

Remuneration system for the members of the Supervisory Board of technotrans SE

Preliminary remark

Pursuant to Section 113 (3) AktG in the version in force since January 1, 2020, the Annual General Meeting of a listed company must decide on the remuneration and the remuneration system for the members of the Supervisory Board at least every four years. The initial resolution is to be passed by the end of the first Annual General Meeting after December 31, 2020.

The remuneration arrangements for the members of the Supervisory Board of technotrans SE have been thoroughly revised on the basis of a corresponding resolution of the Annual General Meeting in 2020. The provisions of the amended German Corporate Governance Code 2019 and the requirements of ARUG II were also taken into account here. In light of this, after due examination the Board of Management and Supervisory Board do not at this time see any need to adjust the remuneration arrangements currently enshrined in Article 17 of the Articles of Incorporation a further time.

Under agenda item 7, the Board of Management and the Supervisory Board submitted to the Annual General Meeting on May 7, 2021 for resolution the Supervisory Board remuneration system described below, retaining the current provisions of the Articles of Incorporation.

The Annual General Meeting adopted the resolution on the compensation system for the Supervisory Board and the retention of the current provisions of Art. 17 of the Articles of Incorporation with a majority of 96.60%.

Provision in the Articles of Incorporation

“Article 17 Remuneration of Supervisory Board members

- (1) The members of the Supervisory Board shall receive, over and above reimbursement of their expenses, a fixed remuneration of EUR 30,000.00 for each full financial year of service on the Supervisory Board, payable at the close of the Annual General Meeting that gives discharge for the preceding financial year. The Chair shall receive twice the fixed amount of remuneration, and the Deputy Chair one and a half times the fixed amount.
- (2) The members of a committee formed by the Supervisory Board – with the exception of the Audit Committee – shall furthermore receive an additional fixed remuneration of EUR 5,000.00 each for this activity; the members of the Audit Committee shall receive an additional fixed remuneration of EUR 7,500.00 each for this activity. The Chair of a committee in each case receives double the amount.
- (3) In addition, the members of the Supervisory Board shall receive an attendance fee of EUR 1,500.00 for each meeting of the Supervisory Board (face-to-face meeting, telephone or video conference lasting at least two hours) in which they take part. Members of a committee shall receive an attendance fee of EUR 500.00 for each committee meeting (face-to-face meeting, telephone or video conference lasting at least two hours) in which they take part. The Chair of a Supervisory Board committee shall receive double the attendance fee pursuant to sentence 2 for participation in meetings chaired by them. If a Supervisory Board member takes part in multiple meetings on one day, they shall only be entitled to one attendance fee.
- (4) The remuneration of Supervisory Board members according to Paragraphs 1 to 3 shall be due and payable at the close of the Annual General Meeting that gives discharge for the preceding financial year.

- (5) The Annual General Meeting may resolve one or multiple long-term variable remuneration components for the Supervisory Board, on top of the remuneration according to the Articles of Incorporation. If the Annual General Meeting resolves to grant such a remuneration component, it shall simultaneously specify a cap (maximum remuneration) for the total remuneration of each Supervisory Board member.
- (6) Members of the Supervisory Board who have not held office for a full financial year shall receive pro rata temporis remuneration pursuant to Paragraphs 1 to 3, in accordance with their period of office; this shall apply correspondingly for the separate remuneration of membership of a Supervisory Board committee.
- (7) The company shall reimburse every Supervisory Board member for the value-added tax due on their remuneration.
- (8) Another component of the remuneration of Supervisory Board members shall be the calculated pro rata share of an insurance premium for third party financial loss insurance (D&O policy) paid by the company in an arm's length transaction and taken out in its own name in favour of the Supervisory Board members.

Basic features of the remuneration system, aims and components

The Supervisory Board of technotrans SE oversees and advises the Board of Management of the company and is closely involved in core operational and strategic matters of corporate governance. In accordance with the Articles of Incorporation and the joint agreement between the employees and the company at the time of the modifying conversion of the company into a European Company (SE), it comprises shareholder representatives and employee representatives. For it to act effectively as a governing body, the Supervisory Board needs to meet its adopted skills profile and composition objectives to the best possible degree. The Supervisory Board remuneration also plays a significant role in this. According to Principle 24 of the current German Corporate Governance Code, it should be commensurate with the duties of the Supervisory Board members and the situation of the company, while also ensuring that the Supervisory Board is attractive for suitable candidates. In light of this, at the proposal of the management the Annual General Meeting in 2020 resolved a thorough review of the Supervisory Board remuneration system by amending Article 17 of the Articles of Incorporation.

