for the members of the Management Board. As the Supervisory Board consists of four members and no remuneration committee or other committee responsible for personnel matters has been formed, this is the responsibility of the full Supervisory Board. In accordance with Section 120a para. 1 sentence 1 AktG, the Supervisory Board submits the remuneration system to the Annual General Meeting for approval whenever a significant change is made, but at least every four years. Remuneration must generally be set in accordance with the system submitted to the Annual General Meeting for approval, Section 87a para. 2 sentence 1 AktG. However, the Supervisory Board may temporarily deviate from the remuneration system if this is necessary in the interests of the long-term well-being of the company and the remuneration system specifies the procedure for deviation and the components of the remuneration system that may be deviated from, Section 87a (2) sentence 2 AktG. The Supervisory Board of PVA TePla AG may temporarily deviate from the following components of the remuneration system at its discretion in accordance with Section 87a (2) sentence 2 AktG: Maximum remuneration, structure of target remuneration, performance targets and measurement methods for variable remuneration, relevant periods for determining variable remuneration and payment dates for variable remuneration. Under the aforementioned circumstances, the Supervisory Board has the right, for example, to grant special payments to new members of the Management Board to compensate for salary losses from a previous employment relationship, which can also temporarily lead to a deviation in the maximum remuneration amount. A deviation from the remuneration system is only possible on the basis of a corresponding Supervisory Board resolution, which determines the exceptional circumstances and the necessity of a deviation. This must then be explained in the remuneration report in accordance with Section 162 para. 1 sentence 2 no. 5 AktG. If the Annual General Meeting does not approve the system presented, the Supervisory Board will present a revised system to the Annual General Meeting for approval at the next Annual General Meeting at the latest.

The Supervisory Board regularly reviews the remuneration system and the appropriateness of Management Board remuneration at its own discretion. In addition to the vertical remuneration comparison described above, it also carries out a horizontal remuneration comparison. This means that the remuneration amount and remuneration structure of a defined peer group of companies are considered, which are generally also listed, belong to the same industry and have a comparable market position. If necessary, the Supervisory Board can consult independent external advisors.

The Supervisory Board ensures that any conflicts of interest of Supervisory Board members are identified and adequately dealt with during discussions and decisions on the Management Board remuneration system. These must be disclosed immediately and, depending on the assessment, provision may be made for the member concerned not to take part in the deliberations and to abstain from voting on the decision.

### **2.2 Remuneration system for the members of the Supervisory Board of PVA TePla AG**

Supervisory Board remuneration is structured as purely fixed remuneration. This is in line with suggestion G.18 sentence 1 of the German Corporate Governance Code. On the basis of the new version of

§ Section 14 (1) of the Articles of Association, the members of the Supervisory Board receive fixed annual remuneration of EUR 25 thousand.

As recommended by G.17 of the German Corporate Governance Code, the remuneration for the Chairman of the Supervisory Board and his deputy is higher and amounts to EUR 70 thousand and EUR 40 thousand respectively. Furthermore, the remuneration regulation also takes into account the higher time expenditure for the chairmanship and membership of Supervisory Board committees in accordance with G.17 of the German Corporate Governance Code. The Supervisory Board member receives additional annual remuneration of EUR 10 thousand for chairing a committee and EUR 5 thousand annually for membership of a committee.

#### **Remuneration for committee memberships**

If a member of the Supervisory Board is Chairman and/or a member of several committees of the Supervisory Board, the additional remuneration is paid only once, namely for the committee for which he or she receives the highest remuneration, so that the amount of the increase is limited to EUR 10 thousand per year if the Supervisory Board member is Chairman of at least one committee and to EUR 5 thousand per year if the Supervisory Board member is a member of one or more committees but not the Chairman of a committee. In the event of changes to the Supervisory Board or its committees during the year, the remuneration is paid pro rata temporis and rounded up to full months. The maximum fixed remuneration can therefore be EUR 80 thousand per year for the Chairman of the Supervisory Board, EUR 50 thousand per year for his deputies and EUR 35 thousand per year for other Supervisory Board members. The remuneration is due for payment at the end of the financial year.

