



**Invitation to the Annual General Meeting  
in Wettenberg on June 18, 2021**

**PVA TePla AG, Wettenberg**

- ISIN: DE0007461006 -

- German Securities Code Number (WKN): 746 100 -

The shareholders of our company are hereby invited to the virtual Annual General Meeting to be held at PVA TePla AG's headquarters at 35435 Wetztenberg, Im Westpark 10-12, on Friday, June 18, 2021 at 1:00 p.m. (CEST). This Annual General Meeting will take place without the physical presence of shareholders or their proxies (with the exception of the company's voting representative) by resolution of the Management Board with the approval of the Supervisory Board and on the basis of Section 1(2) and (6) of the Act Concerning Measures Under the Law of Companies, Cooperative Societies, Associations, Foundations and Commonhold Property to Combat the Effects of the COVID-19 Pandemic published as Article 2 of the Act to Mitigate the Consequences of the COVID-19 Pandemic Under Civil, Insolvency and Criminal Procedure Law of March 27, 2020 published in the Federal Gazette, Part I, on March 27, 2020, pp. 569 ff., as amended by Article 11 of the Act to Further Shorten the Residual Debt Relief Procedure and to Adjust Pandemic-Related Provisions in Company, Cooperative, Association and Foundation Law as well as in Tenancy and Lease Law of December 22, 2020 published in the Federal Gazette, Part I, on December 30, 2020, pp. 3328 ff. ("**COVID-19 Act**"). The entire Annual General Meeting will be broadcast live on the internet to shareholders who have registered in due time and form. Shareholders may exercise their voting rights — if necessary by appointing a proxy — exclusively by postal vote or by issuing a proxy and instructions to the voting representative appointed by the company.

## I. Agenda

- 1. Presentation of the adopted annual financial statements and the approved consolidated financial statements as of December 31, 2020, plus the management report and the Group management report, the report of the Supervisory Board for the fiscal year ended December 31, 2020, the proposal by the Management Board for the appropriation of retained earnings and the explanatory report on the information in accordance with Section 289a(1), Section 315a(1) HGB**

The above documents can be viewed on the Internet at:

<https://www.pvatepla.com/en/investor-relations/annual-general-meeting/>

In line with legal provisions, there will be no resolution passed on agenda item 1 as the Supervisory Board has already approved the annual financial statements prepared by the Management Board and the consolidated financial statements prepared by the management. The annual financial statements are thus adopted in accordance with Section 172 sentence 1 AktG.

## **2. Resolution on the appropriation of retained earnings**

The Management Board and Supervisory Board propose that the retained earnings reported in PVA TePla AG's annual financial statements for fiscal 2020 amounting to EUR 37,208,712.44 be carried forward in full to a new account.

## **3. Resolution on official approval of the actions of the Management Board for fiscal 2020**

The Managing Board and Supervisory Board propose that the actions of the Management Board members in the fiscal year ending December 31, 2020 be ratified.

## **4. Resolution on official approval of the actions of the Supervisory Board for fiscal 2020**

The Managing Board and Supervisory Board propose that the actions of the members of the Supervisory Board in the fiscal year ending December 31, 2020 be ratified.

## **5. Election of the auditor of the annual and consolidated financial statements for fiscal 2021**

At the recommendation of its Audit Committee, the Supervisory Board proposes to elect Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Frankfurt/Main, Germany, as the auditor of the annual and consolidated financial statements for the 2021 fiscal year.

## **6. Resolution on the approval of the remuneration system for the members of the Management Board**

Under Section 120a(1) sentence 1 AktG, the Annual General Meeting of a listed company is required to vote on the approval of the Management Board member remuneration system approved by the Supervisory board pursuant to Section 87a AktG; this vote shall be taken whenever there is a significant change to the existing remuneration system or every four years, whichever comes first. The resolution passed at the Annual General Meeting on the approval of the remuneration system is only a recommendation. Under new statutory regulations, this is the first year when the Annual General Meeting will have to adopt a resolution on the approval of the remuneration system for the Management Board members.

On April 26, 2021, the Supervisory Board adopted the remuneration system for Management Board members taking into account the requirements of Section 87a(1) AktG. The remuneration system is shown under item 1 of section II (Information and reports for the Annual General Meeting) following the agenda. This remuneration system can also be accessed at <https://www.pvatepla.com/en/investor-relations/annual-general-meeting/> from the time the Annual General Meeting is convened and throughout the entire Annual General Meeting.

The Supervisory Board proposes to approve the remuneration system for the Management Board members adopted by the Supervisory Board on April 26, 2021 as published in the invitation to the Annual General Meeting on June 18, 2021.

## **7. Resolution on the amendment of the remuneration and the remuneration system for the members of the Supervisory Board and a corresponding amendment of the Articles of Association**

The Act Implementing the Second Shareholders' Rights Directive ("**ARUG II**"), which came into force on January 1, 2020, also contains new requirements for the remuneration of Supervisory Board members. Under Section 113(3) AktG (new version), the Annual General Meeting of a listed company is required to vote on the remuneration of Supervisory Board members at least every four years. The first resolution shall be adopted by the end of the first Annual General Meeting following December 31, 2020.

The remuneration of the members of the Supervisory Board is regulated in Article 14 of the Articles of Association, which states that the members of the Supervisory Board are entitled to fixed remuneration and currently receive a flat-rate attendance allowance as a reimbursement of expenses. The company also pays the premiums for a directors and officers (D&O) liability insurance policy taken out on behalf of the Supervisory Board members, as well as any income tax charged to said premiums, and also reimburses the Supervisory Board members for any sales tax payable on their remuneration.

The Supervisory Board recently formed an Audit Committee. Therefore, in accordance with Recommendation G.17 of the German Corporate Governance Code, the fixed remuneration is to be further differentiated and moderately increased taking into account the memberships and functions of the Supervisory Board members in Supervisory Board committees so that it is in line with the market and reflects the increased workload of the Supervisory Board members. In addition, Article 14(2) of the Articles of Association, which provides for a flat-rate attendance allowance as reimbursement of expenses, is to be deleted. The Supervisory Board believes that board members' inherent right to reimbursement of necessary and reasonable expenses is already sufficient without having to be enshrined in the Articles of Association. The modified remuneration and the remuneration system on which it is based are explained under item 2 of section II (Information and reports for the Annual General Meeting) following the agenda.

The Management Board and Supervisory Board propose that the following resolution be passed:

a) The remuneration of the Supervisory Board members shall be determined in accordance with Article 14 of the Articles of Association of PVA TePla AG, taking into account the new version of Article 14(1) in accordance with point b) below and the deletion of Article 14(2) of the Articles of Association in accordance with point c) below, and the system underlying this remuneration – as announced in the invitation to the Annual General Meeting on June 18, 2021 – shall be approved.

b) Article 14(1) of the Articles of Association of PVA TePla AG is amended to read as follows:

*"The Supervisory Board members shall receive fixed compensation payable after the end of the fiscal year. The Chairman of the Supervisory Board shall receive EUR 70,000 per year and each of his deputies shall receive EUR 40,000 per year. All other members of the Supervisory Board shall receive EUR 25,000 per year. The Chairman of a Supervisory Board committee shall receive an additional EUR 10,000 per year. A Supervisory Board member who sits on a Supervisory Board committee shall receive an additional EUR 5,000 per year. If a member of the Supervisory Board chairs and/or sits on more than one Supervisory Board committee, the additional remuneration shall be paid only once, i.e. for the committee for which he or she receives the highest remuneration. That means that the amount of the increase is limited to EUR 10,000 if the Supervisory Board member chairs at least one committee and to EUR 5,000 if the Supervisory Board member sits on, but does not chair, at least one committee. If there are changes in the Supervisory Board or its committees during the year, the remuneration shall be paid on a pro rata basis and rounded up to full months."*

c) Article 14(2) of the Articles of Association of PVA TePla AG is deleted. The previous paragraph (3) becomes paragraph (2) and the previous paragraph (4) becomes paragraph (3).

**8. Resolution on an addition to Article 15 of the Articles of Association (Convening the Annual General Meeting)**

Due to the COVID-19 pandemic, the legislature has provided temporary relief for the 2020 and 2021 fiscal years for, among other things, the annual general meeting of a German stock corporation such as PVA TePla AG. Against this backdrop, the Management Board made a decision with the Supervisory Board's approval to fall in line with many other listed companies and hold this year's Annual General Meeting of PVA TePla AG virtually without the physical presence of the shareholders or their proxies, just as it had done in the previous fiscal year.

In anticipation of the possibility that the legislature will permanently introduce the option of holding annual general meetings as virtual annual general meetings, the Articles of Association of PVA TePla AG should be supplemented with an authorization to this effect. This authorization will be granted on the condition that the legislature provides a legal foundation for it. This conditionality ensures that the company will only contemplate holding a virtual annual general meeting in the future on the basis of the experience gained in the virtual annual general meetings held in 2020 and 2021 if the legislature allows this to continue beyond fiscal 2021 and the shareholders' interests are safeguarded.

The Management Board and Supervisory Board propose to add the following new paragraph (5) to Article 15 (Convening the Annual General Meeting) of the Articles of Association:

*"(5) To the extent permitted by law, the Management Board is authorized, with the approval of the Supervisory Board, to decide that an Annual General Meeting may also be held as a virtual Annual General Meeting without the physical presence of the shareholders and their proxies, in compliance with the legal requirements."*

**9. Resolution on other amendments to Article 16 of the Articles of Association (Shareholder Participation in the Annual General Meeting) and Article 19(2) of the Articles of Association (Authorization by Shareholders)**

9.1 ARUG II also modified the legal requirements with respect to providing evidence of one's entitlement to attend the Annual General Meeting and exercise one's voting right. Section

123(4) AktG now states that evidence as set out in Section 67c(3) AktG is sufficient for holders of bearer shares in listed companies. The corresponding provision of the Articles of Association should therefore be amended for clarification.

The Management Board and Supervisory Board propose to change the wording of Article 16 sentence 2 of the Articles of Association to read as follows:

*"Evidence of the ownership of the shares shall be provided by the last intermediary in text form (Section 126b German Civil Code (BGB)) in German or English; evidence of the ownership of the shares pursuant to Section 67c(3) AktG shall be sufficient."*

9.2 Article 19(2) of the company's Articles of Association regarding the shareholders' issuance, revocation and proof of an authorization for the Annual General Meeting is to be restated for clarification and aligned with the market standard.

