Remuneration System for the Members of the Management Board

I. Preamble

The existing remuneration system for the members of the Management Board of PVA TePla AG (hereinafter also referred to as "PVA TePla" or "the Company") was approved by the Annual General Meeting in 2021 with 71.3% of votes cast in favor, and it has been in effect since fiscal year 2021 (hereinafter referred to as the "2021 Remuneration System").

In fiscal year 2024, the Supervisory Board comprehensively reviewed the 2021 Remuneration System in collaboration with an independent corporate governance consultant. An essential objective of the review was to ensure that the remuneration system is optimally aligned with strategy so that it promotes in the best way possible the implementation of the current corporate strategy and the long-term and sustainable performance of the Company. The Supervisory Board also carefully analyzed the feedback from shareholders regarding the 2021 Remuneration System and took into account the fundamental expectations of institutional investors and proxy advisors.

Based on the results of the review, the Supervisory Board developed adjustments to the 2021 Remuneration System and adopted a revised remuneration system (hereinafter also referred to as the "2025 Remuneration System") for the Management Board. The 2025 Remuneration System will be submitted to the 2024 Annual General Meeting for a vote in accordance with Section 120a (1) of the German Stock Corporation Act (*Aktiengesetz* – "AktG") and will take effect for fiscal year 2025.

II. Revision of the Remuneration System

The 2025 Remuneration System constitutes a comprehensive refinement of the 2021 Remuneration System. With the adjustments, the 2025 Remuneration System offers distinct improvements over the 2021 Remuneration System that, in addition to being more closely tied to the corporate strategy, also implement the feedback from our shareholders. In this respect, the focus was on the following guidelines:

- a more long-term orientation of the remuneration structure
- increased transparency with simultaneously reduced complexity
- a stronger pay-for-performance alignment
- a design more in line with market practice
- a closer tie between the interests of the Management Board and the interests of our shareholders and other stakeholders

The essential changes can be summarized as follows:

2021 Remuneration System	2025 Remuneration System
Remuneration structure: Base Salary: 35% - 45% STI: 25% - 35% LTI: 25% - 35%	**Remuneration structure:** Base Salary: 30% - 40% STI: 25% - 35% LTI: 35% - 45%
Short-term incentive (STI): Performance criteria: Group EBIT 60%, Individual performance 40% Cap: Amount of the Base Salary of the member of the Management Board	**Short-term incentive (STI):** Financial performance criteria: 70% (EBITDA 45%, Revenue 25%) Strategy and ESG targets: 30% Cap: 140% of target amount
Long-term incentive (LTI): Plan type: Performance Cash Plan Plan term: 3 to 5 years Performance criterion: Market capitalization of PVA TePla AG Cap: Amount of the Base Salary of the member of the Management Board Payout: in cash	**Long-term incentive (LTI):** Plan type: Performance Share Plan Plan term: 4 years Financial performance criteria: 70% (EBITDA margin 40%, Revenue growth 30%) Strategy and ESG targets: 30% Unit Cap: 150% Payout Cap: 200% of target amount Payout: in cash or in shares
Appreciation Bonus: Potential bonus for exceptional performance.	**Elimination of the Appreciation Bonus**
-	**Malus und Clawback** In the event of a serious violation of duty by a member of the Management Board or incorrect annual financial statements, the variable remuneration may be withheld or reclaimed in full or in part.
-	**Share Ownership Guideline** Obligation to acquire shares in the amount of 50% of the base salary. Build-up period: 5 years.
Maximum remuneration according to § 87a AktG: CEO: EUR 900,000 Member of the Management Board: EUR 700,000	**Maximum remuneration according to § 87a AktG:** CEO: EUR 1,400,000 Member of the Management Board: EUR 1,200,000

More Long-term Orientation of the Remuneration Structure

The remuneration structure is adjusted in favor of the long-term incentive (LTI). In the future, the LTI will constitute around 55% (previously 50%) and thus the largest part of the variable remuneration. This strengthens the focus on the long-term and sustainable performance of PVA TePla.

Revision of the Short-term Incentive (STI)

The STI is being fundamentally revised. The previous participation in Group EBIT is abolished. Instead, PVA TePla's two most important financial steering parameters – EBITDA (weighted at 45%) and revenue (weighted at 25%) – are implemented as financial performance criteria with a total weighting of 70%. This provides a clear incentive for the Management Board to achieve the annual targets in the key steering parameters, which are determined by the Supervisory Board in considering capital market guidance.

