Company Management Declaration

Company Management Declaration as per Section 315d of the German Commercial Code in connection with Section 289f of the German Commercial Code

A. Joint declaration of compliance made by the Management Board and the Supervisory Board of PVA TePla AG in accordance with Section 161 of the German Stock Corporation Act (AktG)

B. Company Management Practices

C. Working Method of the Management Board and Supervisory Board

D. Diversity

As a listed German stock corporation (AG) based in Germany, PVA TePla AG's company management is regulated primarily by the German Stock Corporation Act (AktG), the Articles of Association of PVA TePla AG, and the provisions set out in the latest version of the German Corporate Governance Code (the Code).

A. Joint declaration of compliance made by the Management Board and the Supervisory Board of PVA TePla AG in accordance with Section 161 of the German Stock Corporation Act (AktG)

The Management Board and Supervisory Board of PVA TePla AG, domiciled in Wettenberg, Germany, hereby declare that, with the following exceptions, the recommendations of the German Corporate Governance Code of the Government Commission in its currently published version dated December 16, 2019, have been and are complied with.

1. *Item A2 of the Code specifies that employees and third parties shall be granted the opportunity to make protected disclosures of legal violations within the company.*

Both the holding company and the subsidiaries of the PVA TePla Group provide the means for reporting violations of statutory provisions outside of a protected disclosure system.

Reason: The Management Board has no plans at present to establish a protected disclosure system. There are means for employees in our company to report any violations against statutory provisions to the works council. Consequently, these violations can be reported in confidence. In weighing up the various interests, one of the key considerations was the preponderance of risks of misuse and the creation of an atmosphere of mistrust with negative consequences for the corporate culture and employee motivation. Third parties can report violations of statutory provisions via established channels.

2. *Item C.5 of the Code states that no Management Board member of a listed company may accept the Chairmanship of a Supervisory Board in a non-group listed company.*

The Chairman of the Supervisory Board, Alexander von Witzleben, is a member of the Management Board of two external listed companies.

Reason: The Supervisory Board and Management Board of PVA TePla AG do not believe that the two positions pose any conflicts of interest or time. Alexander von Witzleben has consistently demonstrated his intensive, crucial support of PVA TePla ever since assuming his position.

3. *Item C.7 of the Code holds that members of the Supervisory Board, taking into account independence from the company and the Management Board, should not be a member of the Supervisory Board for more than 12 years.*

Alexander von Witzleben and Prof. Hebestreit have held seats on the Supervisory Board for over 12 years.

Reason: The Supervisory Board does not believe that a fixed limit on Supervisory Board membership is appropriate. This limit is based on the assumption that longer Supervisory Board terms alone disqualify a member of the Supervisory Board from an additional membership or call into question his/her independence. There is no objective justification for this assumption. In addition, a rigid limit of this nature does not take into account individual factors that support longer Supervisory Board membership in individual cases.

4. *Under items G.1 to G.4, G.6, G.7 and G.10 to G.13, the Code sets out, among other things, recommendations for Management Board remuneration.*

Section G of the GCGC contains predominantly new recommendations for Management Board remuneration. These are closely related to the amendments to the German Stock Corporation Act regarding Management Board remuneration as a result of the German Act Implementing the Second Shareholders' Rights Directive. The procedure previously developed by the Supervisory Board for determining the specific total remuneration of the members of the Management Board and the specific content of the current agreements with members of the Management Board are predominantly no longer consistent with these recommendations of the Code.

The recommendations on Management Board remuneration under G.1 to G.16 – with the exception of the 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 Management Board remuneration in line with the requirements for Management Board remuneration contained in the German Stock Corporation Act and will submit this new system to the next Annual General Meeting of the company for its approval. The new system applies to all new agreements with members of the Management Board to be entered into or renewed. On the basis of this system, the recommendations on Management Board remuneration of section G of the GCGC will be complied with in future with the following exceptions:

a) *Item G.6 of the Code states that the share of variable remuneration achieved as a result of reaching long-term targets shall exceed the share from short-term targets.*

This recommendation will also not be complied with in the future. The same percentage ranges have been stipulated for variable short-term and long-term variable remuneration as a share of total remuneration, hence the share of variable remuneration achieved as a result of reaching long-term targets will not exceed the share from short-term targets.