The Management Board and Supervisory Board propose to change the wording of Article 19(2) of the Articles of Association to read as follows:

*"The voting right may be exercised by a proxy. The issuance, revocation and evidence of the proxy shall be presented to the company in text form. Relief may be stipulated in the notice convening the Annual General Meeting. This is without prejudice to Section 135 AktG."*

## **10. Resolution on the cancellation of the existing authorized capital in accordance with Article 4(5) of the Articles of Association, creation of new authorized capital and a corresponding amendment of the Articles of Association**

Article 4(5) of the company's Articles of Association authorizes the Management Board to increase the company's share capital with the approval of the Supervisory Board on one or more occasions during the period until June 20, 2022 by a total of up to EUR 10,874,994.00 by issuing 10,874,994 new no-par value bearer shares against cash and/or non-cash contributions



and, in certain circumstances, to disapply shareholders' pre-emption rights with the approval of the Supervisory Board. At the time of convening this Annual General Meeting, no use had yet been made of this authorized capital. It is possible that this authorized capital will expire before the Annual General Meeting in 2022.

New authorized capital is therefore to be created at this early juncture in order to ensure that authorized capital is continuously available to management. The cancellation of the existing authorized capital in accordance with Article 4(5) of the Articles of Association shall only take effect if the existing authorized capital is effectively superseded by the new authorized capital 2021.

The Management Board and Supervisory Board propose that the following resolution be passed:

**a) Cancellation of authorized capital in accordance with Article 4(5) of the Articles of Association**

The authorized capital pursuant to Article 4(5) of the Articles of Association shall be canceled as of the time the authorized capital 2021 approved pursuant to point b) and point c) is entered in the Commercial Register for the company but only to the extent that this authorization has not yet been utilized at the time the authorized capital 2021 is entered in the Commercial Register for the company.

**b) Creation of new authorized capital 2021**

The Management Board is authorized, with the approval of the Supervisory Board, to increase the company's share capital on one or more occasions until June 17, 2026 by a total of up to EUR 10,874,994.00 by issuing 10,874,994 (in words: ten million eight hundred seventy-four thousand nine hundred ninety-four) new no-par value bearer shares against cash and/or non-cash contributions ("authorized capital 2021").

The authorization may be utilized in partial amounts. The Management Board is authorized, with the approval of the Supervisory Board, to stipulate the additional content of the rights inherent in the shares and the conditions of the share issue.

The Management Board is authorized, with the approval of the Supervisory Board, to disapply pre-emption rights in the event of capital increases against non-cash contributions.

In the case of capital increases against cash contributions, shareholders shall generally be granted a pre-emption right to the new shares. The new shares shall then be underwritten by at least one credit institution or at least one company operating in accordance with Section 53(1) sentence 1 or Section 53b(1) sentence 1 or (7) of the German Banking Act (Kreditwesengesetz – KWG) with the obligation to offer them to the shareholders for subscription.

However, the Management Board is authorized, with the approval of the Supervisory Board, to disapply shareholders' pre-emption rights in the event of capital increases against cash contributions,

aa) to utilize any fractional shares,

bb) to the extent necessary to protect against dilution, to grant holders of conversion or option rights issued or to be issued by PVA TePla AG or by companies directly or indirectly majority-owned by PVA TePla AG a pre-emption right to new shares to the extent to which they would be entitled after exercising the conversion or option rights or upon fulfilling conversion obligations,

cc) if the new shares are issued at an issue price that is not substantially lower than the stock exchange price of the shares of the same class and subject to the same terms which are already listed, and the shares issued against cash contributions in disapplication of the pre-emption right in accordance with or in analogous application of Section 186(3) sentence 4 AktG during the term of this authorization do not exceed 10% of the share capital either at the time this authorization takes effect or is exercised. This limitation of 10% of the

share capital shall include (1) those shares issued or to be issued to service bonds with conversion or option rights if and to the extent that the bonds are issued during the term of this authorization in analogous application of Section 186(3) sentence 4 AktG in disapplication of pre-emption rights and (2) treasury shares that are sold during the term of this authorization in analogous application of Section 186(3) sentence 4 AktG in disapplication of shareholders' pre-emption rights.

### **c) Amendment of the Articles of Association**

Article 4(5) of the Articles of Association is amended to read as follows:

"The Management Board is authorized, with the approval of the Supervisory Board, to increase the company's share capital on one or more occasions until June 17, 2026 by a total of up to EUR 10,874,994.00 by issuing 10,874,994 (in words: ten million eight hundred seventy-four thousand nine hundred ninety-four) new no-par value bearer shares against cash and/or non-cash contributions (authorized capital 2021).

The authorization may be utilized in partial amounts. The Management Board is authorized, with the approval of the Supervisory Board, to stipulate the additional content of the rights inherent in the shares and the conditions of the share issue.

The Management Board is authorized, with the approval of the Supervisory Board, to disapply pre-emption rights in the event of capital increases against non-cash contributions.

In the case of capital increases against cash contributions, shareholders shall generally be granted a pre-emption right to the new shares. The new shares shall then be underwritten by at least one credit institution or at least one company operating in accordance with Section 53(1) sentence 1 or Section 53b(1) sentence 1 or (7) of the German Banking Act (Kreditwesengesetz – KWG) with the obligation to offer them to the shareholders for subscription.

However, the Management Board is authorized, with the approval of the Supervisory Board, to disapply shareholders' pre-emption rights in the event of capital increases against cash contributions,

aa) to utilize any fractional shares,

bb) to the extent necessary to protect against dilution, to grant holders of conversion or option rights issued or to be issued by PVA TePla AG or by companies directly or indirectly majority-owned by PVA TePla AG a pre-emption right to new shares to the extent to which they would be entitled after exercising the conversion or option rights or upon fulfilling conversion obligations,

cc) if the new shares are issued at an issue price that is not substantially lower than the stock exchange price of the shares of the same class and subject to the same terms which are already listed, and the shares issued against cash contributions in disapplication of the pre-emption right in accordance with or in analogous application of Section 186(3) sentence 4 AktG during the term of this authorization do not exceed 10% of the share capital either at the time this authorization takes effect or is exercised. This limitation of 10% of the share capital shall include (1) those shares issued or to be issued to service bonds with conversion or option rights if and to the extent that the bonds are issued during the term of this authorization in analogous application of Section 186(3) sentence 4 AktG in disapplication of pre-emption rights and (2) treasury shares that are sold during the term of this authorization in analogous application of Section 186(3) sentence 4 AktG in disapplication of shareholders' pre-emption rights."

**11. Resolution on granting authorization to issue bonds with warrants or convertible bonds and to disapply pre-emption rights, to create new contingent capital (Contingent Capital 2021) and to amend the Articles of Association accordingly**

An authorization to issue bonds with warrants and/or convertible bonds is to be granted and adequate contingent capital is to be created in order to enable PVA TePla AG to make flexible use of attractive debt instruments in the future.

In this context, it shall be possible, under certain premises and within certain limits, for PVA TePla AG to issue bonds with warrants and/or convertible bonds in disapplication of shareholders' pre-emption rights.

The Management Board and Supervisory Board propose that the following resolution be passed:

**a) Authorization to issue bonds with warrants or convertible bonds and to disapply pre-emption rights**

**aa) Bonds with warrants and convertible bonds**

The Management Board is authorized, with the approval of the Supervisory Board, to issue on one or more occasions during the period until June 17, 2026 a total of up to 10,874,994 (in words: ten million eight hundred seventy-four thousand nine hundred ninety-four) bearer and/or registered bonds with warrants and/or convertible bonds (collectively "**Bonds**") with or without a limited term in a total nominal amount of up to EUR [100,000,000.00] and to grant or impose on the holders or creditors (hereinafter also referred to as "**Holders**") of bonds with warrants option rights or obligations and to grant or impose on the holders of convertible bonds conversion rights or obligations for no-par value bearer shares in PVA TePla AG (hereinafter also referred to as "**PVA TePla Shares**") with a pro rata amount of the share capital of up to EUR 10,874,994.00 in total in accordance with the more detailed terms and conditions of these bonds. The applicable terms and conditions may also provide for mandatory conversions at the

end of the term or at other times, including the obligation to exercise the option or conversion right. Bonds may also be issued against a non-cash contribution.

Bonds may be issued not only in euros but also in the legal currency of an OECD country, subject to a limit of the equivalent value in euros. Bonds may also be issued by a Group company of PVA TePla AG within the meaning of Section 18 AktG in which PVA TePla AG directly or indirectly holds a 100% interest (hereinafter "**Subsidiary**"). In this case, the Management Board is authorized, with the approval of the Supervisory Board, to guarantee the Bonds on behalf of PVA TePla AG and to grant or impose on the Holders of the bonds option or conversion rights or obligations for new no-par value bearer shares of PVA TePla AG.

#### **bb) Pre-emption rights, authorization to disapply pre-emption rights**

Shareholders are granted statutory pre-emption rights when the Bonds are issued. Bonds may also be offered to the shareholders by way of an indirect pre-emption right by being underwritten by a credit institution or a syndicate of credit institutions with the obligation to offer them to the shareholders for subscription. If Bonds are issued by a Subsidiary of PVA TePla AG, PVA TePla AG shall ensure that its shareholders are granted the statutory pre-emption right in accordance with the preceding sentence.

However, the Management Board is authorized, with the approval of the Supervisory Board, to disapply the shareholders' pre-emption right in the following cases:

- i) in order to exclude fractional amounts that may occur as a result of the subscription ratio from the shareholders' pre-emption right;
- ii) in order to grant the holders or creditors of option or conversion rights or obligations arising from Bonds previously issued or guaranteed by PVA TePla AG or one of its Subsidiaries pre-emption rights to the extent to which they would be entitled as shareholders after exercising these rights or fulfilling these obligations;
- iii) provided that the Bonds are issued against cash contributions and the Management Board, after due examination, concludes that the issue price of the Bonds is not

significantly lower than their hypothetical market value calculated in accordance with recognized methods, in particular quantitative finance methods, within the meaning of Section 221(4) sentence 2 and Section 186(3) sentence 4 AktG. However, this authorization to disapply the pre-emption right only applies to Bonds with an option and/or conversion right or an option or conversion obligation for shares with a pro rata amount of the share capital that shall not total more than 10% of the share capital at the time the authorization takes effect or at the time the authorization is exercised, whichever is less. This limit of 10% of the share capital shall include shares that (a) are issued or sold during the term of this authorization until the time when it is exercised in direct or analogous application of Section 186(3) sentence 4 AktG in disapplication of pre-emption rights and shares that (b) were issued or granted or are to be issued or granted on the basis of a bond with warrant or a convertible bond issued during the term of this authorization in disapplication of pre-emption rights in accordance with Section 186(3) sentence 4 AktG, or

- iv) if the Bonds are issued against non-cash contributions or payments in kind, in particular in connection with business combinations or for the (direct or indirect) acquisition of companies, businesses, parts of companies, equity interests or other assets or claims to the acquisition of assets, including receivables from the company or its subsidiaries, provided that the value of the non-cash contribution is in reasonable proportion to the market value of the Bonds to be determined in accordance with item iii) above.

The authorizations to disapply pre-emption rights contained in the above paragraphs are limited in total to an amount that does not exceed 20% of the share capital at the time this authorization takes effect or at the time it is exercised. The aforementioned limit of 20% of the share capital shall include treasury shares sold during the term of this authorization in disapplication of pre-emption rights as well as those shares that were issued during the term of this authorization from approved capital in disapplication of the pre-emption rights of the shareholders. Furthermore, those shares issued or to be issued from contingent capital to

service share option rights shall be counted towards the aforementioned 20% limit, provided that the share option rights were granted during the term of this authorization.