In the future, instead of individual performance, relevant (non-financial) targets, including ESG targets, that will be derived from the strategy (weighted at 30%) and set annually by the Supervisory Board will be considered in addition to the financial performance criteria. This supports the realization of our key strategic goals, which have a long-term positive impact on financial performance, just like our sustainability strategy.

In order to incentivize an exceedance of the targets and create a balanced risk/reward ratio, the upper limit ("cap") of the STI will be 140% of the target amount, in line with market practice.

Revision of the Long-term Incentive (LTI)

The Management Board's LTI is also being comprehensively revised. The previous LTI with a term of three to five years (depending on the term of the contract) was oriented exclusively on the development of market capitalization.

Going forward, that LTI will be replaced by a performance share plan in line with market practice with a four-year term and tranches newly allocated each year. The revised LTI considers the EBITDA margin (weighted at 40%) and revenue growth (weighted at 30%) as the financial performance criteria (70% in total). In this way, the LTI supports our long-term strategic goal – to increase the company value and to grow profitably in the long term.

In addition, strategic and ESG targets (weighted at 30%) are set by the Supervisory Board for each new tranche of the LTI. In combination with the short-term (non-financial) targets in the STI derived from the strategy, this will ensure an orientation towards the long-term implementation of strategic initiatives, including the sustainability strategy.

In order to achieve an exceedance of the targets and create a balanced risk/reward profile in the LTI as well, the maximum target achievement level is 150%. Additionally, the payment is capped at 200% of the target amount.

Overall, the revised LTI ensures that a clearer focus is placed on the long-term implementation of the corporate strategy – both in financial and non-financial terms.

As part of the revision of the LTI, the Supervisory Board also discussed the implementation of a relative comparison with competitors, for example, in the form of the performance criterion of 'relative total shareholder return'. However, the Supervisory Board currently does not consider the inclusion of such a performance criterion to be appropriate because the current trading volume of PVA TePla AG shares is too low for it. Furthermore, the Management Board is to focus in particular on the strategic performance criteria, the achievement of which will also be reflected in the share price and relative performance in the long term.

Elimination of the Possibility of Granting an Appreciation Bonus

The current contractual option of the Supervisory Board to grant an appreciation bonus in individual cases to members of the Management Board for exceptional achievements in a fiscal year is eliminated. This increases the transparency of the remuneration system and takes account of feedback from our shareholders.

Introduction of Further Contractual Provisions

In line with prevailing market practice and the general expectations of institutional investors and proxy advisors, malus and clawback rules as well as a share purchase and holding obligation ("Share Ownership Guideline") are being implemented into the remuneration system for the Management Board.

Under the malus and clawback rules, variable remuneration can be withheld or reclaimed in full or in part in the event of a serious breach of duty by a member of the Management Board or if consolidated financial statements are incorrect.

The Share Ownership Guideline obliges the members of the Management Board to acquire within five years shares in PVA TePla AG in an amount equivalent to 50% of their base salary (gross) and to hold such shares for the duration that they are members of the Management Board. This strengthens the equity culture and ties the interests of the Management Board more closely to those of shareholders.

Adjustment of the Maximum Remuneration

In order to achieve the incentive effect for an exceedance of the targets intended by the adjusted caps in the STI and LTI, an increase in the previous maximum remuneration in accordance with Section 87a AktG is required. This amount will be EUR 1,400,000 for the Chief Executive Officer and EUR 1,200,000 for other members of the Management Board. In determining this, the Supervisory Board considered the maximum remuneration amounts in other SDAX companies. The adjusted maximum remuneration for the members of PVA TePla's Management Board remains at the lower end of this peer group. Maximum remuneration is a theoretical figure that can be achieved only in the event of exceptionally good achievements in all targets together with a strong share price performance. Any future adjustments to remuneration and fluctuations in fringe benefits were also taken into account when determining the maximum remuneration.

III. Principles of the Remuneration System

The remuneration system for the Management Board is an essential steering element for the Supervisory Board in order to promote the implementation of PVA TePla's growth strategy. The goal is to increase the enterprise value with a view to all stakeholders and to grow profitably in the long term. In order to make this path sustainable, the implementation of our sustainability strategy is one of the essential cornerstones of our corporate strategy. In designing the remuneration system, the Supervisory Board therefore places a strong focus on tying it to the key objectives that contribute to the implementation of our strategy.