Reason: The long-term variable remuneration component has been designed to account for a significant share of target total remuneration. In the opinion of the Supervisory Board, this creates sufficient long-term incentives, and the long-term remuneration component contributes significantly towards gearing the remuneration system for the Management Board towards the long-term and sustainable development of the company.

b) *Among other things, item G.7 of the Code states that, referring to the forthcoming fiscal year, the Supervisory Board shall establish performance criteria for each Management Board member covering all variable remuneration components.*

This recommendation will also not be complied with in the future in that performance criteria are not established annually for all variable remuneration components, but rather are established for a longer period by the agreement with the member of the Management Board. These relate to consolidated EBIT as the financial performance criterion in conjunction with short-term variable remuneration and the performance criteria for long-term variable remuneration. As the long-term variable remuneration has an assessment period of three to five years, the performance criteria are also established for three to five years in line with the assessment period.

Reason: This procedure is in the interests of legal certainty and predictability for the members of the Management Board. If the performance criteria have already been conclusively determined for a medium-term period, they no longer need to be established for the forthcoming fiscal year. Resolutions merely confirming the criteria would not provide any value added. Also, independently of this, the established performance criteria are geared towards the strategic and sustainable development of the company and towards increasing its enterprise value.

c) Item G.10 of the Code states that, taking the respective tax burden into consideration, variable remuneration shall be predominantly invested in company shares or shall be granted predominantly as share-based remuneration. Granted long-term variable remuneration components shall be accessible to Management Board members only after a period of four years.

This recommendation will also not be complied with in the future. The short-term variable remuneration is not predominantly invested in shares of the company or granted predominantly as share-based remuneration. However, the long-term variable remuneration approximates share-based remuneration as the development of the company's market capitalization is a performance criterion. The assessment period is between three and five years. As a result, in isolated cases, long-term variable remuneration may be accessible to a member of the Management Board after fewer than four years.

Reason: The Supervisory Board is of the opinion that the system described above ensures that Management Board remuneration is sufficiently consistent with shareholder interests. As the strategic and sustainable development of the company affects the company's market capitalization and thus the amount of the long-term variable remuneration, the objective of share-based remuneration is also achieved by the system of long-term variable remuneration applied by the company.

d) Item G.11 of the Code states that the Supervisory Board shall have the possibility to account for extraordinary developments to an appropriate extent. It shall be permitted to retain or reclaim variable remuneration, if justified.

This recommendation will also not be complied with in the future as the remuneration structure does not provide for variable remuneration to be retained or reclaimed.

Reason: The Supervisory Board is of the opinion that, even without such regulations, the remuneration structure creates sufficient incentives for long-term and sustainable corporate development, that the statutory claims for damages sufficiently encourage the Management Board to act in accordance with its duties and that they can also be enforced with reasonable assurance.

Wettenberg, April 2021

On behalf of the Management Board:	On behalf of the Supervisory Board:
Manfred Bender Chairman of the Management Board	Alexander von Witzleben Chairman of the Supervisory Board

B. Company Management Practices

PVA TePla AG, together with its subsidiaries, engages in its business activities in accordance with the legal conditions and the conditions it sets itself that are valid at the time in question. These include, for example, the legislation in force in the country in question, the Company Management Declaration, the company's Articles of Association, the sustainability report, the Opportunities and Risk Report and the Code of Conduct. These conditions are implemented through the organizational regulations in the company. In addition, the examples embodied by managers, open and fair communication at and between all levels in the company as well as close, partnership-based cooperation with customers and suppliers are important conditions for our business activities. We do not use any further formal regulations above and beyond these. We currently consider this appropriate in light of the nature of our business activity—the designing of innovative high-tech systems and the associated activities (e.g. purchasing parts, generally from industrial enterprises in developed countries, low environmental risks).

Sustainable Company Management

Sustainable business and social responsibility are extremely important to the PVA TePla Group. These represent a key basis on which the company is established and will be managed going forwards. The Group defines acting sustainably and responsibly as abiding by the law, protecting resources, promoting environmental protection and meeting its obligations towards employees and society. The PVA TePla Group firmly believes that sustainable and responsible management bolsters the company's innovative strength and future viability. Accordingly, sustainability is an integral aspect of corporate development. Looking at financial and non-financial indicators holistically benefits employees and the environment.