### **cc) Option and conversion rights**

The bonds can be divided into partial bonds.

In the event that bonds with warrants are issued, one or more warrants shall be attached to each partial bond, entitling or obligating the holder to pre-emptively subscribe for PVA TePla Shares in accordance with the more detailed warrant terms and conditions to be determined by the Management Board. The relevant warrants may provide that the option price may also be satisfied by the transfer of partial bonds and, if applicable, an additional cash payment. The subscription ratio may be rounded up or down to a whole number; furthermore, an additional payment to be made in cash may be specified. Moreover, provisions may be made for fractional amounts to be combined and/or compensated in cash. The pro rata amount of the share capital attributable to the PVA TePla Shares to be subscribed per partial bond shall not exceed the nominal amount of the partial bond.

In the event that convertible bonds are issued, the holders of the partial bonds shall have the right or the obligation to convert their partial bonds into new no-par value bearer shares in PVA TePla AG in accordance with the more detailed terms and conditions of the convertible bonds to be determined by the Management Board. The conversion ratio is calculated by dividing the nominal amount or, if lower than the nominal amount, the issue price of a partial bond by the fixed conversion price for a new no-par value bearer share of PVA TePla AG. The bond terms and conditions may stipulate that the conversion ratio be variable and that the conversion price (subject to the minimum price determined below) be set within a predetermined range depending on developments in the price of PVA TePla Shares during the term of the bond. The conversion ratio may in any case be rounded up or down to a whole number. Furthermore, an additional payment to be made in cash and the pooling and/or compensation for non-convertible fraction amounts may be specified. The pro rata amount of the share capital attributable to the PVA TePla Shares to be issued per converted partial bond shall not exceed the nominal amount of the partial bond.



#### **dd) Option and conversion obligation, right to substitute**

The terms and conditions of the bonds may also provide for an option or conversion obligation at the end of the term (or at another point in time) or the right of PVA TePla AG to grant PVA TePla Shares to the holders of the bonds in whole or in part instead of payment of the cash amount due upon final maturity (including maturity due to termination) of the bonds that have option or conversion rights or obligations attached. In the event of an option or conversion obligation, PVA TePla AG may be authorized in the terms and conditions for bonds with warrants or convertible bonds to settle in cash, in whole or in part, any difference between the nominal amount or any lower issue amount of the partial bond and the product of the strike or conversion price and the conversion ratio. The pro rata amount of the share capital of the PVA TePla Shares to be issued in case of conversion or the option being exercised shall not exceed the nominal amount of the bonds. This is without prejudice to Section 9(1), Section 199(2) AktG.

The terms and conditions of the bonds may further provide for the right of PVA TePla AG not to grant shares in PVA TePla AG in the event of conversion or the option being exercised or upon fulfilling the option or conversion obligations but instead to pay the equivalent value in cash which shall be obtained by multiplying the number of shares that would otherwise be delivered by the volume-weighted average closing price of the no-par value shares of PVA TePla AG in XETRA trading on the Frankfurt Stock Exchange (or a corresponding successor system) during a period to be specified in the terms and conditions of the option or convertible bonds. The terms and conditions of the options or bonds may also provide that, at the option of PVA TePla AG, the bond to which option rights or obligations or conversion rights or obligations are attached may be converted into existing shares of the company instead of into new shares from contingent capital, or that the option right or obligation may be satisfied by the delivery of such shares.

#### **ee) Option and conversion price**

Except in those cases in which a right to substitute or an option or conversion obligation is stipulated, the option or conversion price to be set for a PVA TePla Share shall be at least 80%

of the volume-weighted average closing price of the no-par value shares of PVA TePla AG in XETRA trading on the Frankfurt Stock Exchange (or a corresponding successor system) on the last ten stock exchange trading days prior to the date of the resolution by the Management Board on the issue of the bonds or on the declaration of acceptance by the company following a public invitation to submit subscription offers. In the event that pre-emption rights are granted, the option or conversion price to be set for one PVA TePla Share shall be at least 80% of the volume-weighted average closing price of the no-par value shares of PVA TePla AG in XETRA trading on the Frankfurt Stock Exchange (or a corresponding successor system) during (i) the days on which the subscription rights are traded on the Frankfurt Stock Exchange, with the exception of the last two stock exchange trading days of subscription rights trading, or (ii) the days from the beginning of the subscription period until the time of the final determination of the subscription price. Section 9(1), Section 199(2) AktG shall be observed.

In cases where there is an option or conversion obligation and the right to substitute, the option or conversion price may, in accordance with the more detailed provisions of the bond's terms and conditions, at least be the aforementioned minimum price or correspond to the volume-weighted average closing price of the no-par value shares of PVA TePla AG in XETRA trading on the Frankfurt Stock Exchange (or a corresponding successor system) on the last ten stock exchange trading days before or after the date of final maturity of the bonds, even if this average price is below the aforementioned minimum price. This is without prejudice to Section 9(1) AktG and Section 199(2) AktG.

#### **ff) Other structural options**

The terms and conditions of the bonds may stipulate that treasury shares of PVA TePla AG, shares from authorized capital of PVA TePla AG or other benefits may also be granted in the event of conversion or the option being exercised or upon fulfilling the option and conversion obligations. They may also stipulate that PVA TePla AG shall not grant the holders of the bonds shares in PVA TePla AG but listed shares in another company in the event of conversion or the option being exercised or upon fulfilling the option and conversion obligations.

On the other hand, the terms and conditions of the bonds may also provide for the right of PVA TePla AG to grant shares in PVA TePla AG or listed shares in another company to the holders of the bonds in whole or in part instead of payment of the cash amount due upon maturity.

The terms and conditions of the bonds may also provide that the number of shares to be subscribed for upon exercising the option or conversion rights or fulfilling the option or conversion obligations is variable and/or that the option or conversion price may be changed within a range to be determined by the Management Board depending on the performance of the share price or as a result of dilution provisions during the term.

### **gg) Dilution protection**

The authorization also includes the possibility of granting dilution protection or making adjustments in certain cases in accordance with the more detailed relevant terms and conditions of the bonds. Dilution protection or adjustments may be provided for, in particular, in the event of changes in the company's capital during the term of the bonds (such as a capital increase or capital reduction or a share split) as well as in connection with dividend payments, the issue of further bonds with warrants/convertible bonds, transformation actions and in case of other events affecting the value of the option or conversion rights that occur during the term of the bonds or warrants (such as a third party acquiring control). Dilution protection or adjustments can be provided for in particular by granting pre-emption rights, changing the strike/conversion price and changing or granting cash components. In any case, the pro rata amount of the share capital represented by the shares to be subscribed for each partial bond shall not exceed the nominal amount of the partial bond. This is without prejudice to Section 9(1) AktG and Section 199 AktG.

### **hh) Terms and Conditions of the Bonds**

The Management Board is authorized, with the approval of the Supervisory Board, to determine the further details of the issue and terms of the bonds, in particular the interest rate, issue price, term and denomination, anti-dilution provisions, the option or conversion period and - within the aforementioned parameters - the strike or conversion price and a possible variability

of the conversion ratio, or to determine such details in agreement with the competent bodies of the subsidiary issuing the bonds.

#### **b) Creation of Contingent Capital 2021**

The share capital of PVA TePla AG will be conditionally increased by up to EUR 10,874,994.00 by issuing up to 10,874,994 new no-par value bearer shares (Contingent Capital 2021). The contingent capital increase serves exclusively to grant no-par value bearer shares of PVA TePla AG to the holders of bonds with warrants or convertible bonds to be issued by PVA TePla AG or a directly or indirectly wholly-owned Group company of PVA TePla AG by June 17, 2026 in accordance with the above authorization adopted by the Annual General Meeting on June 18, 2021. The new shares shall be issued on the applicable terms and conditions of the bonds in accordance with the aforementioned authorization resolution.

The contingent capital increase shall only be carried out if bonds with warrants and/or convertible bonds are issued and only to the extent that the holders of convertible bonds or warrants from bonds with warrants issued or guaranteed by PVA TePla AG or a subsidiary by June 17, 2026 on the basis of the authorization of the Management Board pursuant to a) above exercise their option or conversion rights, satisfy their option or conversion obligations and to the extent that no other forms of fulfillment are used for servicing. The new shares shall be issued at the option or conversion prices to be determined in each case in accordance with the aforementioned authorization resolution in the terms and conditions of the bonds. PVA TePla Shares issued on the basis of this provision shall participate in profits from the beginning of the fiscal year in which they are created, provided that no distribution has been made at the time of issue. Otherwise, they will be entitled to dividends from the beginning of the fiscal year following their issue.

The Management Board is authorized, with the approval of the Supervisory Board, to determine the further details of the capital increase and its execution.

### **c) Amendment of the Articles of Association**

A new section (6) is inserted after Article 4(5) of the Articles of Association as follows:

"(6) The share capital of PVA TePla AG is conditionally increased by up to EUR 10,874,994.00 (in words: ten million eight hundred seventy-four thousand nine hundred ninety-four) by issuing up to 10,874,994 (in words: ten million eight hundred seventy-four thousand nine hundred ninety-four) new no-par value bearer shares (Contingent Capital 2021). The contingent capital increase shall be implemented only to the extent that the holders of convertible bonds or warrants from cum-warrant bonds issued by June 17, 2026 by PVA TePla AG or a Group company of PVA TePla AG within the meaning of Section 18 AktG that PVA TePla AG wholly owns directly or indirectly on the basis of the authorization granted to the Management Board by the Annual General Meeting on June 18, 2021 exercise their option or conversion rights or, if they are under an option or conversion obligation, fulfill their option or conversion obligation and no other forms of fulfillment are used for servicing. The new shares shall be issued at the option or conversion prices to be determined in each case in accordance with the aforementioned authorization resolution in the terms and conditions of the bonds. Shares issued on the basis of this provision shall participate in profits from the beginning of the fiscal year in which they are created, provided that no distribution has been made at the time of issue. Otherwise, they will be entitled to dividends from the beginning of the fiscal year following their issue. The Management Board is authorized, with the approval of the Supervisory Board, to determine the further details of the capital increase and its execution."

### **d) Authorization to amend the Articles of Association**

The Management Board is authorized to change the wording of Article 4(6) of the Articles of Association so that it reflects the utilization of Contingent Capital 2021. The same applies in the event of non-utilization of the authorization to issue bonds with warrants and/or convertible bonds after the expiration of the authorization period and in the event of non-utilization or incomplete utilization of Contingent Capital 2021 after the expiration of all option or conversion periods.