In addition, the Supervisory Board ensures a design in line with the requirements of the German Stock Corporation Act and considers the recommendations of the German Corporate Governance Code (GCGC), as well as the expectations of investors and proxy advisors.

The STI takes into account the most important financial performance indicators – EBITDA (earnings before interests, taxes, depreciation, and amortization) and revenue. Through this approach, the achievement of the short-term financial targets that are decisive for the Company's long-term performance is central.

To ensure the long-term focus of the Management Board's remuneration, the LTI accounts for the largest part of variable remuneration. The LTI comprises financial performance criteria that directly impact the corporate strategy positively. By considering revenue growth and the EBITDA margin, incentives are created for long-term profitable growth. Its equity-based design in the form of a performance share plan and the associated link to the absolute performance of the PVA TePla AG share additionally incentivizes an increase in the company value and takes the shareholders' interests into account.

The financial performance criteria in both the STI and the LTI are accompanied by (non-financial) targets derived from the strategy (including ESG) in order to reflect the corporate strategy holistically, i.e., also in non-financial terms, and also to fulfill the Company's ecological and social responsibility.

Furthermore, the additional Share Ownership Guideline ensures that the interests of the Management Board and those of shareholders are tied even closer together.

IV. Overview of the Remuneration System

1. Elements of the Remuneration System

The remuneration system for the Management Board essentially consists of fixed remuneration components – the base salary and fringe benefits – and variable remuneration components – the STI and the LTI. Further contractual provisions have also been implemented. These include, for example, the maximum remuneration in accordance with Section 87a AktG, customary malus and clawback rules, and a Share Ownership Guideline. The members of the Management Board are not provided with an occupational pension scheme.

Base Salary	Fixed, contractually agreed remuneration paid in twelve equal monthly installments.
Fringe Benefits	mobility benefits (e.g., staff car, BahnCard) or allowances for health and long-term care insurance, etc.
Short-term Incentive (STI)	Type of plan: Target bonus Term: 1 year Cap: 140% of target amount Performance criteria: - EBITDA 45% - Revenue 25% - (Non-financial) targets derived from strategy (including ESG) 30%
Long-term Incentive (LTI)	Type of plan: Performance share plan Term: 4 years with annual allocation Tranche cap: 150% Payment cap: 200% of target amount Payment: in cash or in shares Performance criteria: - EBITDA margin 40% - Revenue growth 30% - (Non-financial) targets derived from strategy (including ESG)30%
Malus and Clawback	In the event of a serious breach of duty by a member of the Management Board or if consolidated financial statements are incorrect, the variable remuneration may be withheld or reclaimed in full or in part.
Share Ownership Guideline	Obligation to acquire shares equal in value to 50% of base salary (gross). Build-up period: 5 years.
Maximum Remuneration	Chief Executive Officer EUR 1,400,000 Other members of the Management Board: EUR 1,200,000

