

Remuneration system for the Supervisory Board members

In item 7 of the agenda, the Management Board and Supervisory Board propose confirming the remuneration of members of the Supervisory Board, as defined in section 15 of the Articles of Association, as well as the underlying remuneration system.

Excerpt from the Articles of Association of Encavis AG

Section 15 Remuneration of the Supervisory Board

1. Each member of the Supervisory Board receives fixed annual remuneration of EUR 30,000.00 payable after the end of the financial year. Members of the Supervisory Board receive additional annual remuneration for membership of Supervisory Board committees.
2. Instead of the remuneration defined in (1) sentence 1, the Chair of the Supervisory Board receives fixed annual remuneration of EUR 60,000.00 and the Deputy Chair receives fixed annual remuneration of EUR 45,000.00.
3. Additional remuneration pursuant to section 1 sentence 2 amounts to EUR 20,000.00 for the Chair of the Audit Committee and the Chair of the Personnel Committee and EUR 15,000.00 for each member of the Audit or Personnel Committee. The members of the Nomination Committee do not receive any additional remuneration.
4. Remuneration for committee membership for a financial year assumes that the committee in question has convened during this period to fulfil its tasks.
5. The members of the Supervisory Board and its committees receive a meeting fee of EUR 1,000.00 for each Supervisory Board or committee meeting they attend. This applies regardless of whether the members of the Supervisory Board are physically present at the meeting or attend via telephone or through other means of technology or whether the meeting is held as a telephone or video conference. The meeting fee is only paid once for multiple Supervisory Board and/or committee meetings held on the same day.
6. Members of the Supervisory Board who only belonged to the Supervisory Board or the Audit or Personnel Committee or acted as Chair or Deputy Chair for part of the financial year receive the remuneration on a pro rata basis. Pro rata remuneration for committee membership assumes that the committee in question has convened during this period to fulfil its tasks.
7. Members of the Supervisory Board are refunded all expenses incurred as a result of their membership, including any VAT charged on remuneration and the reimbursement of expenses. Furthermore, the members of the Supervisory Board are also entitled to request that the Company conclude third-party liability insurance on their behalf."

Remuneration system for the Supervisory Board with disclosures pursuant to sections 113 (3) sentence 3, 87a (1) sentence 2 AktG

The above provisions in the Articles of Association concerning the remuneration of Supervisory Board members are based on the following remuneration system:

The members of the Supervisory Board are entitled to suitable remuneration that takes into account, both in terms of structure and amount, the requirements of the function of Supervisory Board member and the position of the Company. Providing appropriate Supervisory Board remuneration ensures that the Company remains in a position to attract suitably qualified candidates for Supervisory Board positions. As a result, Supervisory Board remuneration also contributes to the advancement of the business strategy and the long-term development of the Company. Unlike the Management Board, the Supervisory Board has no operative function. Instead, it contributes to the long-term development of the Company by holding a monitoring role.

The remuneration system is simple, clear and coherent. The members of the Supervisory Board receive the fixed remuneration defined in the Articles of Association. The Chair receives double this amount and the Deputy Chair 1.5 times this amount. Additional remuneration is granted for committee membership. In addition, members of the Supervisory Board also receive a meeting fee defined in the Articles of Association for attending meetings.

The members of the Supervisory Board are included in the Company's third-party liability insurance in accordance with the Articles of Association.

The remuneration does not include any variable components or share-based components. The remuneration and the meeting fee are due and paid at the end of the financial year.

Remuneration for Supervisory Board members is defined in the Articles of Association. It is tied to the length of a member's appointment. There are no commitments for redundancy payments, pension entitlements or early retirement programmes.

The Supervisory Board remuneration system is resolved by the Annual General Meeting on the basis of proposals submitted by the Management Board and the Supervisory Board. The amount of the remuneration and the remuneration system for the Supervisory Board is regularly reviewed by administrators, and at minimum every four years. Relevant factors in terms of reviewing Supervisory Board remuneration include the necessary time commitments for members, the level of responsibility and supervisory board remuneration granted by other comparable companies. In addition, remuneration is compared with the supervisory board remuneration of comparable companies such as MDAX-listed companies and companies from a similar industry. The Supervisory Board can also obtain advice from independent external experts in this regard. If there is any reason to change Supervisory Board remuneration, or at minimum every four years, the Management Board and the Supervisory Board will present to the Annual General Meeting the revised remuneration and remuneration system for resolution pursuant to section 113 (2) AktG.

Any conflicts of interest in reviewing the remuneration system are counteracted by the division of responsibility by law, with ultimate decision-making authority on Supervisory Board remuneration lying with the Annual General Meeting, which is presented with a proposed resolution by both the Management Board and the Supervisory Board. As a result, a system of checks and balances is therefore already in place by law. General regulations regarding conflicts of interest otherwise apply, and members of the Supervisory Board are obliged by the rules of procedure to disclose any conflicts of interest.