## II. Information and reports for the Annual General Meeting

### 1. Remuneration system for the members of the Management Board (item 6)

Agenda item 6 calls for the adoption of a resolution on the remuneration of the members of the Management Board in accordance with Section 120a(1) sentence 1 AktG. The Management Board and Supervisory Board propose that the remuneration system for the Management Board be approved.

#### A. Introduction

The remuneration system outlined below is intended to promote the sustainable and long-term development of PVA TePla AG. It is defined by the Supervisory Board, which may call in independent external advisors as required. It includes both short-term and long-term variable remuneration and is linked to various performance criteria. In addition, there are fixed remuneration components in the form of a fixed annual salary, fringe benefits, and pension contributions. The remuneration system complies with the current requirements of the German Stock Corporation Act and applies to all Management Board employment contracts at the time they are initially concluded or renewed. It does not apply to existing Management Board employment contracts. The remuneration system is submitted to the Annual General Meeting for approval at least every four years or whenever there is a significant change, whichever comes first.

#### B. Details of the remuneration system

##### 1. Determination of maximum remuneration for members of the Management Board, Section 87a(1) sentence 2 no. 1 AktG, and procedures for determining target total remuneration

The total remuneration to be granted for a fiscal year, understood as the sum of all remuneration contributions expended by the company for the fiscal year, including fixed salary, variable remuneration, pension contributions, fringe benefits and any recognition award, is capped as a maximum remuneration. This maximum remuneration for the Chair

of the Management Board or CEO is EUR 900,000.00 and for the other Management Board members EUR 700,000.00. The maximum remuneration relates to the company's expenses for a fiscal year regardless of when amounts are actually paid out in each case. If a new Management Board member loses remuneration benefits from a previous employer due to switching to PVA TePla AG (for example, commitments of long-term variable remuneration or pension commitments), the Supervisory Board can agree to compensate for this loss by way of pension commitments or cash payments for the year in which the new Management Board member joins the company, which may lead to the maximum remuneration being exceeded in this exceptional case.

If the maximum remuneration is exceeded for any reason other than a commitment to compensate for lost remuneration benefits from the previous employer, the remuneration components will be reduced in the following order to ensure that the total remuneration does not exceed the maximum remuneration:

1. Variable remuneration
2. Fixed salary

The stipulation of a maximum remuneration under stock corporation law merely sets an absolute upper limit to avoid disproportionately high remuneration in the event of unforeseen developments. It is not the level of remuneration for Management Board members sought by the Supervisory Board.

Rather, the Supervisory Board determines the amount of the total target remuneration for each Management Board member for the upcoming fiscal year on the basis of the remuneration system. It is the sum of fixed remuneration (annual fixed salary, fringe benefits, pension contributions) and variable remuneration for 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 financial situation and profitability of the company. Internal (see item 9. below) and external (see item 10. below) adequacy tests verify that the remuneration is consistent with the market. These comparisons are subjected to a critical appraisal in order to avoid automatic upward revisions. The amount of the total target remuneration takes account of the individual Management Board member's roles and responsibilities.

2. **Remuneration contribution towards promoting the business strategy and the long-term development of the company, Section 87a(1) sentence 2 no. 2 AktG**

The new remuneration system for the Management Board members of PVA TePla AG contributes to the promotion of the company's business strategy and long-term development. The ambitious targets and heavy weighting of variable remuneration components of the remuneration system for the Management Board help motivate the Management Board to effectively implement the business strategy. The remuneration system also makes a significant contribution to the company's sustainable long-term development by defining a multi-year performance criterion based on the long-term success of the company in the form of market capitalization, and by heavily weighting the long-term elements of the variable remuneration components.

The short-term variable remuneration is based on the economic performance target of (positive) earnings before interest and taxes (EBIT) and on individual Management Board members reaching their individual performance targets. Consolidated EBIT is one of the key performance indicators in the Group. 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 consolidated EBIT as a performance target. In addition to consolidated EBIT, the individual performance targets also take into account customer and employee satisfaction and other key objectives for the company's sustainable development.

The long-term variable remuneration contributes 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 to shareholder interests. The long-term variable remuneration rewards the long-term success of the company compared to the competition as well as the positive long-term performance of the PVA TePla Share.



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

**a) Overview of remuneration components and their respective relative share of total remuneration**

The remuneration of Management Board members is composed of fixed and variable remuneration components. Fixed remuneration comprises the fixed annual salary and various fringe benefits and pension contributions. The variable remuneration components are a component tied to a short-term target (short-term incentive, hereinafter referred to as the "**STI Component**") and a variable long-term remuneration component (long-term incentive, hereinafter referred to as the "**LTI Component**"). There is also the option of a recognition award for special achievements.

Based on the total target 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%. This calculation does not include the possibility of a recognition award since it can only be considered for highly exceptional performance. Based on annual fluctuations in the provided fringe benefits or pension contributions, the Supervisory Board fixes a total target remuneration whose components fall within the following percentage ranges:

Fixed remuneration: 35% to 45%

STI Component: 25% to 35%

LTI Component: 25% to 35%

**b) Fixed remuneration**

Each Management Board member receives fixed base remuneration paid out in twelve monthly installments. It may vary for individual Management Board members.

Management Board members are also granted contractually stipulated fringe benefits. The company provides each Management Board member with an appropriate company car that can also be used for personal purposes. Furthermore, the company makes the maximum allowed employer contributions to statutory health and long-term care insur-

ance and to statutory pension insurance or an alternative pension scheme or life insurance. Finally, the company also covers the premiums for accident insurance and D&O insurance.

### **c) Variable remuneration components**

#### **aa) STI Component**

The STI Component is granted to Management Board members as performance-based remuneration with a one-year assessment period.

The performance criterion used for this component is consolidated EBIT in accordance with IFRSs, plus any Management Board bonuses and other bonuses that have been expensed. The Management Board member receives a direct percentage share.

Payments from the STI Component require the achievement of a threshold level of consolidated EBIT in accordance with IFRSs in the relevant fiscal year (hereinafter "**STI Threshold**"). The percentage share and the STI Threshold are either already stipulated in the Management Board employment contract or determined for the upcoming fiscal year by the Supervisory Board in its best judgment.

Another performance criterion determining the STI Component is the individual performance of the Management Board member, which generally also includes non-financial indicators. The Supervisory Board sets new performance criteria for each Management Board member for the upcoming fiscal year (see item 4 a) bb) for detailed information) and assesses their achievement after the end of the fiscal year.

Consolidated EBIT and individual performance components are weighted on the basis of the target remuneration within the STI Component in the ratio of 60% to 40%.

The total amount of the payout under the STI Component is capped at an amount equal to the Management Board member's fixed remuneration for the relevant fiscal year.

#### **bb) Recognition award**

The Supervisory Board may grant Management Board members a recognition award for highly exceptional performance in a fiscal year on a case-by-case basis.

#### **cc) LTI Component**

The LTI Component is granted to Management Board members as performance-based remuneration with a multi-year assessment period.

The performance criterion used for this component is PVA TePla AG's market capitalization. The assessment period is between three and five years, calculated from the beginning of the term of the Management Board employment contract. The Management Board members receive a direct percentage share in the increase in market capitalization that took place during the assessment period.

The increase in market capitalization is determined by comparing the market capitalization at the beginning of the assessment period with the market capitalization at the end of the assessment period. The initial market capitalization is determined using the average closing price of the XETRA share in the six months prior to the start of the Management Board member's employment contract (including this day). This applies accordingly to the final market capitalization, which is determined on the basis of the six-month period prior to the end of the assessment period (including this day). The amount of the payout under the LTI Component is a certain percentage of the increase in market capitalization. Extraordinary effects, e.g. increases in market capitalization due to capital increases, are eliminated. The specific percentage is stipulated in the Management Board member's employment contract or determined by the Supervisory Board in its best judgment. The total amount of the payout under the LTI Component is capped at the fixed remuneration of the Management Board member for the first full fiscal year of the Management Board member's employment contract.

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

The section below describes the performance criteria for the variable remuneration components and explains their relationship to the business strategy and long-term development of the company. It also elaborates on the methods used to assess performance criteria achievement.

**a) STI Component**

The STI Component rewards the contribution made during the fiscal year to the operational implementation of the business strategy of operating profitably and efficiently, thereby also contributing to the long-term development of the company.

The STI Component is a performance-based remuneration with a one-year assessment period. The STI Component depends both on a key economic performance target for the company (consolidated EBIT) and on the individual performance of the members of the Management Board, which includes financial and non-financial performance criteria.

**aa) Consolidated EBIT**

The payment under this part of the STI Component is contingent on a consolidated EBIT threshold being achieved in the relevant fiscal year. The specific STI Threshold for the upcoming fiscal year is stipulated in the Management Board employment contract or determined by the Supervisory Board in its best judgment. Consolidated EBIT is linked to a key performance indicator that is essential for the strategic alignment of PVA TePla AG. The amount of the payout under this part of the STI Component depends on the STI Threshold being reached or exceeded. If the STI Threshold is reached, the amount of the payout under this part of the STI Component is a certain percentage of consolidated EBIT to the extent that consolidated EBIT exceeds the STI Threshold. That means that the amount of the payout is calculated solely from the portion of consolidated EBIT that exceeds the STI Threshold. The specific percentage is stipulated in the Management Board employment contracts for the members of the Management Board or in a separate agreement.

**bb) Individual performance**

The STI Component is based not only on the financial criterion (consolidated EBIT) but also on the individual performance of the Management Board member, which generally also includes non-financial indicators.

Looking at individual performance allows us to differentiate based on the responsibilities and 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 fiscal year. Possible performance indicators include, without limitation:

- Development of business
- Optimization/efficiency improvement
- Employee satisfaction
- Environmental impact mitigation

After the end of the fiscal year, the Supervisory Board assesses the achievement of the defined annual target on the basis of the attainment of the performance criteria defined for the members of the Management Board and the attainment of the STI Threshold on the basis of consolidated EBIT according to the approved consolidated financial statements of PVA TePla AG. The amount to be paid out is due for payment within one month of the resolution of the Supervisory Board regarding the approval of the consolidated financial statements.

The STI Component is granted on a pro rata basis if the employment contract starts or ends during the year.

#### **b) LTI Component**

The Management Board is required to make a long-term commitment to the company and promote its sustainable growth. A significant portion of the variable remuneration is therefore linked to the long-term performance of the PVA TePla Share. Consequently, the performance criterion used to assess the performance of the LTI Component is the market capitalization of PVA TePla AG.

The LTI Component is a performance-based remuneration based on a three- to five-year assessment period. Performance is assessed based on the increase in market capitalization. The Supervisory Board determines in its best judgment or in each employment contract a percentage relating to the increase in market capitalization which is the basis for calculating the amount of the payout under the LTI Component for each member of the Management Board.