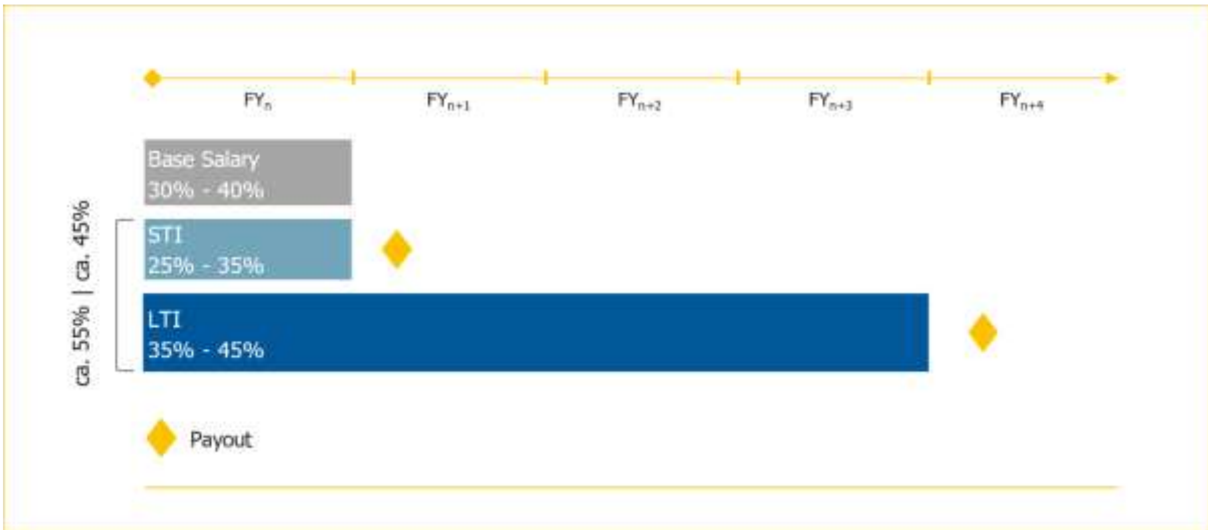
2. The Remuneration Structure

The structure of the Management Board's remuneration is set on the basis of the target total remuneration (excluding fringe benefits). It comprises the base salary, the STI target amount (the amount for a level of target achievement of 100%), and the LTI target amount (the amount for a level of target achievement of 100%).

In order to ensure a strong pay-for-performance correlation in the remuneration, the variable remuneration, which depends on the achievement of predetermined targets, makes up a large portion of the target total remuneration. In this way, the remuneration of the Management Board is closely tied to the performance of the enterprise.

In addition, the LTI accounts for around 55% and the STI for around 45% of variable remuneration, which ensures that focus is placed on the long-term and sustainable progress of the Company.

The relative proportions of the remuneration components in the target total remuneration (excluding fringe benefits) are designed as follows:



The fringe benefits are subject to natural fluctuations and normally account for less than 1%–3% of the target total remuneration.

V. The Remuneration System in Detail

The fixed and variable components of the remuneration, as well as the other contractual provisions (maximum remuneration, malus and clawback rules and Share Ownership Guideline) are explained in detail below.

1. Fixed Remuneration Components

1.1 Base Salary

Each member of the Management Board receives a fixed annual remuneration, which is paid in 12 monthly installments.

1.2 Fringe Benefits

The members of the Management Board are granted contractually agreed fringe benefits in line with market practice. In particular, the Company provides each member of the Management Board with an appropriate company car, which can also be used for private purposes. Other mobility benefits (e.g., a BahnCard) can also be granted. Furthermore, allowances are granted in the amount of the employer's maximum share of the contributions to statutory health and long-term care insurance, as well as to statutory pension insurance or to an alternative pension scheme or life insurance. Lastly, the premiums for accident insurance and D&O insurance are covered.

If a previous employer's remuneration lapses due to the member's move to PVA TePla AG (for example, commitments of long-term variable remuneration or pension commitments), the Supervisory Board can grant a compensation in the form of pension commitments or cash payments for the year in which the new Management Board member joins the Company. The possibility to grant such compensation payments ensures the necessary flexibility to be able to select and attract the best possible candidates.

2. Variable Remuneration Components

The Management Board's variable remuneration consists of a short-term component (the short-term incentive; STI) and a long-term component (the long-term incentive; LTI). The payouts of the variable components are calculated on the basis of predetermined financial and non-financial performance criteria and are thereby closely tied to the success of the Company.

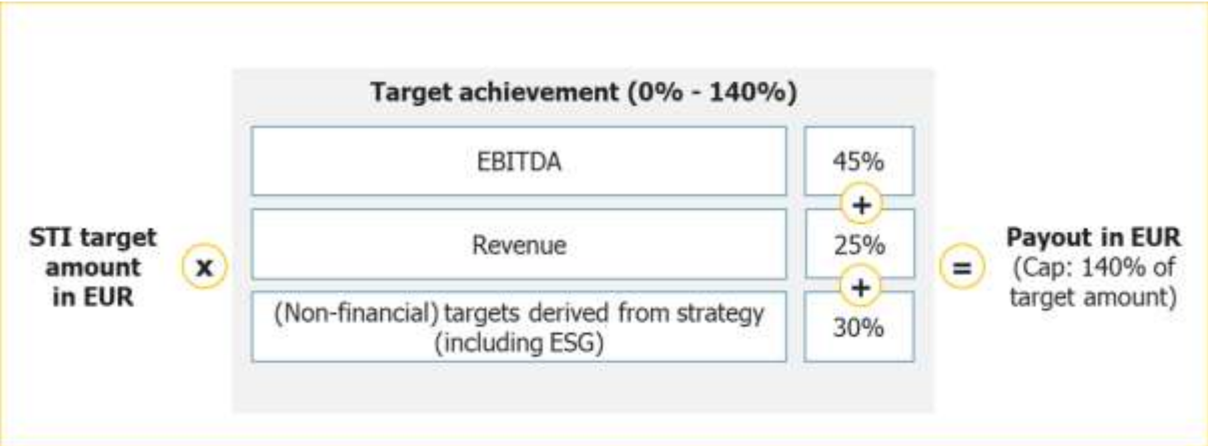
2.1 The Short-term Incentive (STI)

The STI is structured as a target bonus with a one-year term. The payout is calculated by multiplying the target amount (the amount for a target achievement of 100%) by the level of target achievement in the performance criteria defined by the Supervisory Board.