#### **Regulation on reimbursement of expenses, VAT reimbursement and D&O insurance**

A regulation on the reimbursement of expenses is to be adopted on the basis of the proposed repeal of § Section 14 (2) of the Articles of Association. However, even without such a provision, the members of the Supervisory Board are entitled to reimbursement of their necessary and reasonable expenses. Furthermore, the company reimburses the members of the Supervisory Board for any value added tax incurred on their remuneration and pays the amounts of any financial loss liability insurance (D&O insurance) taken out by the company for the members of the Supervisory Board, including any income tax due on this.

#### **Determination of fixed remuneration**

The structure as purely fixed remuneration promotes the neutral advisory and monitoring function of the Supervisory Board. In this way, it promotes the long-term development of PVA TePla AG. The amount of the fixed remuneration is regularly reviewed by the Supervisory Board on the basis of the statutory requirements. In this context, it also includes the Supervisory Board remuneration in comparable companies (by industry, market position and market capitalization) in the review. However, due to the special nature of the Supervisory Board's activities, namely the supervisory and advisory support of the Management Board in the management of the company, no comparison is made with the remuneration of the employees of the company and other Group companies, in line with standard practice. If necessary, the Supervisory Board can make use of an independent, external remuneration consultant. If this results in

If there is a need for adjustment on the basis of the review, the Supervisory Board and Management Board will submit a corresponding proposal to the Annual General Meeting to adjust the remuneration. Irrespective of this, the Annual General Meeting passes a resolution on the remuneration of the Supervisory Board, including the underlying remuneration system, at least every four years in accordance with Section 113 (3) AktG, whereby a resolution confirming the remuneration is also possible. Due to these responsibilities, it is in the nature of things that the members of the Supervisory Board are involved in the design of their remuneration system, but any resulting conflicts of interest are taken into account by the fact that the decision on the remuneration and the underlying remuneration system is made by law by the Annual General Meeting and only a resolution proposal from both the Supervisory Board and the Management Board is submitted to it.

### **Remuneration-related agreements**

There are no remuneration-related agreements between the company and the members of the Supervisory Board that go beyond the provisions of the Articles of Association regarding remuneration.

### **Term of office**

The Supervisory Board members are appointed for the period until the end of the Annual General Meeting that resolves on their discharge for the fourth financial year after the start of their term of office, unless the term of office is specified otherwise at the time of election. The financial year in which the term of office begins is not counted. Supervisory Board members can be dismissed by the Annual General Meeting in accordance with the requirements of stock corporation law. They may resign from office without good cause by giving four weeks' notice. The right to resign from office for good cause without notice, provided the resignation is not untimely, remains unaffected. There is no further remuneration in the event of resignation as a member of the Supervisory Board, nor is there any agreement regarding remuneration for Supervisory Board members after the end of their term of office.

### 3. REMUNERATION OF THE MEMBERS OF THE EXECUTIVE BOARD

#### **Application of the new remuneration system**

With the approval of the Annual General Meeting on June 18, 2021 (approval rate of 71.3%), a new remuneration system was introduced for the Management Board of PVA TePla AG ("new remuneration system"). The new remuneration system for the Management Board of PVA TePla AG introduced in the 2021 financial year is in line with the content requirements of ARUG II and is based on the recommendations of the new German Corporate Governance Code in the version dated December 16, 2019 (GCGC 2020), which came into force on March 20, 2020. The new remuneration system will apply to all new contracts of the Management Board of PVA TePla AG. However, with a view to fiscal year 2023, three Management Board contracts of PVA TePla AG are still based on the previous remuneration system ("previous remuneration system") and one Management Board contract on the new remuneration system ("new remuneration system"). For details regarding the previous remuneration system, please refer to the relevant information in section "6. Remuneration report" in the combined management report of PVA TePla AG for the 2020 financial year. The specific remuneration of the Management Board for the 2023 financial year is presented below, along with detailed information on the total remuneration of the Management Board and individualized information on the remuneration of the individual Management Board members (for three Management Board members based on the previous remuneration system, with the previous remuneration system applying to one Management Board member until June 30, 2023 and for one Management Board member based on the new remuneration system from July 1, 2023).