In accordance with the suggestion of the German Corporate Governance Code in item G.18 first sentence and taking up the recommendation of many investors and proxy advisors, the Supervisory Board remuneration at technotrans SE consists exclusively of fixed remuneration. No variable remuneration is granted, but pursuant to Article 17 (5) of the Articles of Incorporation the Annual General Meeting may resolve it, while setting a maximum remuneration for the Supervisory Board members. Again, following the recommendation in item G.17 of the current Code, the remuneration of the Supervisory Board members comprises basic remuneration combined with attendance fees and supplements for particular functions. This is in line with the function of the board as an independent advisory and supervisory body. This fixed remuneration guarantees the basis and incentive for the Supervisory Board to continuously supervise and perform its duties in the interests of the company, without making this dependent on external factors or specific economic developments of the technotrans Group.

Procedure for determining, reviewing and implementing the remuneration system

In future, the Annual General Meeting will resolve the remuneration of the Supervisory Board members at least every four years on the proposal of the Board of Management and Supervisory Board pursuant to Section 113 (3) first sentence AktG as amended. The Annual General Meeting can then either merely confirm the remuneration of the Supervisory Board or amend the provisions of the Articles of Incorporation on the Supervisory Board remuneration.

The remuneration of the Supervisory Board of technotrans SE is currently regulated by corresponding resolutions of the Annual General Meeting in 2020 in Article 17 of the Articles of Incorporation.

Overview of the individual components of Supervisory Board remuneration

The basic remuneration and function supplements are intended to remunerate the Supervisory Board members appropriately and in line with their respective duties.

a. Basic remuneration

The annual basic remuneration for a Supervisory Board member is EUR 30,000.

b. Function supplements

The function supplements determined in the Articles of Incorporation reflect the particular responsibility and increased amount of time required for individual functions, and simultaneously implements the recommendation in item G.17 of the Code.

(1) Supervisory Board Chair and Deputy

The annual function supplement for the Supervisory Board Chair is 100% and for the Deputy 50% of the basic remuneration. This reflects the prominent position of the Supervisory Board Chair as the contact person for the Board of Management. The Chair moreover has the specific task of coordinating the Supervisory Board's work. The Supervisory Board Chair is supported substantially in this by the Deputy.

(2) Committee members

The members of the Audit Committee receive a function supplement in the amount of EUR 7,500 in a reflection of the special function and duties of that committee. A function supplement of EUR 5,000 is envisaged for membership of other committees.

(3) Committee chairs

The committee chairs in each case receive double the amount that an ordinary committee member receives, in a reflection of the special duties their committee work entails.

c. Attendance fees

In addition to the remuneration described above, the Supervisory Board members receive attendance fees for Supervisory Board meetings in the amount of EUR 1,500 per meeting. Members of committees receive an attendance fee of EUR 500 for committee meetings; the committee chair receives EUR 1,000 for committee meetings. If a Supervisory Board member takes part in multiple meetings on one day, they are entitled to only one attendance fee.

Due date

The remuneration is due and payable after the end of the Annual General Meeting that gives discharge of the Supervisory Board members for the respective preceding financial year (Article 17 (4) of Articles of Incorporation).

Pro rata membership

Supervisory Board members who have belonged to the Supervisory Board for only part of the financial year receive the Supervisory Board remuneration pro rata temporis in accordance with their period of office (Article 17 (6)).

Reimbursement of expenses

The company reimburses members of the Supervisory Board for expenses incurred in the course of exercising their office as well as for any VAT due on the remuneration and reimbursed expenses (Article 17 (7) of Articles of Incorporation).

D&O insurance

An additional fringe benefits component is defrayal of the arithmetical per capita share of the third party financial loss insurance (D&O policy) taken out by the company, in which the Supervisory Board members are included (Section 17 (8) of Articles of Incorporation).

Remuneration-based transactions

No remuneration-based transactions according to Section 87a (1) second sentence No. 8 AktG are concluded between the company and the members of the Supervisory Board.

Sassenberg, May 2021