They comprise financial performance criteria, with a total weighting of 70%, and include the Company's two most important financial performance indicators – EBITDA (weighted at 45%) and revenue (weighted at 25%). The Supervisory Board may determine a different weighting if that different weighting is better suited as an incentive for implementation of the corporate strategy.

In addition, non-financial performance is taken into account with a weighting of 30% based on targets that are derived from the strategy and set annually by the Supervisory Board.

The level of target achievement is calculated as the sum of the weighted levels of target achievement in the individual performance criteria and is capped at 140%. The STI is paid out in cash after the end of the fiscal year and is capped at 140% of the target amount.



Financial Performance Criteria

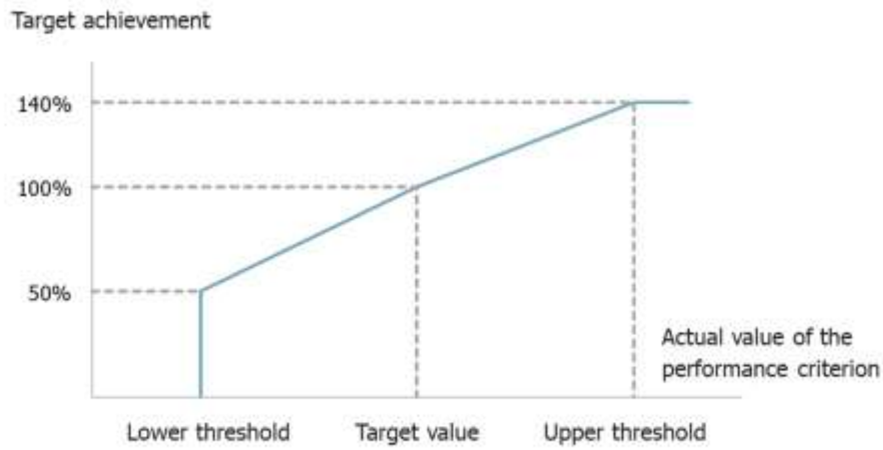
The financial performance criteria are EBITDA and revenue.

EBITDA stands for earnings before interest, taxes, depreciation, and amortization. This figure gives an indication of the earning power of the Company and thus reflects the operational success. EBITDA as reported in the audited consolidated financial statements of PVA TePla AG is decisive.

PVA TePla strives for a continuous increase in revenues as the basis for profitable corporate development. Revenue is therefore a key performance indicator for the implementation of our growth strategy. Revenue as reported in the audited consolidated financial statements of PVA TePla AG is also decisive in this regard.

At the end of the fiscal year, the level of target achievement in each of the performance criteria is calculated on the basis of the targets set by the Supervisory Board. To that end, by no later than the start of the fiscal year, the Supervisory Board sets for each financial performance criterion a value for a target achievement of 100% (target value), a value for a target achievement of 50% (lower threshold) and a value for a target achievement of 140% (upper threshold). If the actual value of a performance criterion achieved in the fiscal year is below the lower threshold, the target achievement is 0%. The maximum level of target achievement is 140%. If performance is between the set targets and thresholds, the target achievement is calculated using linear interpolation.

To illustrate, the target achievement curve can be depicted as follows:



When setting targets, the Supervisory Board orients towards the Company's published guidance in order to ensure that ambitious targets are set in line with capital market communication.

(Non-financial) Targets Derived from the Strategy (including ESG)

(Non-financial) targets derived from the strategy (including ESG) are considered in the STI with a weighting of 30%. Taking into account the example catalog presented below of criteria derived from the strategy, the Supervisory Board determines the specific targets and their respective weighting annually, ensuring that the targets differ from those set out in the LTI. This serves to ensure that the targets are relevant, strategy-derived, and quantifiable.