#### **Application of the previous remuneration system**

The previous remuneration system was applied in the 2023 financial year for the contracts of

- Manfred Bender (CEO), member of the Executive Board since January 2021, appointed until 31.12.2023; resigned as of 30.06.2023
- Jalin Ketter (CFO and CEO from 01.01.2024), member of the Executive Board since June 2020, appointed until 30.06.2028, application of the previous remuneration system until 30.06.2023
- Oliver Höfer (COO), member of the Executive Board since December 2013, appointed until 25.06.2025
- Dr. Andreas Mühe (CTO), member of the Executive Board since June 2020, appointed until 30.06.2023

#### **Application of the new remuneration system**

The new remuneration system was applied in the 2023 financial year to the contract of

- Jalin Ketter (CFO and CEO from 01.01.2024), member of the Executive Board since June 2020, appointed until 30.06.2028, application of the new remuneration system from 01.07.2023

#### 3.1 Management remuneration for the 2023 financial year

Total Management Board remuneration for the 2023 financial year amounted to EUR 2,590 thousand (previous year: EUR 1,509 thousand).

### **Non-performance-related remuneration (incl. pension contributions)**

The non-performance-related fixed remuneration of the Management Board for the 2023 financial year amounted to a total of EUR 1,619 thousand (previous year: EUR 970 thousand). Of this amount, EUR 668 thousand (previous year: EUR 855 thousand) is attributable to the fixed annual salary, EUR 78 thousand (previous year: EUR 54 thousand) to fringe benefits and EUR 61 thousand (previous year: EUR 61 thousand) to pension contributions and EUR 851 thousand (previous year: EUR 0 thousand) to other benefits.

The pension contributions are part of the non-performance-related fixed remuneration of the Management Board. The members of the Management Board in office in the 2023 financial year do not have individual pension commitments, meaning that no pension provisions are recognized. Instead, pension allowances for the members of the Management Board are paid out with their salary or paid into an insurance policy with a provident fund commitment.

### **Performance-related remuneration**

The performance-related, variable remuneration of the Management Board for the 2023 financial year amounted to a total of EUR 950 thousand (previous year: EUR 540 thousand). Of this amount, EUR 538 thousand (previous year: EUR 855 thousand) is attributable to the short-term variable remuneration component (STI component) and EUR 412 thousand (previous year: EUR -315 thousand) to the long-term variable remuneration component (LTI component).

### **Stock option programs**

Share options are neither part of the previous remuneration system nor of the new remuneration system described above. In the 2023 financial year, as in the previous year 2022, no shares or share options were granted or promised to the members of the Executive Board in accordance with Section 162 para. 1 sentence 2 no. 3 AktG as part of the long-term, performance-related variable remuneration (LTI). In this respect, the members of the Executive Board are not remunerated with real or virtual shares or share options. However, if share-based remuneration is understood as all remuneration components where the amount of the monetary benefit granted is linked to the value of the company's shares, the LTI component can also be subsumed under this, as the amount of this remuneration component is based on the increase in market capitalization during the assessment period. The level of market capitalization is also largely determined by the value of the company's shares. As the remuneration does not consist of real or virtual shares or share options, there are no typical deadlines for share-based remuneration, such as waiting periods (in the sense of a certain period of time until the shares can be exercised), exercise periods, holding or blocking periods (in the sense of a period of time from acquisition during which the shares may not be sold) or vesting periods (during which the share-based remuneration is first accrued). There is only a three- to five-year assessment period within which the development of the level of market capitalization is determined. Naturally, there are also no conditions for holding shares after acquisition. The LTI component leads to greater alignment of the interests of Management Board members and shareholders and promotes the strategic goal of increasing the long-term value of the company due to the multi-year assessment period.



