



PWO



2021 FISCAL  
YEAR



REMUNERATION REPORT

# Remuneration Report of Progress-Werk Oberkirch AG in Accordance with Section 162 AktG for 2021 Fiscal Year

## **R**emuneration Report of Progress-Werk Oberkirch AG in Accordance with Section 162 AktG for 2021 Fiscal Year

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This remuneration report describes the remuneration individually granted and owed to current and former members of the Executive Board and Supervisory Board of Progress-Werk Oberkirch AG in 2021 fiscal year. It explains, individually and in detail, the structure and amount of the individual components of Executive Board and Supervisory Board remuneration. The remuneration report was prepared jointly by the Executive Board and the Supervisory Board, is based on the requirements of German stock corporation law (section 162 of the Aktiengesetz (AktG – German Stock Corporation Act) and is consistent with the applicable recommendations of the German Corporate Governance Code as amended December 16, 2019 (the “Code”).

The new concepts of “granted” and “owed” remuneration were introduced by the Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie (ARUG II – German Act Implementing the Second Shareholders’ Rights Directive of December 12, 2019 (Federal Law Gazette 2019 Part I no. 50 of December 19, 2019).

- According to the legislation, remuneration is owed when the enterprise has a legal obligation to the member of the executive body that is due but that has not yet been fulfilled (cf. Statement of Grounds for Government Draft ARUG II, Bundestag document no. 19/9739, p. 111, Statement of Grounds for Recommendation of the Bundestag Legal Committee on ARUG II, Bundestag document no. 19/15153, p. 53).
- The legislation goes on to state that remuneration is granted and must therefore be disclosed in accordance with section 162(1) sentence 2 no. 1 AktG when it objectively (i.e. actually) flows to the member of the executive body and is thus transferred to their assets, regardless of whether this takes place to fulfill an obligation or unduly (cf. Statement of Grounds for Government Draft ARUG II, Bundestag document no. 19/9739, p. 111, Statement of Grounds for

Recommendation of the Bundestag Legal Committee on ARUG II, Bundestag document no. 19/15153, p. 53). At the same time, however, according to the legislation, the exact timing of the flow of remuneration does not have to be (legally) regulated, rather it can also be made clear in practice when this time has arrived (cf. Statement of Grounds for Government Draft ARUG II, Bundestag document no. 19/9739, p. 111). It is therefore also possible to (already) disclose remuneration in accordance with section 162(1) sentence 2 no. 1 AktG in the remuneration report for the fiscal year in which the activity on which the remuneration is based (which can last for 1 or more years) is completed, therefore in particular when a corresponding variable remuneration component is fully earned. Such concepts allow the transparent reporting of variable remuneration components and therefore form the basis for this remuneration report.

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## Remuneration of Members of the Executive Board

The Annual General Meeting on May 19, 2021 approved the new remuneration system for members of the Executive Board resolved by the Supervisory Board on March 25, 2021 with a majority of 85.97% of the votes cast in accordance with section 120a(1) AktG. Unless stated otherwise, the new remuneration system complies with the requirements of the German Stock Corporation Act and the recommendations of the Code. The new remuneration system applies to all forthcoming new or extended appointments of members of the Executive Board and to all new or extended Executive Board contracts.

In accordance with section 26j(1) of the Einführungsgesetz zum Aktiengesetz (EGAktG – Introductory Act to the German Stock Corporation Act) and in line with the reasoning behind the Code, the existing contracts of members of the Executive Board currently in office entered into before the new remuneration system are still subject to the former system of Executive Board remuneration (grandfathering). By no later than the time that the current contracts of the members of the Executive Board now in office expire (by August 31, 2023 for Carlo Lazzarini, by October 31, 2023 for Dr. Cornelia Ballwießer and by June 30, 2024 for Johannes Obrecht), the former system of Executive Board remuneration will no longer apply.

The new system of Executive Board remuneration approved by the Annual General Meeting on May 19, 2021 therefore did not yet apply to the Executive Board remuneration granted and owed in the 2021 fiscal year. For this reason, the former system of Executive Board remuneration is described below. A full description of the new system of Executive Board remuneration can be found on the website at → <https://www.progress-werk.de/en/group/management-board/>.

## Previous Remuneration System for Members of the Executive Board for 2021

The current contracts of the members of the Executive Board now in office were entered into before the new system of Executive Board remuneration approved by the Annual General Meeting on May 19, 2021. The remuneration of members of the Executive Board in office in the 2021 fiscal year is based on their current contracts and the former remuneration system described below.