Strategy	
Targets	Development product portfolio Diversification markets and regions TecDAX readiness Margin quality ...

ESG	
Environment	CO_2 emission Waste management ...
Social	Diversity Employee satisfaction Work safety ...
Governance	Compliance ...

For the (non-financial) targets derived from the strategy (including ESG), the Supervisory Board defines a target value and a lower and upper threshold in the same way as for the financial performance criteria. This target is used to calculate target achievement at the end of the fiscal year.

Additional Provisions

In accordance with Recommendation G.11 of the GCGC, the Supervisory Board is authorized to make appropriate adjustments to the STI in the event of extraordinary events or developments. Extraordinary events or developments can be, for example, an acquisition or disposal of a company, parts of a company, or equity interests in a company that requires consent, a merger with another company, changes to the legal and/or regulatory framework, or material changes in accounting and valuation methods.

The (non-financial) targets (including ESG) are set by the Supervisory Board and derived from the strategy, the targets and thresholds of all performance criteria, and the resulting level of target achievement for the fiscal year are disclosed *ex post* in the remuneration report after the end of the fiscal year.

2.2 The Long-term Incentive (LTI)

The LTI is designed as a performance share plan with a four-year performance period and is allocated with a new tranche each year.

At the beginning of each tranche, the members of the Management Board are provisionally allocated (virtual) shares. The number of provisionally allocated (virtual) shares is calculated by dividing the target amount by the starting share price (arithmetic mean of the XETRA closing prices of PVA TePla AG shares during the 60 trading days prior to the start of the performance period). By tying this variable remuneration component via virtual shares to the absolute share price performance of PVA TePla AG, the performance share plan has been designed to be fully share-based and incentivizes increasing the company value.

The LTI comprises two financial performance criteria with a total weighting of 70%. The financial performance criteria used are, firstly, the EBITDA margin, with a weighting of 40% and, secondly, revenue growth, with a weighting of 30%. The Supervisory Board may determine a different weighting if that different weighting is better suited as an incentive for the implementation of the corporate strategy.

In addition, non-financial performance is taken into account with a weighting of 30% based on targets (including ESG) that are derived from the strategy and set by the Supervisory Board for each tranche.

The level of target achievement corresponds to the weighted sum of the target achievement levels in the individual performance criteria and is determined after the performance period ends. The maximum level of target achievement for each performance criterion and overall is capped at 150%.

Based on the determined level of target achievement, the final number of (virtual) shares is calculated by multiplying the number of provisionally allocated (virtual) shares by the level of target achievement.

The LTI bonus amount is paid in cash. The payment amount is calculated by multiplying the final number of (virtual) shares with the final share price (arithmetic mean of the XETRA closing prices of PVA TePla AG shares during the 60 trading days prior to the end of the performance period). The Company reserves the right to settle the LTI entitlement in shares. If the LTI entitlement is settled in shares, the final number of (virtual) shares is transferred to the member of the Management Board in the form of shares in the Company. The LTI payment amount is capped at 200% of the target amount.

Financial Targets

The financial performance criteria are the EBITDA margin and revenue growth. Together, these two performance criteria form important indicators for the implementation of the corporate strategy and incentivize long-term profitable growth.

The EBITDA margin is the ratio of the Company's EBITDA to revenue and reflects the Company's profitability. The average EBITDA margin based on the audited consolidated financial statements of PVA TePla AG in the four fiscal years of the performance period is decisive.

The performance criterion of revenue growth provides important incentives for implementing the growth strategy. The average revenue growth in the four fiscal years of the performance period is decisive. Revenue growth in a fiscal year is calculated by comparing the revenue in a given fiscal year with the revenue in the previous fiscal year, in each case on the basis of the audited consolidated financial statements of PVA TePla AG.

After the performance period ends, the level of target achievement in each of the performance criteria is calculated on the basis of the targets set by the Supervisory Board. To that end, the Supervisory Board sets for each financial performance criterion for the tranche a value for a target achievement of 100% (target value), a value for a target achievement of 50% (lower threshold) and a value for a target achievement of 150% (upper threshold). If the actually achieved value of a performance criterion is less than the lower threshold, the target achievement is 0%. The maximum target achievement is 150%. If performance is between the set targets and thresholds, the target achievement is calculated using linear interpolation.

When setting the targets, the Supervisory Board orients on the Company's strategic goals.