### **Benefits in connection with the termination of activity on the Management Board**

The payments made in the 2023 financial year in connection with the termination of Mr. Bender's position on the Management Board amounted to EUR 755 thousand (previous year: EUR 0 thousand), while payments on leave for Mr. Mühe amounted to EUR 96 thousand (previous year: EUR 0 thousand).

### **Deviations from the remuneration system**

In the 2023 financial year, there were no deviations from and no adjustments to the remuneration system compared to the Annual General Meeting resolution on the remuneration system dating from June 2021, insofar as this was already applied.

### **Information on the Claw-Back scheme**

There is no provision for PVA TePla AG to reclaim variable remuneration components already paid to Management Board members due to subsequent events within the meaning of Section 87a (1) sentence 2 no. 6 AktG (claw-back clause).

## **3.2. Individualized disclosure of remuneration for the 2023 financial year**

The following tables show the remuneration granted or owed to the active members of the Management Board of PVA TePla AG for the 2023 financial year (including the previous year) in accordance with Section 162 (1) sentence 1 AktG. The table columns "Remuneration granted or owed" contain all legally binding remuneration components promised by PVA TePla AG to the individual members of the Management Board in connection with services rendered in the relevant fiscal years.

Long-term remuneration from LTI components is deemed to have been granted if a legally binding commitment has been made, meaning that it is shown as part of the remuneration in the year of the legally binding commitment. The inflows from the LTI components are only shown when they are actually paid out to the individual members of the Management Board.

The allocation is generally made to the financial year in which the legal claim to remuneration arose - irrespective of whether a payment has been made in the same period ("remuneration granted") or whether the payment will only be made later ("remuneration owed"). In addition, the individually possible minimum and maximum remuneration amounts for the 2023 financial year are also disclosed. In addition to the remuneration amounts, the relative share of all fixed and variable remuneration components in the total remuneration must also be disclosed in accordance with Section 162 para. 1 sentence 2 no. 1 AktG. The relative shares stated here at the end of each table relate to the remuneration components granted and owed in the respective financial year in accordance with Section 162 para. 1 sentence 1 AktG.

The short-term variable remuneration under the previous remuneration system for the Management Board members Oliver Höfer, Jalin Ketter and Dr. Andreas Mühe (until June 30, 2023) amounts to 2% p.a. of the operating result (EBIT) for the PVA TePla Group in accordance with the IFRS consolidated financial statements (increased by Management Board bonuses included as expenses and

other bonuses) and is paid in cash. The applicable threshold value for the 2023 financial year is as follows

- Jalin Ketter to EUR 3 million until 30.06.23; EUR 20 million from 01.07.2023
- Oliver Höfer to EUR 1 million; and
- Dr. Andreas Mühe (until 30.06.2023) to EUR 3 million

The threshold value is the minimum amount that must be reached for the short-term variable remuneration to be granted to the respective Management Board member by PVA TePla AG. If the threshold value is reached, the amount paid out is a certain percentage of the Group operating result (EBIT) to the extent that the Group operating result (EBIT) exceeds this threshold value. This means that only the portion of the consolidated operating result (EBIT) that exceeds the threshold is used as the basis for calculating the variable remuneration. The short-term variable remuneration may not exceed the amount of the fixed annual salary of the respective Management Board member (expense cap).

In total, the Management Board remuneration ("remuneration granted and owed") for the 2023 financial year amounted to EUR

2,100 thousand (previous year: EUR 1,825 thousand) and thus corresponded to the maximum possible amount (expense cap) for the members of the Management Board in the 2023 financial year. The remuneration (pension payments) for former Management Board member Peter Abel amounted to EUR 44 thousand in the 2023 financial year (previous year: EUR 43 thousand).