The increase in market capitalization is determined by comparing the market capitalization at the beginning of the assessment period with the market capitalization at the end of the assessment period. The initial market capitalization is determined using the average closing price of the XETRA share in the six months prior to the start of the Management Board member's employment contract (including this day). This applies accordingly to the final market capitalization, which is determined on the basis of the six-month period prior to the end of the assessment period (including this day). The amount of the payout under the LTI Component is a certain percentage of the increase in market capitalization. Extraordinary effects, e.g. increases in market capitalization due to capital increases, are

eliminated. After the end of the assessment period, the Supervisory Board assesses the achievement of the "increase in market capitalization" performance criterion on the basis of the increase in market capitalization that occurred in the assessment period and the specified percentage. The Supervisory Board determines the amount of the payout under the LTI Component within one month of the end of the assessment period. The determined amount is due for payment within six weeks after the end of the assessment period.

The total amount of the payout under the LTI Component is capped at the fixed remuneration of the Management Board member for the first full fiscal year of the Management Board member's employment contract.

If the Management Board employment contract is terminated for convenience, any outstanding variable remuneration components will be paid out in accordance with the recommendation of the German Corporate Governance Code and the originally agreed targets but not until the due dates specified in the Management Board employment contract. If the employment contract is terminated for a good cause attributable to the member of the Management Board, no payments will be made to the member of the Management Board.

### **c) Recognition award**

In addition to the STI Component and the LTI Component, members of the Management Board can receive a recognition award as compensation for exceptional performance in a reference year. This provides a further incentive to advance the business strategy through special performance. Naturally, criteria for exceptional performance cannot be defined in advance, and the award is given at the Supervisory Board's good faith discretion.

## **5. Deferment periods for payment of remuneration components, Section 87a(1) sentence 2 no. 5 AktG**

The amount paid out under the LTI Component will not be due until after the end of the three- to five-year assessment period. There are no provisions for postponing the due date of an already accrued entitlement beyond the normal due dates.

6. **Options for the company to reclaim remuneration components, Section 87a(1) sentence 2 no. 6 AktG**

There is no provision requiring disbursed remuneration components to be repaid to PVA TePla AG as a result of subsequent events.

7. **Special information on 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 to include all remuneration components where the amount of monetary benefit granted is linked to the value of the company's shares, the LTI Component can also be subsumed under this definition since the amount of this remuneration component is based on the increase in market capitalization in the assessment period. The level of market capitalization is also largely determined by the value of the company's shares.

The remuneration does not consist of real or virtual shares or share options, which is why there are no typical periods 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 accumulated). There is only one three- to five-year assessment period during which the change in market capitalization is determined (see item 4 b) above for details on the determination). There are also no conditions for holding shares after acquisition.

The LTI Component aligns the interests of members of the Management Board more tightly with shareholder interests and promotes the strategic goal of increasing the value of the company over the long term due to the multi-year assessment period.

8. **Information on transactions relating to remuneration, 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.

If a member of the Management Board terminates his or her employment contract prematurely, payments to that member of the Management Board including fringe benefits will not exceed the value of two years' remuneration ("**Severance Cap**") and will not remunerate more than the remaining term of the employment contract. The Severance Cap is calculated on the basis of the total remuneration for the past fiscal year and, where appropriate, also the expected total remuneration for the current fiscal year.

If the employment contract is terminated for a good cause attributable to the member of the Management Board, no payments will be made to the member of the Management Board. In line with stock corporation law, the Management Board employment contracts do not allow a termination for convenience; however, there is no restriction on the right of both parties to terminate the employment contract without notice for cause. If a member joins or leaves the Management Board during the year, the remuneration will be calculated pro rata temporis. This does not apply to remuneration where the member of the Management Board is being terminated by the company for a good cause attributable to the member of the Management Board; in this case, the Management Board member is not entitled to payment of the variable remuneration for the fiscal year in which the member of the Management Board leaves the company.

Separate remuneration will generally not be paid to members of the Management Board who hold Supervisory Board mandates within the Group or assume positions in associations or honorary offices. If remuneration is granted in an exceptional case, it will be applied toward the remuneration of the member of the Management Board. If Supervisory Board mandates outside the Group are accepted, the Supervisory Board shall decide whether and to what extent to apply the remuneration.

9. **Consideration of terms of remuneration and employment for employees in determining the remuneration system (Section 87a(1) sentence 2 no. 9 AktG)**

The Supervisory Board regularly reviews the appropriateness of the remuneration of the members of the Board of Management. This includes a comparison with PVA TePla AG's internal remuneration structure (i.e. "vertical comparison"). It looks at the remuneration of senior executives in the Group and the entire workforce employed in Germany at the level of the stock corporation and its Group companies. The vertical comparison also



includes, without limitation, the ratio of the Management Board remuneration to this reference group over time.

10. **Procedures for determining, implementing and reviewing the remuneration system (Section 87a(1) sentence 2 no. 10 AktG)**

In accordance with the statutory requirement under Section 87a(1) sentence 1 AktG, the Supervisory Board shall adopt a clear and comprehensible remuneration system for the members of the Management Board. This shall be the responsibility of the entire Supervisory Board since the Supervisory Board consists of three members and has not formed a remuneration committee or any other committee responsible for personnel matters. In accordance with Article 120a(1) sentence 1 AktG, the Supervisory Board shall submit the remuneration system to the Annual General Meeting for approval at least every four years or whenever there is a significant change to the remuneration system, whichever comes first.

The remuneration shall generally be set in accordance with the system submitted to the Annual General Meeting for approval, Section 87a(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 welfare of the company and the remuneration system specifies the procedure for deviation and the remuneration system components from which deviations are allowed, Section 87a(2) sentence 2 AktG. Pursuant to 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 good faith discretion: maximum remuneration, structure of target remuneration, performance targets and assessment methods for variable remuneration, relevant periods for determining variable remuneration, and payment dates for variable remuneration.

Under the stated 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 may temporarily produce an amount that exceeds the maximum remuneration (see above, item 1).

Deviations from the remuneration system require a Supervisory Board resolution that establishes the exceptional circumstances and the need for the deviation. This shall then

be explained in the remuneration report in accordance with Section 162(1) sentence 2 no. 5 AktG.

If the Annual General Meeting does not approve the system presented, the Supervisory Board shall submit a reviewed system to the Annual General Meeting for approval no later than at the next Annual General Meeting.

The Supervisory Board regularly reviews the remuneration system and the appropriateness of Management Board remuneration at its good faith discretion. In addition to the vertical remuneration comparison already described in item 9, it also carries out a horizontal remuneration comparison. This comparison examines the remuneration level and structure of a defined peer group of companies that are generally also listed on the stock exchange, belong to the same sector and have a comparable market position. The Supervisory Board may call in independent external advisors where necessary.

The Supervisory Board shall ensure that any conflicts of interest of Supervisory Board members in the deliberations and decisions on the Management Board remuneration system are identified and adequately addressed. They shall be disclosed without delay and, depending on the assessment, the member with the conflict may be barred from the deliberations and be required to abstain in voting on the decision.

## **2. Remuneration and remuneration system for the members of the Supervisory Board (item 7)**

Agenda item 7 calls for the adoption of a resolution on the remuneration of the members of the Supervisory Board in accordance with Section 113(3) AktG. The Management Board and Supervisory Board propose that the remuneration of the members of the Supervisory Board be redefined and that the system underlying the remuneration be approved.

The Supervisory Board remuneration is structured entirely as fixed remuneration. This is in line with suggestion G.18 sentence 1 of the German Corporate Governance Code. According to the new version of Article 14(1) of the Articles of Association proposed to this Annual General Meeting, the members of the Supervisory Board receive fixed annual remuneration of

EUR 25,000. As recommended by G.17 of the German Corporate Governance Code, the remuneration for the Chairperson and Deputy Chairperson of the Supervisory Board is higher and amounts to EUR 70,000 and EUR 40,000, respectively. Furthermore, in accordance with G.17 of the German Corporate Governance Code, the remuneration system also takes into account the larger time commitment involved in chairing and sitting on Supervisory Board committees. A Supervisory Board member shall receive additional annual remuneration of EUR 10,000 for chairing a committee and EUR 5,000 for sitting on a committee.

If a member of the Supervisory Board chairs and/or sits on more than one Supervisory Board committee, the additional remuneration shall only be paid once, i.e. for the committee for which he or she receives the highest remuneration. That means that the amount of the increase is limited to EUR 10,000 per year if the Supervisory Board member chairs at least one committee and to EUR 5,000 per year if the Supervisory Board member sits on, but does not chair, at least one committee. If there are changes in the Supervisory Board or its committees during the year, the remuneration shall be paid on a pro rata basis and rounded up to full months.

The maximum fixed remuneration can therefore be EUR 80,000 per year for the Chairperson of the Supervisory Board, EUR 50,000 per year for his or her deputies and EUR 35,000 per year for other members of the Supervisory Board. The remuneration shall be payable after the end of the fiscal year.

There is no longer a provision on the reimbursement of expenses due to the deletion of Article 14(2) of the Articles of Association proposed at this Annual General Meeting. However, the members of the Supervisory Board shall be entitled to reimbursement of their necessary and reasonable expenses even without such a provision. In addition, the company shall reimburse the members of the Supervisory Board for any sales tax payable on their remuneration and shall cover the premiums for any directors and officers (D&O) liability insurance taken out by the company for the members of the Supervisory Board, as well as any income tax charged to said premiums.

The fact that the remuneration is entirely fixed supports the neutral advisory and supervisory function of the Supervisory Board as well as the long-term development of PVA TePla AG. The Supervisory Board regularly reviews the amount of the fixed remuneration based on statutory requirements. This review also includes the remuneration paid to supervisory board members at comparable companies (by industry, market position, and market capitalization). However, in line with standard practice, Supervisory Board remuneration is not compared to the remuneration paid to employees at the company and other Group companies due to the special nature of the Supervisory Board's activities, namely the monitoring and advising of the Management Board in its management of the company. The Supervisory Board can employ the services of an independent, external remuneration advisor as needed.

If the review reveals a need for adjustment, the Supervisory Board and Management Board shall submit a corresponding proposal for a remuneration adjustment to the Annual General Meeting. Regardless of the foregoing, the Annual General Meeting shall adopt a resolution on the Supervisory Board's remuneration, including the underlying remuneration system, at least every four years pursuant to Article 113(3) AktG. A resolution that merely confirms the existing remuneration is permissible.

Due to these responsibilities, members of the Supervisory Board will inevitably be involved in structuring their remuneration system. However, any resulting conflicts of interest are addressed in that the law requires the decision on the remuneration and the underlying remuneration system to be made by the Annual General Meeting; the Supervisory Board and Management Board merely submit the proposal to the Annual General Meeting for a resolution.

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

Unless otherwise specified at the time of their election, each member of the Supervisory Board is appointed for a term ending at the close of the Annual General Meeting which ratifies his or her actions for the fourth fiscal year following the beginning of their term of office. The fiscal

year in which their term of office begins shall not be included in calculating their term. Supervisory Board members may be dismissed by the Annual General Meeting in compliance with the requirements of stock corporation law. They may resign from office without cause on four weeks' notice. This shall not affect the right to resign from office for cause without notice, provided the resignation is not untimely. No further remuneration is paid if a Supervisory Board member resigns, nor is there any agreement concerning remuneration for members of the Supervisory Board after their term of office is over.