The sustainability report can be viewed online at https://www.pvatepla.com/en/investor-relations/news/.

Opportunities and Risk Report

The risk and opportunity strategy is embedded in the corporate strategy and is designed to secure the continuation of the company as a going concern and guarantee its further development. The resulting strategy assesses the risks and opportunities of business activities. In the core activities of the company/the Group, a conscious decision is made to enter into limited and containable risks, if they make appropriate compensation likely or are inevitable. In some cases, we allocate the risks to other parties. Conversely, other risks that are not related to core and support processes are avoided as far as possible. A "Risk Manual" has been made available to the members of the Management Board and employees, which has instructions on processes and a catalog of measures to safeguard appropriate and sustainable risk management. The manual details the specific processes involved in risk management. It aims at the completeness of all risk-related activities and measures, i.e. the identification, assessment, controlling, reporting, and monitoring of risks.

The risk and opportunity strategy can be viewed online at https://www.pvatepla.com/en/investor-relations/corporate-governance/.

PVA TePla AG Articles of Association

The company's Articles of Association are accessible at https://www.pvatepla.com/fileadmin/user_upload/Gruppenwebsite/downloads/pva-tepla-ag-satzung-2017-dt.pdf

C. Working Method of the Management Board and Supervisory Board

1. The Management Board

The Management Board of PVA TePla AG defines the corporate goals, the strategic orientation, the corporate policy, as well as the Group organization. In particular, this includes control over the Group including its financial resources, the coordination and monitoring of the divisions, personnel planning, as well as the company's profile with respect to capital markets and public. The Management Board informs the Supervisory Board promptly and comprehensively about all relevant plans affecting the company. Transactions and measures that require approval of the Supervisory Board shall be presented to it in a timely manner.

Working Method of the Management Board

The Management Board manages the company on its own responsibility with the aim of increasing the Company's value in the long term and achieving the specified corporate goals. It manages the business activities in accordance with the statutory regulations, the Articles of Association and the Rules of Procedure for the Management Board, and works together with the Company's other executive bodies in a trusting relationship.

The Management Board specifies the long-term goals as well as the strategies for the Group, and lays down the regulations and principles for the corporate policy developed on the basis of said goals and strategies. It coordinates and controls the important activities. It specifies the portfolio, develops and deploys managers, distributes the resources and decides on the Group's financial control and reporting activities.

The Management Board members bear collective responsibility for the entire management. Notwithstanding the overall responsibility borne by all Management Board members, the individual members manage the divisions assigned to them in accordance with Management Board resolutions on their own responsibility. The distribution of tasks among the four members of the Management Board is laid down in writing in a schedule defining the distribution of responsibilities.

Together with the managing directors of the subsidiaries, the Management Board as a whole decides on all matters of fundamental, major significance, both in cases stipulated by law and in other cases specified as binding. The Management Board's Rules of Procedure lay down a catalog of measures that require treatment and decision making by the entire Management Board. There is also a catalog of business transactions that require the approval of the Supervisory Board.

Management Board meetings, which the managing directors of the subsidiaries also attend, take place on a regular basis. These meetings are convened by the Chairman of the Management Board. In addition, any member can demand that a meeting be convened. If a unanimous vote is not required by law, the Management Board reaches a resolution with a simple majority of the votes cast. In the event of an equal division of votes, the vote of the Chairman of the Management Board is decisive. Minutes are kept of the meetings.

Pursuant to the Management Board's Rules of Procedure and the schedule defining the distribution of responsibilities, the Chairman of the Management Board is in charge of managing and coordinating the Group Management Board in particular. He represents the Company and Group in dealings with third parties and the personnel on matters which affect more than just parts of the Company or Group. He also bears particular responsibility for specific task areas pursuant to the schedule defining the distribution of responsibilities as well as for the strategic further development of the Company. In light of the low number of Management Board members, no Management Board committees have been established.