From July 1, 2023, the short-term variable remuneration for Executive Board member Jalin Ketter under the new remuneration system will consist of two components, weighted at a ratio of 60% (EBIT target) to 40% (individual performance target):

A key economic performance target for the company, which amounts to 2% p.a. of the operating result (EBIT) for the PVATePla Group in accordance with the IFRS consolidated financial statements (increased by Management Board salaries and other bonuses included as expenses) and is paid in cash. The applicable base amount for the 2023 financial year is EUR 20.0 million. The base amount is the minimum amount that must be reached for the short-term variable remuneration to be granted to the respective Management Board member by PVA TePla AG. Once the base amount has been reached, the amount paid out is 2% of the Group operating result (EBIT) to the extent that the Group operating result (EBIT) exceeds this base amount. This means that only the portion of the Group operating result (EBIT) that exceeds the base amount is used as the basis for calculating the variable remuneration.

The second component represents an individual performance target and comprises two areas, which in turn are subject to a certain weighting within the 40% of the individual performance target:

Growth targets (50%)

1. Growth target in relation to the Group's M&A activities.

ESG targets (50%)

1. Further development of the ESG strategy and achievement of defined milestones

The short-term variable remuneration may not exceed the amount of the fixed annual salary of the respective Management Board member (expense cap).

Manfred Bender CEO		Remuneration granted or owed				Inflow	
		2022	2023	2023 (Target achievement minimum)	2023 (Target achievement Maximum)	2022	2023
(January 1, 2021 to June 30, 2023)							
[in kEUR]							
performance independent remuneration	Fixed annual salary	260	130	130	130	260	130
	fringe benefits	11	6	6	6	11	6
	Pension provision	35	35	35	35	35	35
	Severance payment		759				755
	Total	306	926	171	171	306	926
Performan ce-related remunerat ion	Short-term variable remuneration (STI)	260				260	260
	STI 2021					260	
	STI 2022	260					260
	STI 2023						
	Long-term variable remuneration (LTI) LTI 2020-2023						
<b>Total remuneration</b>		<b>566</b>	<b>926</b>	<b>171</b>	<b>171</b>	<b>566</b>	<b>1.186</b>
thereof in %	Share of non-performance-related Remuneration	54%	100%	100%	100%	54%	78%
	Share of performance-related Remuneration	46%	0%	0%	0%	46%	22%

Jalin Ketter		remuneration granted or owed				inflow	
		2022	2023	2023 (Target achievement minimum)	2023 (target achievement maximum)	2022	2023
CF0, Spokeswoman of the Executive Board since JU/i 2023							
Member of the Executive Board since June 2020							
(in kEUR)							
	Fixed annual salary	170	205	205	205	170	205
performance-related remuneration	Fringe benefits	15	15	15	15	15	15
	Pension benefits	8	8	8	8	8	8
	<b>Total</b>	193	228	228	228	193	228
Performance-related remuneration	Short-term variable remuneration (STI)	170	205		205	170	170
	STI 2021					170	
	STI 2022	170					170
	STI 2023		205		205		
	Long-term variable remuneration (LTI)		206		206		250
	LTI 2020-2023						250
	LTI 2023-2026		206		206		
<b>Total remuneration</b>		363	639	493	639	363	648
	Share of non-performance-related remuneration	53%	36%	100%	36%	53%	35%
thereof in %	Share of performance-related remuneration	47%	64%	0%	64%	47%	65%

