

## Non-binding translation from German

### REMUNERATION OF MEMBERS OF THE SUPERVISORY BOARD OF KAP AG 2022

#### 1. DEFINING THE TARGET FOR THE REMUNERATION OF SUPERVISORY BOARD MEMBERS AND LINK TO BUSINESS STRATEGY

Pursuant to section 111 (1) AktG, the Supervisory Board is responsible for monitoring how the Management Board manages the business. The remuneration of the Supervisory Board members should thus be structured such that it reflects in particular the degree of independence required of the Supervisory Board in the context of its monitoring activities. The remuneration for members of the Supervisory Board comprises fixed compensation components only. The amount of remuneration granted to individual members of the Supervisory Board depends on the responsibilities assumed within the Supervisory Board and its committees. The structure of the remuneration for members of the Supervisory Board of KAP AG thus represents a counterweight to the remuneration package for the members of the Management Board of KAP AG, which is to a significant extent performance-related. This strengthens the independence of the Supervisory Board and thus promotes the long-term development of KAP AG. While the Supervisory Board remuneration is not directly linked to the Company's success, it thus also contributes to the successful implementation of the business strategy.

#### 2. DEFINITION OF AND REVIEW PROCESS FOR SUPERVISORY BOARD REMUNERATION

The remuneration for Supervisory Board members, which is based on the remuneration system described here, is set out in section 13 of the Articles of Association of KAP AG. This reads as follows:

"Section 13 Remuneration

- (1) In addition to the reimbursement of their expenses, the members of the Supervisory Board are to be paid a fixed annual remuneration at the end of the financial year. The basic remuneration is EUR 50,000.00 per member. The chair of the Supervisory Board will receive 1.5 times the amount of the basic remuneration. Their deputy will receive 1.1 times the amount of this basic remuneration. The chair of any committee will receive EUR 8,000.00 and any member of a committee will receive EUR 4,000.00 in addition to the basic remuneration. Supervisory Board members who were only in office for part of the financial year will receive a reduced remuneration calculated *pro rata temporis*.
- (2) The value added tax will be reimbursed by the Company if the Supervisory Board members are entitled to issue a separate the value added tax invoice to the Company and they exercise this entitlement."

The Supervisory Board will, from time to time, review the reasonableness of the components, amount and structure of its remuneration. The Supervisory Board will evaluate the supervisory board remuneration paid by other similar companies and compare it with the Supervisory Board remuneration at KAP AG, in terms of its components, its amount and its structure. On the basis of this analysis and in view of the importance of the work of the Supervisory Board and its committees and the effort involved, the Supervisory Board will then decide whether it is

necessary to make changes to its remuneration. The adjustment of the Supervisory Board remuneration in 2022 was made on the Supervisory Board's initiative on the basis of this process.

Due to the particular nature of Supervisory Board remuneration, which is granted for a role that is fundamentally distinct from the role of employees of KAP AG and of the KAP Group, a 'vertical' comparison with employee remuneration does not represent an option when reviewing and determining the remuneration. It is thus not necessary to define a group of employees which are to be included in the context of such comparison.

Section 113 (3) sentence 1 AktG requires that the general meeting must adopt a resolution on supervisory board remuneration at least every four years; a resolution confirming the remuneration will suffice in this context. In preparation of this resolution, the Supervisory Board will also in future analyse its remuneration at least once every four years. The Management Board and Supervisory Board will present the Supervisory Board remuneration to the general meeting for resolution at least once every four years. If there is reason to adjust the remuneration for Supervisory Board members, the Management Board and Supervisory Board will also make a proposal to the general meeting for a corresponding amendment to section 13 of the Articles of Association of KAP AG. This may provide for the Supervisory Board remuneration for the whole financial year in which the amendment to the Articles of Association is registered with the commercial register to be determined on the basis of the new provision. If the general meeting fails to secure the necessary majority for adopting the resolution on the Supervisory Board remuneration, a revised proposal for Supervisory Board remuneration must be presented to the next annual general meeting at the latest.

It is automatically the case that the members of the Supervisory Board are involved in defining the remuneration system that applies to them. The resulting conflict of interests is, however, countered by the fact that the decision on the ultimate structure of the remuneration system is attributed to the general meeting by law, which receives a corresponding resolution proposal from both the Supervisory Board and the Management Board.

### **3. REMUNERATION-RELATED LEGAL TRANSACTIONS, TERM OF OFFICE**

The individual Supervisory Board members' respective claims to remuneration derives from the cooperative relationship existing between the Company and the Supervisory Board member as a result of the latter's election to the Supervisory Board and the acceptance of this election and as a result of the Articles of Association and any resolution by the general meeting on Supervisory Board remuneration. No agreements therefore exist between KAP AG and the Supervisory Board members relating to Supervisory Board remuneration.

The term of office for Supervisory Board members is set out in section 7 (2) of the Articles of Association of KAP AG as follows:

"(2) Members of the Supervisory Board cannot be appointed for a term extending beyond the close of the general meeting approving their activities for the fourth financial year after their term of office commenced. The financial year in which their term of office commenced will not be counted in this respect. Any member elected to succeed a member who resigned from the Supervisory Board before the end of their term of office is elected for the remaining term of office of the resigning member."

Supervisory Board members may be removed from office in line with the statutory provisions applicable from time to time. Pursuant to section 7 (3) of the Articles of Association of KAP AG, Supervisory Board members may resign their office by giving four weeks' written

notice to the chair of the Supervisory Board. This does not affect their right to resign their office for good cause.

#### **4. COMPONENTS, AMOUNT AND STRUCTURE OF SUPERVISORY BOARD REMUNERATION**

According to the provisions set out in the Articles of Association, each member of the Supervisory Board receives fixed annual remuneration of EUR 50,000.00. The chair of the Supervisory Board, their deputy and the chair of any committee will receive higher remuneration to reflect the greater volume of organisation and administration associated with their position, as well as the particular responsibility they bear for successful and efficient cooperation among the board or committee as a whole. The chair of the Supervisory Board receives EUR 75,000.00, their deputy will receive EUR 55,000.00 and the chair of any committee will receive EUR 58,000.00 as their fixed annual remuneration. Membership of any Supervisory Board committees will trigger separate remuneration of EUR 4,000.00. The remuneration is paid after the end of the financial year.

In the interests of the Company, the Supervisory Board members are included in a D&O insurance policy taken out for the Company and its subsidiaries. The Company will pay the insurance premiums. The Company will reimburse the Supervisory Board members for any expenses and any VAT paid on their remuneration if they are entitled to issue a separate VAT invoice to the Company and exercise this entitlement.