The Management Board comprises the following persons:

Manfred Bender, CEO, nationality: German, born 1965
Alfred Schopf, Co-CEO (until June 18, 2021), nationality: German, born 1957
Oliver Höfer, COO, nationality: German, born 1969
Jalin Ketter, CFO, nationality: German, born 1985
Dr. Andreas Mühe, CTO, nationality: German, born 1970

The Management Board's Rules of Procedure set an age limit of 65 years of age for members of the Management Board.

The remuneration report of the Executive Board can be viewed at https://www.pvatepla.com/en/investor-relations/corporate-governance/

Management Board's Rules of Procedure at PVA TePla AG
The Management Board's Rules of Procedure can be viewed at (in German) https://www.pvatepla.com/fileadmin/user_upload/Gruppenwebsite/downloads/pva-tepla-ag-satzung-2017-dt.pdf

2. Supervisory Board

PVA TePla AG's Supervisory Board comprises three members that are elected by the company's Annual General Meeting. Resumes of the members of the Supervisory Board are accessible at https://www.pvatepla.com/en/. In accordance with the statutory regulations, the Supervisory Board monitors the Management Board in exercising its activities and managing the Company. In particular, the Supervisory Board monitors the Management Board in its critical discussion of fundamental questions relating to the Company's focus. This involves, in particular, the annual Company planning and the preparation of the financial statements, as well as fundamental topics relating to the strategic alignment and further development of the Company.

Working Method of the Supervisory Board

The Supervisory Board is informed in detail of the economic situation and development of the business at four ordinary meetings per year. The Supervisory Board also holds extraordinary meetings in the event of special events within or outside the company. No committees are formed on account of the small size of the board (three members).

Organization of the Supervisory Board's work has been laid down in writing in Rules of Procedure for the Supervisory Board. Prof. Hebestreit meets the statutory requirements of impartiality and expert knowledge in the fields of accounting or auditing of financial statements; at least one member of the Supervisory Board must meet these requirements.

Regular reports by the Management Board detailing key financial and performance figures of the Company enable the Supervisory Board to monitor development of the business situation. In addition to the meetings and reports, the Chairman of the Supervisory Board obtains information during regular discussions with the Management Board.

Together with the Management Board, the Supervisory Board arranges long-term succession planning to ensure that Management Board positions are filled. Questions regarding Management Board composition are frequently on the agenda at Supervisory Board meetings. The Supervisory Board reviews the composition of the Management Board on a regular basis. In collaboration with the Management Board, potential succession issues are identified and an action plan is put into place for the specific case in question. The Management Board proposes suitable candidates for the Management Board positions to be filled to the Supervisory Board. These may be filled by internal or external candidates.

With new Management Board members appointed in fiscal year 2020, the Supervisory Board believes that the Management Board is in a stable position for the future and does not consider any action to be necessary at present.

PVA TePla AG's long-term successor planning is based on the corporate strategy. The basis for internal company candidates is systematic management development with the following key 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, where possible in different businesses, regions and functions
- Proven, successful strategic and operating creative drive and leadership skills, especially under challenging business conditions

Regardless of individual criteria, the Supervisory Board firmly believes that, ultimately, appointments to PVA TePla AG's Management Board must be based chiefly on a holistic assessment of the individual person. As a whole, the Supervisory Board considers the following criteria essential for the Management Board:

- Several years of management experience in scientific, technical and commercial fields
- International experience due to background and/or professional work
- A balanced age structure to ensure continuity of the Board's work and smooth succession planning

The number of Management Board members is based on the fields of work required to manage a holding company with multiple subsidiaries. The Management Board comprises four members as of December 31, 2020.

The Supervisory Board comprises the following persons:

Alexander von Witzleben, Chairman of the Supervisory Board, nationality: German, born 1963
Prof. Markus H. Thoma, Supervisory Board, nationality: German, born 1958
Prof. Gernot Hebestreit, Supervisory Board, nationality: German, born 1963

Due to the limited size of the Supervisory Board of PVA TePla AG (three members), no committees are formed.

Supervisory Board Expertise Profile

PVA TePla AG's Supervisory Board is composed in a way that ensures it can provide qualified oversight and advice to the Management Board. Overall, its members should possess the knowledge, capabilities and professional experience required for the orderly performance of the tasks of a Supervisory Board in a capital-market-oriented, international company operating in the field of high-technology system engineering.