Oliver Hofer		Remuneration granted or owed				Inflow	
		2022	2023	2023 (Target achievement minimum)	2023 (target achievement maximum)	2022	2023
Member of the Executive Board since December 2013 [nTEURI]							
performance-related remuneration	Annual fixed salary	240	240	240	240	240	240
	fringe benefits	10	10	10	10	18	79
	Retirement benefits	268	269	269	269	268	269
	<b>Total</b>						
Performance-related remuneration	Short-term variable remuneration (STI)	240	240		240	220	240
	STI2021					220	
	STI 2022	240					240
	STI 2023		240		240		
	Long-term variable remuneration (LTI)		46		46		250
	LTI2020-2023						250
	LTI2023-2026		46		46		
<b>Total remuneration</b>		<b>508</b>	<b>565</b>	<b>269</b>	<b>505</b>	<b>488</b>	<b>759</b>
Share of non-performance-related remuneration		53%	48.4%	100%	48%	55%	35%
thereof in %							
Share of performance-related remuneration		47%	52%	0%	52%	45%	65%

Dr. Andreas Mühe OTO		Remuneration granted or owed				INTIOW	
		2022	2023	2023	2023	2022	2023
Member of the Executive Board since June 2020 until June 2023				(Target achievement minimum)	heAchievement		
[in kEUR]							
<b>performance independent remuneration</b>	Fixed annual salary	185	92,5	92,5	92,5	185	92,5
	fringe benefits	10	4	4	4	10	4
	pension scheme	8	4	4	4	8	4
	Compensation for waiting time		96				24
	<b>Total</b>	203	196,5	<b>100,5</b>	<b>100,5</b>	203	121,5
<b>Short-term variable Remuneration (STI)</b>		185	92,5		92,5	185	185
STI 2021						185	

### 3.3. Comparative presentation of Management Board remuneration

The following table shows a comparison of the percentage change in the remuneration of the members of the Management Board with the earnings performance of PVA TePla AG and the PVA TePla Group and with the average remuneration of employees on a full-time equivalent basis compared to the previous year (fiscal year 2023 vs. fiscal year 2022). The remuneration of the members of the Management Board included in the table reflects the remuneration granted and owed to the respective Management Board members in fiscal year 2023 and fiscal year 2022 and thus corresponds to the amounts stated in the preceding remuneration tables in the column "Remuneration granted or owed" within the meaning of Section 162 (1) sentence 1 AktG. Where members of the Management Board were only remunerated on a pro rata basis in individual financial years, for example due to joining or leaving the company during the year, the remuneration for this financial year was annualized to a full year in order to ensure comparability.

The development of earnings is generally determined on the basis of the development of PVA TePla AG's net income for the year in accordance with

§ Section 275 (3) no. 16 HGB. As the remuneration of the members of the Executive Board is also largely dependent on the

In addition, the development of sales revenues, the operating result (EBIT) and net profit for the year for the PVA TePla Group is also disclosed.

The comparison with the development of average employee remuneration is based on the average remuneration of the workforce of the parent company PVA TePla AG and its main subsidiaries. This includes the remuneration of both the senior management of the Group and the total workforce employed in Germany at the level of the stock corporation and its Group companies. This peer group was also used to assess the appropriateness of the remuneration of the members of the Management Board.

#### Comparison of annual change in Management Board remuneration in accordance with Section 162 (1) No. 2 AktG

Annual change (in %)	Comparison financial year 2022 with financial year 2021
<b>Management Board remuneration (non-performance-related remuneration and STI)</b>	
Oliver Höfer	+0%
Jalin Ketter	+15%
<b>Earnings performance of PVA TePla AG and the PVA TePla Group</b>	
Sales revenues of the PVA TePla Group (IFRS)	+28,4%
Operating result (EBIT) of the PVA TePla Group (IFRS)	+37,0%
Net income of the PVA TePla Group (IFRS) Net income of PVA TePla AG (HGB)	+38,3%
	+21%

#### Average annual change in employee remuneration over the last five years

Annual change in employee remuneration (Employees of the main Group companies of the PVA TePla Group)	% (2019 zu 2018)
	1% (2020 zu 2019)
	u 2020)
	2% (2022 zu 2021)
	6,4% (2023 zu 2022)

\* Member of the Executive Board until 30 June 2021, therefore amount for 2021 calculated on an annualized basis

#### 3.4. Ausblick auf die Anwendung des neuen Vergütungssystems für das Geschäftsjahr 2024

For new appointments due to expiring Management Board contracts, the new remuneration model will be applied for the members of the Management Board with a view to the 2024 financial year. Until then, the previous remuneration system will apply to existing contracts.