### **3. Report in accordance with Section 203(2) sentence 2 in conjunction with Section 186(4) sentence 2 AktG (item 10)**

Pursuant to Section 203(2) sentence 2 in conjunction with Section 186(4) sentence 2 AktG, we report to the Annual General Meeting on agenda item 10 as follows:

The Management Board and Supervisory Board propose that the authorized capital pursuant to Article 4(5) of the Articles of Association be canceled and that management be authorized to issue new company shares on the basis of new authorized capital expiring on June 17, 2026. However, the cancellation of the existing authorized capital in accordance with Article 4(5) of the Articles of Association shall only take effect if it is effectively superseded by the new authorization.

Although the existing authorization does not expire until June 20, 2022, it is possible that the Annual General Meeting of 2022 will be held after this date. Considering the tremendous importance of authorized capital for rapid and flexible corporate financing, management should have uninterrupted access to authorized capital amounting to 50% of the share capital existing at the time of the authorization, i.e. EUR 10,874,994.00.

This should enable management to continue to raise new equity for the company and, for example, acquire companies, parts of companies or equity interests in companies in exchange for shares at any time. Financing decisions often have to be made at short notice, so it is

important to have an instrument for raising equity without having to involve the Annual General Meeting with all the lead time that it entails.

The company's shareholders generally have a pre-emption right to newly issued shares, i.e. shareholders have a right to subscribe for a number of new shares that is consistent with their previous interest in the company's share capital.

The authorization sets out that the new shares being issued in a capital increase against cash contributions shall be underwritten by at least one credit institution or at least one foreign company operating in accordance with Section 53(1) sentence 1 or Section 53b(1) sentence 1 or (7) KWG with the obligation to offer them to the company's shareholders for subscription. This does not constitute a restriction of the pre-emption right since the shareholder is indirectly granted the same pre-emption rights as in the case of direct subscription. However, for technical reasons, at least one German bank or one foreign company operating in accordance with Section 53(1) sentence 1 or Section 53b(1) sentence 1 or (7) KWG shall act as an intermediary, accepting the shareholders' subscription requests and, after the capital increase has been carried out, delivering the shares to shareholders who are entitled to subscribe for them against payment of the subscription price.

The proposed resolution includes an authorization to disapply shareholders' pre-emption rights, which generally apply when authorized capital is utilized, for certain purposes detailed in the proposed resolution in accordance with the relevant statutory provisions. The Management Board and Supervisory Board believe that, after considering and weighing up all the circumstances, this authorization to disapply shareholders' pre-emption rights is objectively justified for the reasons explained below and is reasonable vis-à-vis the shareholders.

The proposed disapplication of pre-emption rights for capital increases against non-cash contributions allows, among other things, for companies, parts of companies or equity interests in companies to be acquired in exchange for shares. In such transactions, the seller often demands consideration in the form of shares in the company. Likewise, due to the company's special interests, including, without limitation, to preserve the liquidity of the company, it may

be necessary to offer the seller PVA TePla Shares in exchange for a company, part of a company or an equity interest in a company. The company may find it useful to pay in shares issued from authorized capital, especially when cash is scarce.

Authorized capital allows the company to react quickly and flexibly when opportunities arise in certain circumstances to acquire companies, parts of companies or equity interests in companies in exchange for issuing new shares. Since company acquisitions by their very nature require rapid and discreet execution, it is necessary to authorize the company's management to disapply pre-emption rights, since convening an Extraordinary General Meeting for the express purpose of disapplying pre-emption rights would make it impossible to maintain the necessary confidentiality and meet the generally tight deadlines before entering into a company purchase agreement, not to mention the costs of doing so. The proposed authorization enables acquisitions to be paid by issuing PVA TePla Shares and at the same time further strengthens the company's equity base. However, due to the sheer variety of items that can count as non-cash contributions, the authorization shall not be limited to acquisitions of companies, parts of companies or equity interests in companies.

The Management Board and Supervisory Board will only use the option of a non-cash capital increase from authorized capital with the disapplication of pre-emption rights if the value of the new shares is in reasonable proportion to the value of the consideration (e.g. a company, part of a business, an equity interest in a company or a receivable). This prevents economic losses for shareholders whose pre-emption right was disappplied. These shareholders have the opportunity to maintain their percentage shareholding – if they so wish – by making additional purchases on the stock exchange at essentially the same prices.

The authorization to disapply pre-emption rights to subscribe for fractional shares is necessary in order to obtain a practicable subscription ratio for capital increases and therefore only serves to enable the use of authorized capital in whole amounts. Fractional amounts occur whenever it is not possible to distribute all the new shares equally among shareholders due to the subscription ratio or the amount of the capital increase. It would be more difficult to technically

implement the capital increase without the authorization, especially for a capital increase consisting of a whole amount. The costs of trading in subscription rights for fractional shares would be disproportionate to the benefits for shareholders. The new shares created through the disapplication of shareholders' pre-emption rights shall be realized either by selling them on the stock exchange (if possible) or by using another method that best serves the company. The potential dilutive effect is minimal since the disapplication only applies to fractional shares.

The authorization to disapply pre-emption rights in favor of the holders of option or conversion rights serves the purpose of not having to (i) lower the strike or conversion price, as required by the usual anti-dilution clauses in the option or conversion terms and conditions, or (ii) make an additional cash payment to the holders of such rights. Anti-dilution clauses are necessary to facilitate placement in the capital market and protect the holders or creditors of the bonds from dilution due to subsequent share issues. Instead of offering compensation by lowering the strike or conversion price or making an additional cash payment, it should alternatively be possible to prevent dilution by granting the holders or creditors of bonds with option or conversion rights a pre-emption right to subscribe for new shares to the same extent to which they would be entitled after exercising the option or conversion right or fulfilling the conversion obligation.

Finally, for capital increases against cash contributions totaling up to 10% of the company's share capital, management shall be authorized to disapply pre-emption rights provided that the issue price of the new shares is not substantially lower than the stock exchange price of shares already listed in the company that belong to the same class and are subject to the same terms. The 10% limit shall be calculated on the basis of the share capital both at the time this authorization becomes effective and at the time it is exercised; neither of these limits shall be exceeded. In calculating the limit of 10% of the share capital, the management shall include those shares issued or to be issued to service option or conversion rights, if and to the extent that the convertible bonds or bonds with warrants from which these rights arise are issued during the term of the authorization in analogous application of Section 186(3) sentence 4 AktG in disapplication of pre-emption rights, as well as treasury shares that are sold during the



term of the authorization in analogous application of Section 186(3) sentence 4 AktG in disapplication of shareholders' pre-emption rights.

This authorization enables the company to capitalize on favorable stock market situations at short notice and further strengthen its equity base. It allows it to generate a higher inflow of funds from a capital increase than from a rights issue. The interests of the company's existing shareholders will not be unreasonably impaired if the issue price is set at a level not significantly different from the stock market price. They have the opportunity to maintain their percentage shareholding – if they so wish – by making additional purchases on the stock exchange at essentially the same terms.

The Management Board shall inform the Annual General Meeting whenever authorized capital is utilized.

#### **4. Report in accordance with Section 221(4) sentence 2 in conjunction with Section 186(4) sentence 2 AktG (item 11)**

The Management Board shall submit to the company's Annual General Meeting convened for June 18, 2021 under agenda item 11 a written report on the reasons for the authorization to disapply the shareholders' pre-emption rights pursuant to Section 221(4) sentence 2 and Section 186(4) sentence 2 AktG. The aforementioned report will be available for inspection by shareholders at the company's offices starting on the day the Annual General Meeting is convened and can also be viewed on the Internet at <https://www.pvatepla.com/en/investor-relations/annual-general-meeting/>.

The Management Board and Supervisory Board propose to the Annual General Meeting under item 11 of the agenda to authorize the company's Management Board, with the approval of the Supervisory Board, to issue bonds with warrants and/or convertible bonds (together "**Bonds**") against cash and/or non-cash contributions in a total nominal amount of up to EUR [100,000,000.00] and to create contingent capital of up to EUR 10,874,994.00 to service

the option and/or conversion rights or obligations ("**Contingent Capital 2021**"), which corresponds to around 50% of the share capital existing at the time of the resolution. The authorization is limited until June 17, 2026.

By issuing Bonds carrying option and/or conversion rights or obligations, the company can take advantage of attractive financing opportunities and terms in the capital market depending on the market situation and its financing needs. For flexibility reasons, the company should also be able to use the German capital market or the international capital markets through its subordinated Group companies and issue the Bonds not only in euros but also in the legal currency of an OECD country.

Shareholders are generally entitled to subscription rights when Bonds are issued (Section 221(4) in conjunction with Section 186(1) AktG). However, in order to facilitate the process, the Management Board may make use of the option to issue the Bonds to a credit institution or a syndicate of credit institutions with the obligation to offer the Bonds to the shareholders in accordance with their pre-emption rights (i.e. "indirect subscription right" within the meaning of Section 186(5) AktG). This does not constitute a restriction of the shareholders' pre-emption rights. The shareholders are ultimately granted the same pre-emption rights as in a direct subscription. For technical reasons, only one or more banks will be involved in the processing and settlement.

The Management Board is authorized, with the approval of the company's Supervisory Board, to disapply shareholders' pre-emption rights in the following cases:

- i. The disapplication of pre-emption rights for fractional amounts resulting from the amount of the issue volume and the use of a practicable subscription ratio makes it possible to utilize the requested authorization for amounts rounded to whole euros. This makes it much easier to process and settle the corporate action. The issue will cost significantly more if pre-emption rights are not disappplied. The disapplication of pre-emption rights for fractional amounts is therefore reasonable and in line with market conditions.

- ii. The benefit of disapplying pre-emption rights in a way that favors holders of issued option and/or conversion rights is that the strike or conversion price for the issued option and/or conversion rights does not have to be reduced, but a pre-emption right can be granted as dilution protection instead. This will enable the company to generate a higher cash inflow overall. It is standard market practice to add this kind of dilution protection to Bonds. Disapplying pre-emption rights is therefore in the best interest of the company and its shareholders.
  