Against this background and taking account of the recommendations and suggestions of the German Corporate Governance Code, the Supervisory Board decided on the following goals for its composition:

Requirements regarding the composition of the overall board

a. Expertise profile

The Supervisory Board as a whole should possess the competencies that are considered relevant in view of the activities of the PVA TePla Group. In particular, this includes in-depth experience and knowledge of: the management of medium-sized international enterprises, system engineering and especially the project business involving some leading global companies; R&D and especially the technologies of relevance to the company as well as contiguous or related industries; production, sales, executive development; the key markets in which the PVA TePla Group is active; bookkeeping and accounting; controlling/risk management, and the field of governance/compliance. At least one member of the Supervisory Board must have expertise in the areas of accounting or financial statements, and the Supervisory Board members must collectively be familiar with the relevant markets in which the Group is active. The current Supervisory Board considers the expertise profile to be fulfilled in full, as all subject areas and skills described above are sufficiently covered by the Supervisory Board members individually or as a whole.

b. Independence and potential conflicts of interest

More than half of the Supervisory Board members should be independent as defined in Item C7 of the German Corporate Governance Code. Two members of the Supervisory Board have held positions on the Supervisory Board for over 12 years. The Supervisory Board does not believe that a fixed limit on Supervisory Board membership is appropriate. This limit is based on the assumption that longer Supervisory Board terms alone disqualify a member of the Supervisory Board from an additional membership or call into question his/her independence. There is no objective justification for this assumption. In addition, a rigid limit of this nature does not take into account individual factors that support longer Supervisory Board membership in individual cases. On this basis, all members of the Supervisory Board consider themselves and their work to be independent. The Supervisory Board believes that a fixed limit stating when the work of a Supervisory Board member is no longer considered independent is inappropriate given the loss of experience, expertise and efficiency that this would incur. By adopting a fundamentally critical attitude toward the Management Board, all members of the Supervisory Board demonstrate in their exchanges with the Management Board that they hold an independent position on all key company management issues and that they reach judgments on their own and are thus independent.

All Supervisory Board members should also be free of potential conflicts of interest, especially those that can arise due to a consulting or board function with customers, suppliers, creditors, or other third parties. The Supervisory Board should not include more than two former members of the Management Board. The Supervisory Board does not currently include any former member of the Management Board.

c. Age limit and Supervisory Board terms

The Supervisory Board’s Rules of Procedure set an age limit of 70 years of age for Supervisory Board members.

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

Requirements pertaining to individual Supervisory Board members

a. General requirement profile

Supervisory Board members should possess commercial and operational experience and general knowledge in the area of specialist engineering. Based on their knowledge, abilities, and professional experience, they should be capable of fulfilling the tasks of a Supervisory Board member in an international company. Supervisory Board members should abide by the limits of Supervisory Board mandates recommended by the German Corporate Governance Code.

b. Availability

Every Supervisory Board member shall ensure that he or she can devote the expected expenditure of time for the orderly execution of the Supervisory Board mandate. In this context, it should be noted that at least four ordinary Supervisory Board meetings will be held annually, each of which requires appropriate preparation, and that adequate time must be set aside to review the annual and consolidated financial statements and the (Group) management report. Furthermore, additional extraordinary meetings of the Supervisory Board may be necessary to deal with special issues. The Supervisory Board should take these goals into consideration when submitting nominations for election at the Annual General Meeting. At the same time, it should focusing on completing the expertise profile of the board as a whole, particularly with regard to the personality, integrity, commitment, professionalism, and independence of the candidates.

The Supervisory Board members' self-evaluation was performed on the basis of a detailed questionnaire and interviews, and the review of the efficiency of the Supervisory Board provided for in the German Corporate Governance Code was thus carried out.