According to the information in section "5. Forecast Report" of the combined management report of PVA TePla AG for fiscal year 2023, the Management Board expects sales revenues in the range of EUR 270 - 290 million and earnings before interest, taxes, depreciation and amortization (EBITDA) of between EUR 47 and 51 million for fiscal year 2024 in view of the existing project structure in the order backlog. Assuming that this forecast development of the PVA TePla Group is achieved, the short-term performance-related variable remuneration component (STI component) for all members of the Management Board is also expected to amount to the maximum achievable remuneration (expense cap) in fiscal year 2024. Any other individual performance targets resulting from the application of the new remuneration system will again be based on growth and ESG targets. It can currently be assumed that these will be achieved in full. Assuming an unchanged continuation of the existing Management Board contracts as at the balance sheet date for the entire 2024 financial year, this would correspond to total remuneration for the STI component in the 2024 financial year of an expected EUR 480 thousand (2022: EUR 855 thousand). The achievement of the long-term variable remuneration component (LTI component) depends on the future development of PVA TePla AG's market capitalization. As market capitalization is also influenced by exogenous factors beyond the control of the PVA TePla Group's management, a forecast is only possible to a limited extent due to the uncertainties surrounding the overall economic situation.

## 4.1. REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD

### 4.2. Total remuneration for the 2023 financial year

The remuneration of the Supervisory Board is regulated in Section 14 of the Articles of Association of PVA TePla AG. The currently valid new remuneration system for the Supervisory Board was last approved by the Annual General Meeting on June 18, 2021 (approval rate 99.86%) and has been applied since August 2021. For details of the previous remuneration system applied until July 2021, please refer to the relevant information in the 2021 remuneration report. The specific remuneration for the members of the Supervisory Board for the 2023 financial year is presented below, along with detailed information on the total remuneration of the Supervisory Board and individualized information on the remuneration of the individual members of the Supervisory Board (without exception based on the new remuneration system).

The total remuneration for the members of the Supervisory Board for the 2023 financial year amounted to EUR 169 thousand (previous year: EUR 155 thousand).

Members of the Supervisory Board who only belong to the Supervisory Board for part of the financial year or who chair or deputy chair the Supervisory Board or Audit Committee receive one twelfth of the above-mentioned remuneration pro rata temporis for each month or part thereof of the corresponding activity on the Supervisory Board.

PVA TePla AG also pays the premiums for the members of the Supervisory Board, including the income tax payable on these premiums, for financial loss liability insurance (D&O insurance) to cover liability risks arising from Supervisory Board activities. Please refer to the further explanations in section 5.

### 4.3. Individualized disclosure of remuneration for the 2023 financial year

The remuneration attributable to the individual members of the Supervisory Board in the 2022 and 2023 financial years is presented individually in the table below. As in previous years, no remuneration was paid for personal services rendered by Supervisory Board members in the 2023 financial year.

Member of the Supervisory Board of PVA TePla AG	[in kEUR]	Total remuneration of the Supervisory Board members		Fixed remuneration
		2023	2022	
		75		
Alexander von Witzleben, Erlenbach (Switzerland) - Chairman of the Supervisory Board - Deputy Chairman of the Audit Committee Prof. Dr. Gernot Hebestreit, Leverkusen			75	
- Deputy Chairman of the Supervisory Board - Chairman of the Audit Committee		50		50
Prof. Dr. Markus H. Thoma, Schöffengrund		29		30
Dr. Myriam Jahn, Düsseldorf		14		
<b>Total</b>		<b>168</b>		<b>155</b>

Performance-related components are not included in the remuneration of the Supervisory Board.

