

## **DECLARATION OF COMPLIANCE IN ACCORDANCE WITH SECTION 161 AKTG**

The Executive Board and Supervisory Board of PWO AG declare in accordance with section 161 (1) AktG (German Stock Corporation Act) that the Company currently complies and will comply in the future with the recommendations of the Government Commission on the German Corporate Governance Code in the version dated April 28, 2022 ("Code 2022"), which were published by the German Federal Ministry of Justice in the official section of the Federal Gazette on June 27, 2022 ("GCGC<sup>1</sup> 2022"), with the following exceptions:

- **D.5 GCGC 2022 (Nomination Committee)**

The Supervisory Board does not see the need to form a Nomination Committee, as the existing practice of elaborating proposals for suitable candidates for election or re-election to the Supervisory Board by the Annual General Meeting has proven to be effective and efficient. As the Supervisory Board has a total of six members, it also considers it to be appropriate for the entire Supervisory Board to be involved in the nomination of candidates for election to the Supervisory Board.

- **G.10 sentence 1 and 2 of the GCGC 2022 (variable remuneration components for the Executive Board members: variable remuneration predominantly in shares or share-based; accessibility of long-term variable remuneration components)**

The recommendations of G.10 sentence 1 and 2 of the GCGC 2022 state that, taking the respective tax burden into consideration, Executive Board members' variable remuneration shall be predominantly invested in company shares by the respective Executive Board member or shall be granted predominantly as share-based remuneration. Granted long-term variable remuneration components shall be accessible to Executive Board members only after a period of four years. The remuneration system for the Executive Board members that was resolved by the Supervisory Board on March 25, 2021, then updated and amended in some aspects by way of a resolution dated March 15, 2022 and approved by the Annual General Meeting on May 10, 2022 with a majority of 86.05% of the votes cast ("remuneration system") deviates from these recommendations. The Supervisory Board does not consider the share price to be the relevant indicator for a remuneration system aimed at promoting the corporate strategy and the Company's long-term development. Instead, the Supervisory Board considers the financial and non-financial performance criteria defined in the remuneration system for determining variable remuneration and the payment of all variable remuneration components in cash to be more suitable. As such, the Supervisory Board believes that the existing variable remuneration structure for the members of the Company's Executive Board, with its targets lasting up to three years depending on the duration of the respective member's appointment, has proven to be an extremely good basis of measurement and should be largely retained.

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<sup>1</sup> German Corporate Governance Code

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The remuneration system does not provide for predominantly share-based variable remuneration, but rather determines the level of this remuneration primarily on the basis of consolidated net profit. In the opinion of the Supervisory Board, this serves to ensure the competitiveness of the Group and the balanced financing of business operations and all necessary innovations and investments while also limiting indebtedness, safeguarding jobs, and allowing the Company's shareholders to be offered an appropriate return on their capital. As such, consolidated net profit is an important prerequisite for the healthy long-term development of the PWO Group.

Additionally, each Executive Board member receives long-term variable remuneration components annually and on a pro rata basis with reference to the basis of measurement, which lasts up to three years. The Supervisory Board considers these pro rata payments to be suitable and appropriate.

Further details, particularly with regard to the variable remuneration components, can be found in the remuneration system which is publicly accessible on the Company's website.

For the reasons described above, the variable remuneration granted to current Executive Board members was not and is not predominantly invested in company shares or granted predominantly as share-based remuneration, and it is not the case that the long-term variable remuneration granted is accessible to current Executive Board members only after a period of four years. The Executive Board employment contracts of Mr Carlo Lazzarini and Mr Jochen Lischer are subject to the current remuneration system.

Oberkirch, December 2023

### **PWO AG**

The Executive Board

The Supervisory Board

Carlo Lazzarini

Jochen Lischer

Karl M. Schmidhuber  
Chairman