Rules of Procedure of the Supervisory Board of PVA TePla AG

The Supervisory Board's Rules of Procedure can be viewed at https://www.pvatepla.com/fileadmin/user_upload/Gruppenwebsite/downloads/pva-tepla-ag-satzung-2017-dt.pdf

D. Diversity

Company diversity

The Management Board and Supervisory Board of PVA TePla AG are committed to variety and diversity among the company's employees, who create the foundations for a high-performing and successful PVA TePla Group. Activities aim to bring together the right people to address the challenges we face and to create a workplace culture that bolsters the performance, motivation and satisfaction of our employees and managers. At PVA TePla AG – which is purely a management and functional holding company of small and medium-sized subsidiaries in the specialist mechanical engineering sector – there is only one management level below the Management Board level. The share of women in September 2020 was 40 percent. The aim in the future is to maintain or increase this share of women at the management level below the Management Board.

Diversity on the Management Board

The Supervisory Board fills Management Board positions primarily according to the professional and personal skills of the candidates. In the event of equal skills, the Supervisory Board shall take diversity into account, with due consideration of the share of women. When appointing Management Board members, the Supervisory Board shall thus ensure not only that the appointed persons have the personal and professional skills and experience required to hold the office, but also seek to ensure that the members of the Management Board have a diversity of opinions and experience. The Management Board currently has four male members and one woman (three men and one woman from June 19, 2021). Effective June 19, 2021, this puts the share of women on the Management Board at 25%. The target for the share of women was set at 0 until December 31, 2021.

Diversity on the Supervisory Board

The Supervisory Board, which currently contains no women and comprises only a few members, has defined a specific target of 0 for the quota of women between now and December 31, 2021. Regarding the issue of equality of men and women, when making proposals to the Annual General Meeting regarding the election of new Supervisory Board members, the Supervisory Board is guided in particular by the professional and personal skills of the candidates. In the event of equally suitable candidates, the Supervisory Board shall take diversity into account, with due consideration of the share of women.

Management Board Diversity Concept

The Supervisory Board of PVA TePla AG follows the following concept regarding the composition of the Management Board, which currently (2020) comprises four persons:

The Supervisory Board also takes diversity into account when considering who would represent the best addition to the Management Board. Diversity is here taken by the Supervisory Board to refer to complementary professional profiles and career, educational and life experiences, including internationally, as well as age and fair gender representation. As part of this, the Supervisory gives particular consideration to the following:

- Management Board members should have many years of management experience.
- The Management Board as a whole should possess technical expertise, in particular regarding knowledge and experience of manufacturing and marketing all kinds of special machinery and other technical products, as well as international experience.
- The Management Board as a whole should have many years of experience in research and development, production, sales, finance and personnel management.
- The Supervisory Board decides who is to occupy a specific Management Board position, taking into account the interests of the company and all circumstances in the individual case in question.

In the fiscal year 2020, the points regarding the diversity concept described above were taken into account when appointing members to the Management Board: One woman was appointed to the Management Board and one new member is far younger than the other Management Board members.

Regardless of individual criteria, the Supervisory Board firmly believes that, ultimately, appointments to PVA TePla AG's Management Board must be based chiefly on a holistic assessment of the individual person. As a whole, the Supervisory Board considers the following criteria essential for the Management Board:

- Several years of management experience in scientific, technical and commercial fields
- International experience due to background and/or professional work
- A balanced age structure to ensure continuity of the Board's work and smooth succession planning

The number of Management Board members is based on the fields of work required to manage a holding company with multiple subsidiaries. The Management Board comprises four members as of December 31, 2020.

Supervisory Board Diversity Concept

Given the company-specific situation, the business purpose and the size of the company, the Supervisory Board of PVA TePla AG, which currently (2020) comprises three persons, aims for a Supervisory Board composition that takes account of the following elements:

On the part of shareholders, all persons represented on the Supervisory Board should be free of potential conflicts of interest, especially those that can arise due to a consulting or board function with customers, suppliers, creditors, or other third parties.

The Supervisory Board as a whole should be able to demonstrate experience in an international company, ideally in the area of high-tech system engineering. In addition, at least one member of the Supervisory Board must have expertise in accounting or the auditing of financial statements. The members of the Supervisory Board must collectively be familiar with the relevant markets in which the PVA TePla Group is active.

When submitting nominations to the Annual General Meeting, the Supervisory Board will continue to give due consideration to diversity in terms of age, educational and professional background, internationality and the percentage of women.