## S. DIRECTOR- & OFFICER-INSURANCE (D&O)

In accordance with the provisions of Section 93 (2) AktG, PVA TePla AG has taken out D&O insurance for all members of the Management Board against risks arising from their professional activities for the company, which provides for a deductible of at least 10% of the loss up to at least one and a half times the fixed annual remuneration of the Management Board member in the respective year. The deductible applies exclusively to the satisfaction of justified claims for damages asserted by the company. The company has taken out D&O insurance policies for the members of the Supervisory Board of PVATePla AG, which also provide for a corresponding deductible.

Wettenberg, 12.03.2024



Jain Ketter

Chief Executive Officer/Chief Financial  
Officer (CEO)  
- Member of the Executive Board since  
June 2020



Alexander von Witzleben

Chairman of the Supervisory Board  
and member of the Audit Committee  
-Member of the Supervisory Board since June 2004

# REPORT OF THE INDEPENDENT AUDITOR ON THE AUDIT OF THE REMUNERATION REPORT PURSUANT TO § 162 PARA. 3 AKTG

To PVA TePla AG, Wettenberg

## **Audit assessments**

We have formally audited the remuneration report of PVA TePla AG, Wettenberg for the financial year from January 1 to December 31, 2023 to determine whether the disclosures pursuant to Section 162 (1) and (2) AktG have been made in the remuneration report. In accordance with § 162 Abs. 3 AktG, we have not audited the content of the remuneration report.

In our opinion, the accompanying remuneration report includes, in all material respects, the disclosures required by section 162 (1) and (2) AktG. Our audit opinion does not cover the content of the remuneration report.

## **Basis for the audit opinions**

We conducted our audit of the remuneration report in accordance with § 162 Abs. 3 AktG and the IDW Auditing Standard: The Audit of the Remuneration Report in Accordance with Section 162 (3) AktG (IDW PS 870 (08.2021)). Our responsibilities under this regulation and this standard are further described in the "Auditor's Responsibilities" section of our report. As an audit firm, we have audited the requirements of the IDW Quality Assurance Standard: Requirements for Quality Assurance in the Auditing Practice (IDW QS 1). We have complied with the professional duties in accordance with the Auditors' Code and the Professional Code for Auditors/Sworn Auditors, including the independence requirements.

## **Responsibility of the Management Board and the Supervisory Board**

The Management Board and the Supervisory Board are responsible for the preparation of the remuneration report, including the related disclosures, in accordance with the requirements of Section 162 AktG. They are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report that is free from material misstatement, whether due to fraud or error.

## **Responsibility of the auditor**

Our objectives are to obtain reasonable assurance about whether the remuneration report includes, in all material respects, the disclosures required by section 162 (1) and (2) AktG and to issue an auditor's report thereon.

We planned and performed our audit such that we can determine the formal completeness of the remuneration report by comparing the disclosures made in the remuneration report with the disclosures required by section 162 (1) and (2) AktG. In accordance with § 162 Abs. 3 AktG, we have not audited the content of the disclosures, the completeness of the individual disclosures or the fair presentation of the remuneration report.

**Dealing with any misleading representations**

In connection with our audit, our responsibility is to read the remuneration report in the light of our knowledge obtained in the audit and, in doing so, to consider whether the remuneration report includes misrepresentations with regard to the accuracy of the content of the information, the completeness of the individual disclosures or the fair presentation of the remuneration report.

If, based on the work we have performed, we conclude that such a misrepresentation exists, we are required to report that fact. We have nothing to report in this context.

Frankfurt am Main, March 12, 2024

BDO AG  
Auditing company

signed.  
Alexander Gebhardt  
Auditor

signed.  
Andreas Weiler  
Auditor