(Non-financial) Targets (Including ESG Targets) Derived from the Strategy

The (non-financial) targets (including ESG targets) derived from the strategy are considered in the LTI with a weighting of 30%. Taking into account the example catalog presented below of criteria derived from the strategy, the Supervisory Board determines the specific targets and their respective weightings for each tranche, ensuring that the targets differ from those for the STI. This serves to ensure that the targets are relevant, strategy-derived, and quantifiable.

Strategy	
Targets	Development product portfolio Diversification markets and regions TecDAX readiness Margin quality ...

ESG	
Environment	CO_2 emission Waste management ...
Social	Diversity Employee satisfaction Work safety ...
Governance	Compliance ...

For the (non-financial) targets (including ESG targets) derived from the strategy, the Supervisory Board defines a target value and a lower and upper threshold in a corresponding way as for the financial performance criteria. This target is used to calculate the level of target achievement after the performance period ends.

Additional Provisions

In the event of extraordinary events or developments, the Supervisory Board is authorized to make appropriate adjustments to the LTI in accordance with Recommendation G.11 of the GCGC. Extraordinary events or developments can be, for example, an acquisition or disposal of a company, parts of a company, or equity interests in a company that requires consent, a merger with another company, changes to the legal and/or regulatory framework or significant changes in accounting and valuation methods.

The (non-financial) targets (including ESG targets) defined by the Supervisory Board and derived from the strategy, the targets and thresholds of all performance criteria, and the resulting level of target achievement level for the fiscal year are disclosed *ex post* in the remuneration report.

3. The Share Ownership Guideline

The members of the Management Board are subject to a share purchase and holding obligation (Share Ownership Guideline) that is intended to further strengthen the equity culture in the remuneration system for the Management Board and to link the interests of the Management Board even more closely with those of the shareholders. Pursuant to this Guideline, the members of the Management Board are obligated to acquire shares in the Company in an amount equivalent to 50% of their annual base salary (gross) (investment target) and to hold such shares for the duration that they are members of the Management Board. The investment target must generally be reached after five years at the latest.

4. Maximum Remuneration

The remuneration of the members of the Management Board is limited in two respects. First, payments made out of the variable remuneration components are capped at 140% of the target amount (STI) or 200% of the target amount (LTI).

Second, the total remuneration of the Management Board members, i.e., the sum of fixed remuneration components (base salary and fringe benefits) and variable remuneration components (STI and LTI), is capped by the maximum remuneration as required under Section 87a (1) sentence 2 no. 1 AktG. The maximum remuneration limits the total remuneration promised for a fiscal year, irrespective of the actual payment date.

The maximum remuneration is EUR 1,400,000 for the CEO and EUR 1,200,000 for other members of the Management Board.

This determined level of maximum remuneration puts PVA TePla at the lower end of the range observed in SDAX companies.

If the sum of the payments from a fiscal year exceeds the maximum remuneration, the remuneration component that is due for payment last (usually the LTI) is reduced.

The maximum remuneration merely serves as an absolute upper limit in order to avoid disproportionately high remuneration in the event of unforeseen developments. It does not represent the level of remuneration aimed for by the Supervisory Board for members of the Management Board. The maximum remuneration can be achieved only through a combination of exceptionally good performance coupled with an extremely positive share price performance and also takes into account fluctuations in fringe benefits and any future remuneration adjustments.

5. Malus and Clawback Rules

Subject to certain conditions, the Supervisory Board has the option to reduce the variable remuneration not yet paid either in full or in part (a malus) or to reclaim all or part of the variable remuneration already paid out (a clawback).

If variable remuneration has been calculated and paid out on the basis of incorrect annual financial statements, the Supervisory Board can claw back the difference between the incorrect amount and the amount of variable remuneration calculated on the basis of corrected annual financial statements.

In the event of willful breaches of material provisions of the Company's internal Code of Conduct and/or material obligations under the member's service contract or in the event of a significant breach of duties of care within the meaning of Section 93 AktG, the Supervisory Board may reduce or claw back variable remuneration using reasonable discretion.

VI. Remuneration-related Legal Transactions

1. Terms of the Contracts of the Members of the Management Board

First-time appointments are made for a maximum period of three years; subsequent appointments are limited to a maximum period of five years.

2. Members of the Management Board Joining or Leaving the Company during the Year and Early Termination of their Contracts

Any payments made to a Management Board member (including fringe benefits) due to early termination of their Management Board activity will not exceed twice the annual remuneration (severance cap) and must not constitute remuneration for more than the remaining term of the service contract. The calculation of the severance cap will be based on the total remuneration paid for the past fiscal year and, where applicable, also on the expected total remuneration for the current fiscal year.