- iii. The Management Board is further authorized to disapply the shareholders' pre-emption rights pursuant to Section 221(4) sentence 2 in conjunction with Section 186(3) sentence 4 AktG insofar as the Bonds carrying option and/or conversion rights or obligations are issued against cash payment at a price that is not substantially lower than the market value of these Bonds. Disapplying pre-emption rights enables the company to capitalize on favorable market situations, potentially at very short notice, and quickly and flexibly place the Bonds in the market at attractive terms. It would not be possible to define market-acceptable terms and easily place the Bonds if the shareholders' pre-emption rights were maintained. Section 186 (2) AktG permits the publication of the subscription price – and thus, in the case of Bonds carrying option and/or conversion rights or obligations, of the terms and conditions of such Bonds – up to the antepenultimate day of the subscription period. However, since stock markets are often volatile, there remains a market risk over several days, which may cause safety margins to be included when fixing the terms of the Bonds. Moreover, pre-emption rights make successful placements with third parties more difficult due to uncertainty about the rights being exercised and thus result in additional expenses. Finally, if pre-emption rights are granted, the company will be prevented from reacting quickly to market conditions due to the length of the subscription period and may thus be exposed to declining share prices during the subscription period, which may cause the company to raise equity capital at unfavorable terms. If pre-emption rights are disappplied, Section 186(3) sentence 4 AktG shall apply

analogously pursuant to Section 221(4) sentence 2 AktG. The limit for disapplications of pre-emption rights for up to 10% of the share capital set out in the above provisions shall be observed pursuant to this resolution, both at the time this authorization takes effect and at the time this authorization is exercised, whichever is less. This maximum limit shall be explicitly reduced by the pro rata amount of share capital represented by shares issued or sold during the effective period of this authorization until it is exercised in direct or analogous application of Section 186(3) sentence 4 AktG in disapplication of pre-emption rights. A corresponding deduction shall also be made for those shares that are issued or are to be issued to service previously issued bonds with warrants and/or convertible bonds in disapplication of pre-emption rights by analogous application of Section 186(3) sentence 4 AktG. This deduction is made in the shareholders' interest in minimizing the dilution of their shareholdings.

The interests of the shareholders are further safeguarded by the fact that the issue price of the Bonds shall not be significantly lower than the theoretical market value. This aims to ensure that the value of the shares is not significantly economically diluted. It can be determined whether the issuance of Bonds carrying option and/or conversion rights or obligations in disapplication of pre-emption rights does in fact have a dilutive effect by calculating the hypothetical market value of these Bonds using recognized methods, including, without limitation, quantitative finance methods, and comparing this value to the issue price. If a diligent assessment finds that the issue price is only insignificantly lower than the hypothetical market value at the time the Bonds are issued, the discount is considered insignificant and the pre-emption rights may be disappplied by analogous application of Section 186(3) sentence 4 AktG. Before issuing the Bonds carrying option and/or conversion rights or obligations, the Management Board must, after a diligent assessment, conclude that the proposed issue price will not significantly dilute the shares. The Management Board may employ the services of knowledgeable experts for this purpose, e.g. by having a knowledgeable third party provide suitable assurance that the issue price is not

significantly lower than the market value of the Bonds. This would reduce the calculated market value of pre-emption right to almost zero and the shareholders would not suffer any significant economic disadvantage from having their pre-emption rights disapplied.

The Management Board can also set conditions in line with the market and thus avoid any significant dilution by building a book. In this process, investors are asked to submit bids based on preliminary bond terms and conditions and specify, among other things, the fair market interest rate and/or other economic components. Once the book has been built, the interest rate and other as-yet undefined terms are set based on the bids submitted by investors in line with the market using the principles of supply and demand. This allows the total value of the Bonds to be determined in a manner that reflects market conditions. The book building process allows the Management Board to prevent the value of the shares from being significantly diluted by the disapplication of pre-emption rights.

In addition, shareholders can maintain their percentage interest in the company's share capital even after the exercise of option and/or conversion rights or fulfillment of option and/or conversion obligations by making purchases on the stock exchange, thereby adequately safeguarding the value of their assets. In contrast, the authorization to disapply pre-emption rights enables the company to set reasonably arm's length terms and provides the greatest possible security for placing the Bonds with third parties and the ability to quickly capitalize on favorable market situations for the benefit of the company.

- iv. The pre-emption rights of shareholders may also be disapplied if the Bonds are issued against non-cash contributions or payments in kind. The Management Board shall, with the approval of the Supervisory Board, also be given the option of using the Bonds as acquisition currency in suitable cases, e.g. in connection with business combinations or the acquisition of companies, businesses, parts of companies, equity interests, other assets or claims to them. Being able to offer Bonds as consideration

provides the necessary latitude to respond quickly and flexibly to offers as they arise and carry out possible corporate expansions with minimal cash impact, particularly in the international market for attractive acquisition targets. The Management Board shall carefully assess whether to use the authorization to issue Bonds in disapplication of pre-emption rights on a case-by-case basis. It shall only disapply shareholders' pre-emption rights if this is in the acknowledged best interest of the company and thus of its shareholders.

The authorizations to disapply pre-emption rights explained in the above paragraphs are collectively limited to an amount that does not exceed 20% of the share capital at the time this authorization takes effect or is exercised. The aforementioned 20% limit shall include PVA TePla AG treasury shares sold during the term of this authorization in disapplication of pre-emption rights as well as those shares that were issued during the term of this authorization from other approved capital in disapplication of shareholders' pre-emption rights. Furthermore, those shares issued or to be issued from contingent capital to service share option rights shall be counted towards the aforementioned 20% limit, provided that the share option rights were granted during the term of this authorization. The limitation also limits the potential dilution of the voting rights of shareholders whose pre-emption right was not applied. Taking all these circumstances into account, the authorization to disapply pre-emption rights within the described limits is necessary, suitable, reasonable and in the interest of PVA TePla AG.

The proposed Contingent Capital 2021 is required in order to be able to fulfill the option and/or conversion rights or obligations on the company's shares associated with the Bonds, unless other forms of fulfillment are used for servicing.

The fixed strike or conversion price must not fall below a minimum issue price per share. The basis for calculating this minimum issue price per share is specified in detail. The calculation shall be based on the stock market price of the PVA TePla Share at the time when the Bonds are placed or, in the case of an option or conversion obligation or a right of alternative performance, the stock market price of the PVA TePla Share at the time of the Bonds' final maturity.

Notwithstanding the provisions of Section 9(1) AktG and Section 199(2) AktG, the strike or conversion price may be adjusted on the basis of an anti-dilution or adjustment clause after closer determination of the conditions underlying the Bond if, for example, capital changes such as capital increases, capital reductions or share splits occur at the company during the term of the warrants or Bonds. Furthermore, dilution protection or other adjustments may be instituted in connection with dividend payments, the issue of additional bonds with warrants or convertible bonds, transformation actions and other events affecting the value of the option or conversion rights that occur during the term of the Bonds or warrants (such as a third party acquiring control). Dilution protection or adjustments can be instituted by, *inter alia*, granting pre-emption rights, changing the strike or conversion price and changing or granting cash components.

There are currently no concrete plans to utilize the authorization to issue bonds with warrants and/or convertible bonds. The Management Board shall carefully assess whether to use the authorization in disapplication of shareholders' pre-emption rights on a case-by-case basis. This option shall only be exercised if the Management Board and Supervisory Board believe that this is in the company's best interest.

The Management Board shall inform the next Annual General Meeting whenever the authorization is used.

### III. Other information and notes

#### **1. Virtual Annual General Meeting**

The Management Board of PVA TePla AG decided, with the approval of the Supervisory Board, to hold the Annual General Meeting as a virtual Annual General Meeting without the physical presence of the shareholders or their proxies (with the exception of the company's voting representative) on the basis of Section 1(2) and (6) COVID-19 Act. Therefore, it will not be physically attended by the shareholders or their proxies.

## **2. Requirements for streaming the virtual Annual General Meeting on the Internet and exercising voting rights; registration for the Annual General Meeting**

The entire Annual General Meeting shall instead be webcast live for shareholders who have registered for the Annual General Meeting in due time and due form and have provided evidence of their shareholding, or their proxies, using the password-protected Internet service on the company's website at <https://www.pvatepla.com/en/investor-relations/annual-general-meeting/> on June 18, 2021 starting on 1:00 p.m. (CEST). Shareholders or their proxies have the option of exercising their voting rights by postal vote or by authorizing and issuing instructions to the company-appointed voting representative subject to the conditions explained in more detail below and in item 3.

Only those who have registered for the Annual General Meeting in due time and due form and have provided evidence of their shareholding as of the beginning of the 21<sup>st</sup> day prior to the Annual General Meeting, i.e. May 28, 2021, 00:00 hours (CEST) ("**record date**"), shall be entitled to follow the virtual Annual General Meeting on the Internet and exercise their voting rights and other rights as shareholders with regard to the Annual General Meeting. For the proof of entitlement, either a special proof of shareholding prepared by the custodian bank in text form (Section 126b BGB) or proof prepared by the last intermediary in text form in accordance with Section 123(4) sentence 1 in conjunction with Section 67c(3) AktG in accordance with the requirements of Article 5 of the Implementing Regulation (EU) 2018/1212 shall be sufficient. The proof of shareholding shall in any case refer to the record date.

The registration and proof of shareholding shall be received by the company at the following address, fax number or e-mail address no later than by the end of June 11, 2021, 24:00 hours (CEST):

PVA TePla AG  
c/o Better Orange IR & HV AG  
Haidelweg 48



81241 Munich, Germany  
Fax: +49 89 889690633 or  
E-mail: [anmeldung@better-orange.de](mailto:anmeldung@better-orange.de)

The registration and the proof of share ownership must use text form (Section 126b BGB) and be in German or English.

Only those persons who have provided the above-referenced proof shall be deemed by the company to be shareholders for the purpose of attending the Annual General Meeting or exercising their voting rights.

The entitlement to attend and the scope of voting rights are based exclusively on the shareholding on the record date. Changes in shareholding after the record date have no effect in this respect. The record date does not coincide with a prohibition on selling the shares on the record date. Meeting attendance and the scope of voting rights are solely determined by the shareholders' shareholdings as of the record date even if they dispose of some or all of the shares after the record date. Persons who do not hold any shares on the record date and only become shareholders thereafter are therefore not entitled to attend or vote in respect of the shares they have acquired unless they have been authorized by the seller to do so or to exercise their rights. The record date, by contrast, has no relevance for dividend entitlement.

After the company receives the proof of shareholding at the aforementioned address, fax number or e-mail address, shareholders will be sent Annual General Meeting login credentials so that they can use the password-protected Internet service. To ensure that shareholders receive the credentials in time, we ask them to send proof of their shareholding to the company at an early date.

### **3. Voting and voting representatives**

#### **Authorization**

Shareholders also have the option of being represented by a proxy, e.g. an association of shareholders or an intermediary, and having their voting rights exercised by the proxy by way of postal vote or by issuing subproxies and instructions to the company's voting representative. The shareholder or proxy must ensure timely and proper registration and provide proof of share ownership in this case as well.