If the service contract is terminated for a cause for which the Management Board member is responsible, no severance payments will be made to the Management Board member. In line with the provisions under German Stock Corporation Act, the service contracts do not provide for ordinary notice of termination (*ordentliche Kündigung*); the right of either party to terminate the service contract without notice for cause (*fristlose Kündigung aus wichtigem Grund*) remains unaffected. If a Management Board member joins or leaves the Management Board during the year, the remuneration will be calculated *pro rata temporis*. This does not apply to remuneration if the Management Board member is terminated by the Company without notice for a cause for which the Management Board member is responsible; in this event, there will be no entitlement to payment of the variable remuneration for the fiscal year in which the member leaves the Company.

3. Income from Other Functions

If members of the Management Board hold supervisory board offices within the Group or take on activities in associations or honorary positions, as a rule no separate remuneration is paid. If, in exceptional cases, remuneration is granted, this is offset against the remuneration of the Management Board member. If supervisory board memberships are assumed at non-Group entities, the Supervisory Board decides whether and to what extent the remuneration from such memberships will be taken into account.

VII. Procedure for the Determination, Implementation and Review of the Remuneration System

1. The Remuneration System

In accordance with the statutory requirement under Section 87a (1) sentence 1 AktG, the Supervisory Board adopts a clear and comprehensible remuneration system for the members of the Management Board.

In accordance with Section 120a (1) sentence 1 AktG, the Supervisory Board will submit the remuneration system to the Annual General Meeting for approval whenever significant changes are made, but at least every four years. If the Annual General Meeting does not approve the submitted system, the Supervisory Board will submit a revised system for approval at the next Annual General Meeting at the latest.

The Supervisory Board regularly reviews the remuneration system and the appropriateness of the Management Board remuneration using reasonable discretion.

2. Appropriateness of Management Board Remuneration

In establishing the remuneration, the Supervisory Board ensures that the remuneration for each Management Board member is appropriate to the Management Board member's tasks and performance and to the Company's overall situation and that it does not exceed the usual level of remuneration without specific reasons.

The assessment of the customary level and structure of remuneration is based on a horizontal comparison with the Management Board remuneration of comparable (peer) companies. The Supervisory Board usually considers a national index relevant to PVA TePla (e.g., the SDAX index) and position PVA TePla in this index in line with the size of the Company.

A comparison is also made with the Company's internal remuneration structure (a so-called vertical comparison). Included in this comparison is the remuneration of both the Group's senior management and the total workforce employed in Germany at the level of the stock corporation and its Group companies. One element of the vertical comparison is, in particular, the relation between Management Board remuneration and this peer group over time. In this way, the remuneration and employment conditions of PVA TePla's employees are also taken into account.

If needed, the Supervisory Board can call on external independent advisors.

3. Measures to Avoid and Manage Conflicts of Interest

The Supervisory Board ensures that any conflicts of interest of Supervisory Board members arising during discussions and decisions on the Management Board remuneration system are recognized and adequately dealt with. They must be disclosed immediately and, depending on an assessment, it may be stipulated that the member concerned will not take part in the discussions and will abstain from casting a vote.

VIII. Temporary Deviations from the Remuneration System

As a rule, the remuneration is to be determined in accordance with the system submitted to the Annual General Meeting for approval, Section 87a (2) sentence 1 AktG. The Supervisory Board may, however, temporarily deviate from the remuneration system if this is necessary in the interest of the Company's long-term prosperity and if the remuneration system lays down the deviation procedure and specifies the elements of the remuneration system from which may be deviated, Section 87a (2) sentence 2 AktG. The Supervisory Board of PVA TePla AG may, in accordance with Section 87a (2) sentence 2 AktG, at its reasonable discretion, temporarily deviate from the following components of the remuneration system: maximum remuneration, the structure of target remuneration, performance targets and measurement methods for variable remuneration, relevant periods for determining variable remuneration and payment dates for variable remuneration, the investment target and period of the Share Ownership Guideline.

A deviation from the remuneration system requires a Supervisory Board resolution confirming that exceptional circumstances exist and that the deviation is therefore necessary. This must then be explained in the remuneration report in accordance with Section 162 (1) sentence 2 no. 5 AktG.