The issuance, revocation, modification and/or evidence of the proxy shall be presented to the company in text form (Section 126b BGB). The proxy authorization may be presented to the proxy or the company. The proxy can be issued, revoked or modified by declaration to the company, and proof of an issued proxy can be presented, in text form (Section 126b BGB) by e-mail, mail or fax by the end of June 17, 2021, 24:00 (CEST), to the following address, fax number or e-mail address:

PVA TePla AG  
c/o Better Orange IR & HV AG  
Haidelweg 48  
81241 Munich, Germany  
Fax: +49 89 889690655  
E-mail: [pvatepla@better-orange.de](mailto:pvatepla@better-orange.de)

Proxies may also be issued, revoked or amended by declaration to the company electronically using the password-protected Internet service on the company's website at <https://www.pvatepla.com/en/investor-relations/annual-general-meeting/> until immediately before the start of voting by the company's voting representative at the virtual Annual General Meeting on the day of the Annual General Meeting.

Shareholders wishing to authorize another person to act as their proxy can use the form that is sent to them after they have duly registered and provided proof of share ownership. A form can also be downloaded from the company's website at <https://www.pvatepla.com/en/investor-relations/annual-general-meeting/>.

The authorization of intermediaries, shareholders' associations, proxy advisors or other equivalent persons or institutions pursuant to Section 135(8) AktG is subject to statutory provisions and, where applicable, to deviating requirements regarding the prospective proxy. Please contact the relevant intermediary, shareholders' association or other person or institution referred to in Section 135 (8) AktG for further details.

Proxies may not physically attend the Annual General Meeting, either. They may only exercise voting rights for the shareholders they represent within the scope of their respective proxy by way of postal vote or by (sub)proxy granted to the company's voting representative, who is bound to follow issued instructions.

### **Voting through voting representatives appointed by the company and bound by instructions**

Shareholders may also exercise their voting rights by authorizing and issuing instructions to the voting representatives designed by the company and bound to follow those instructions. Again, timely and proper registration and evidence of share ownership are required as described above under item 2.

The company has appointed Dr. Gert Fisahn to serve as the voting representative.

Proxies and instructions for the company's voting representative can be issued, modified or revoked in text form (Section 126b BGB) by mail, fax or e-mail to the above address, fax number or e-mail address by the end of June 17, 2021, 24:00 (CEST) or electronically using the password-protected Internet service on the company's website at

<https://www.pvatepla.com/en/investor-relations/annual-general-meeting/> by the start of voting by the company's voting representative at the virtual Annual General Meeting. A form will be sent after shareholders have duly registered and provided proof of share ownership and can also be downloaded from the company's website at <https://www.pvatepla.com/en/investor-relations/annual-general-meeting/>. Additional proof of the voting representative's proxy is not required.

If company-appointed voting representatives are issued a proxy, they must always be given instructions on how to exercise voting rights. The voting representative shall vote in accordance with the instructions given to him; even if a proxy has been issued, the voting representative shall only be authorized to exercise voting rights if express instructions have been given on the individual agenda items or on counter motions and nominations from shareholders made available before the Annual General Meeting in accordance with Sections 126, 127 AktG. The company's voting representative will not accept any authorizations to file objections to resolutions of the Annual General Meeting, exercise the right to ask questions or submit motions.

If an individual vote is to be held on an agenda item without this having been communicated in advance of the virtual Annual General Meeting, an instruction issued on this agenda item shall also be deemed to be an equivalent instruction for each item of the individual vote.

If the company-appointed voting representative receives proxies and instructions by more than one communication channel, the last declaration made shall always be deemed binding; earlier declarations shall be deemed revoked. This does not affect the deadlines specified in this invitation regarding the availability of certain communication channels for effective declarations.

If the company also receives conflicting declarations by different communication channels and it is not clear which one was submitted last, they will be followed in the following order, from highest priority to lowest priority: 1. through the password-protected Internet service, 2. by e-mail, 3. by fax and 4. by mail.

## **Voting by electronic correspondence**

Shareholders may also cast their votes by electronic postal vote using the password-protected Internet service. This also requires timely and proper registration for the Annual General Meeting and proof of share ownership.

Postal votes can be cast, changed or revoked using the password-protected Internet service on the company's website at <https://www.pvatepla.com/en/investor-relations/annual-general-meeting/> until the start of voting by the company's voting representative in the virtual Annual General Meeting.

Postal votes may only be cast on the resolutions proposed by the Management Board and/or Supervisory Board published in the notice convening the virtual Annual General Meeting and on any resolutions proposed by shareholders published with a supplement to the agenda pursuant to Section 122(2) AktG as well as any counter motions and nominations of shareholders made available prior to the annual General Meeting pursuant to Sections 126, 127 AktG.

## **4. Shareholder rights**

### **Supplementary motions for the agenda at the request of a minority (Section 122(2) AktG)**

Shareholders whose combined shares amount to one-twentieth of the share capital or a proportionate amount of the share capital of EUR 500,000 may request that items be placed on the agenda and published. Each new item of business to be added to the agenda must include the reasons for it or a proposal for a resolution. The petitioners shall submit proof that they have been holders of the minimum shareholding of stock for at least ninety (90) days prior to the date on which their demand is received, and that they will continue to so hold the shares until the Management Board makes a decision regarding their petition.

The petition shall be addressed in writing to the Management Board and received by the company at the following address by no later than May 18, 2021, 24:00 hours:

PVA TePla AG  
Management Board  
Im Westpark 10–12  
D-35435 Wettenberg

Supplements to the agenda shall be published in the same way as this notice convening the meeting immediately after receipt of the petition if they have not already been published in the notice. They shall also be made available on the company's website at <https://www.pvatepla.com/en/investor-relations/annual-general-meeting/> and communicated to the custodian banks in accordance with Section 125(1) AktG.

**Motions and nominations by shareholders in accordance with Sections 126(1) and 127 AktG**

Substantiated countermotions to a proposal by the Management Board and/or Supervisory Board on a specific item on the agenda pursuant to Section 126(1) AktG or nominations of candidates for the Supervisory Board or auditors pursuant to Section 127 AktG shall be sent exclusively to the following address, fax number or e-mail address:

PVA TePla AG  
Investor Relations  
Im Westpark 10–12  
D-35435 Wettenberg  
Fax +49 641 68690808  
E-mail: gert.fisahn@pvatepla.com

Motions sent elsewhere will not be considered.

Countermotions from shareholders received at least 14 days before the date of the Annual General Meeting, i.e. by June 3, 2021, 24:00 (CEST), with proof of shareholder status, will be made available without delay on the company's website at <https://www.pvatepla.com/en/investor-relations/annual-general-meeting/> including the name of the shareholder, the reasons and any statement by management, provided that the other requirements for publication pursuant to Section 126 AktG are met.

Nominations of Supervisory Board members or auditors pursuant to Section 127 AktG are subject to the aforementioned provisions regarding Section 126 AktG as long as the nomination does not need to be substantiated. Except in the cases set out in Section 126(2) AktG, the Management Board shall not be required to make nominations available if they do not contain the information required by Section 124(3) sentence 4 AktG (name, occupation and place of residence or, in the case of legal entities, the name and domicile of the proposed auditor) and, in the case of nominations to the Supervisory Board, information pursuant to Section 125(1) sentence 5 AktG on their membership in other statutory supervisory boards; information on their membership in comparable German and foreign supervisory bodies of business enterprises should be appended.

It will not be possible to submit motions during this year's Annual General Meeting as the company's Annual General Meeting will be held as a virtual Annual General Meeting without the physical presence of shareholders or their proxies (with the exception of the company's voting representative).

However, a countermotion or nomination to be made accessible pursuant to Sections 126, 127 AktG shall be deemed to have been made or submitted at the virtual General Meeting if the shareholder making the motion or nomination is duly authorized and registered for the Annual General Meeting.

## **No right to information for shareholders in accordance with Section 131(1) AktG, right to ask questions**

Shareholders have no right to information pursuant to Section 131(1) AktG as the Annual General Meeting is held as a virtual Annual General Meeting pursuant to Section 1(2) and (6) of the COVID-19 Act. However, registered shareholders and their proxies have a right to ask questions pursuant to Section 1(2) sentence 1 no. 3 and sentence 2 of the COVID-19 Act. The Management Board shall exercise its discretion freely in good faith in deciding how to answer questions. The Management Board has also decided that questions shall be submitted to the company using the Internet service at <https://www.pvatepla.com/en/investor-relations/annual-general-meeting/> by no later than one day before the meeting, i.e. by June 16, 2021, 24:00 (CEST).

Questions shall relate to matters concerning the company, the company's legal and business ties to an affiliated company, and the situation of the Group and the companies included in the consolidated financial statements, insofar as this is necessary for the proper assessment of an item on the agenda.

## **Objections to a resolution at the Annual General Meeting**

Shareholders or their proxies who exercise their voting rights by postal vote or by issuing a proxy and instructions to the company-appointed voting representative may declare their objections to resolutions of the Annual General Meeting for the notary's record using the password-protected Internet service on the company's website at <https://www.pvatepla.com/en/investor-relations/annual-general-meeting/>. This declaration can be made between the start and the end of the Annual General Meeting.

## **5. Online publications**

The notice convening the Annual General Meeting, required documents and shareholder motions, the information and documents required by Section 124a AktG and other notices are



available on the company's website at <https://www.pvatepla.com/en/investor-relations/annual-general-meeting/>. The same Internet address will be used after the Annual General Meeting to publish the vote tallies.

## **6. Total number of shares and voting rights**

At the time of convening the Annual General Meeting, the company's share capital amounts to EUR 21,749,988.00 and is divided into 21,749,988 no-par value bearer shares. Each no-par value share carries one vote, so the total number of voting rights is also 21,749,988. The company does not hold any treasury shares.

## **7. Information on data protection for shareholders**

PVA TePla AG processes personal data (i.e. name, address, e-mail address, number of shares, class of shares and type of share ownership) on the basis of applicable data protection laws in order to enable shareholders to exercise their rights at the Annual General Meeting.

The custodian bank transmits shareholders' personal data to the company to the extent that shareholders do not provide this personal data during their registration for the Annual General Meeting.

Shareholders' personal data must be processed before they can attend the Annual General Meeting. PVA TePla AG is the controller in charge of processing. Processing is based on Sections 118 et seq. AktG in conjunction with Article 6(1) c) General Data Protection Regulation (GDPR) or, prior to May 25, 2018, Sections 4 and 28 of the German Federal Data Protection Act (BDSG). PVA TePla AG's service providers who have been retained for the purpose of organizing the Annual General Meeting shall only receive personal data from PVA TePla AG where required to provide the requested service and shall process the data exclusively in accordance with PVA TePla AG's instructions under a written data processing agreement.

Shareholders have at any time the right to access the data concerning them, the right to correct or erase the data, restrict processing, and object to the processing of their personal data, as well as a right to data portability. You can assert these rights against PVA TePla AG free of charge by using the following contact details:

PVA TePla AG

Im Westpark 10-12

35435 Wettenberg

Fax: +49 641 68690808

E-mail: [datenschutz@pvatepla.com](mailto:datenschutz@pvatepla.com)

You also have the right to lodge a complaint with the data protection supervisory authorities in accordance with Article 77 GDPR. Our data protection officer can also be reached using the contact details provided above.

Wettenberg, May 2021

PVA TePla AG

Management Board