The former remuneration system was based on the financial situation, success and outlook of the company and the Group, the duties and personal performance of the individual members of the Executive Board, the customary amount of remuneration at peer companies and the company's remuneration structure. In this context, the Supervisory Board takes into account the ratio of Executive Board remuneration to the remuneration of senior management and the workforce as a whole, including with respect to its development over time. Senior management consists of the employees of the first management level of the PWO Group below the Executive Board; the workforce as a whole consists of PWO's employees covered by collective bargaining and those not covered by collective bargaining in Germany. The overall remuneration structure is geared toward the sustainable development of the Group.

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### Overview of Executive Board Remuneration in the 2021 Fiscal Year with the Contractually Regulated Remuneration Elements

Remuneration element	Form	Purpose/strategic intent
<b>Fixed components</b>		
Basic annual salary	Twelve monthly installments	Standard basic income for the performance of official duties
Non-cash benefits	Benefits such as a company car that can also be used privately, insurance, including the assumption of any taxes incurred on this	Assumption of costs to an appropriate degree
Pension plan (pension installment)	Pension installment in cash for free disposal or paid directly to a provident fund	Option of privately setting up appropriate pension capital while minimizing risks to the company
<b>Variable components</b>		
Variable remuneration	<p>Johannes Obrecht (5-year contract from July 1, 2019): Performance criterion: Consolidated net income (share of 2.0%) – Total for multiple fiscal years with specific weighting (see below), consolidated net losses are taken as zero Long-term assessment basis: 10% of the consolidated net income for the previous fiscal year, 20% for the current fiscal year and 70% for the coming fiscal year Cap: EURk 400 Payment in cash after the approval of the consolidated financial statements for the coming fiscal year</p> <p>Carlo Lazzarini (3-year contract from September 1, 2020), Dr. Cornelia Ballwießer (3-year contract from November 1, 2020): Performance criterion: Consolidated net income (share of 3.0% for Carlo Lazzarini and 2.25% for Dr. Cornelia Ballwießer) – Total for multiple fiscal years with specific weighting (see below), consolidated net losses are taken as zero Long-term assessment basis: 30% of the consolidated net income for the current fiscal year and 70% for the coming fiscal year. Cap: EURk 500 for Carlo Lazzarini and EURk 400 for Dr. Cornelia Ballwießer Payment in cash after the approval of the consolidated financial statements for the coming fiscal year</p>	<p>Incentives for outstanding operating performance in accordance with strategy; aligning Executive Board remuneration with sustainability; Honoring continuous improvement in profitability and thus adherence to long-term strategy Consolidated net income is essential for the necessary innovation and investment capability, for limiting debt, safeguarding jobs and for the company's ability to offer its shareholders an appropriate return on their capital employed, and is thus a crucial factor for the enduring healthy performance of the PWO Group in both the medium and long term</p>
Discretionary bonus	<p>The Supervisory Board can consider extraordinarily positive or negative developments up to a limited annual amount at its own discretion and adjust the amount of variable remuneration components positively or negatively (up/down) in light of the extraordinary developments Annual cap: EURk 100 for Carlo Lazzarini and EURk 80 for Dr. Cornelia Ballwießer and Johannes Obrecht</p>	Option to consider extraordinarily positive or negative developments when determining variable remuneration components to an appropriate extent

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### Remuneration Components

Under the former remuneration system, the remuneration of members of the Executive Board consists of fixed, non-performance-based and variable performance-based remuneration components, the sum of which determines the total remuneration of a member of the Executive Board.

#### Fixed Remuneration Components

The non-performance-based components of the former remuneration system are the basic annual salary, non-cash benefits and private pension contributions (pension installment).

### Components of Fixed, Non-performance-based Remuneration

Basic annual salary	Annual amount; payment in 12 equal installments Amount varies between members of the Executive Board
Non-cash benefits	Non-cash benefits (provision of a company car that can also be used privately, insurance, communication, etc.) Amount varies between members of the Executive Board
Pension installment	Contribution towards a private pension; payable in equal monthly amounts or in November Amount varies between members of the Executive Board

- Basic annual salary

The basic annual salary is fixed remuneration for the year as a whole. It is based on the area of responsibility of the respective member of the Executive Board and paid in 12 equal monthly installments.

- Non-cash benefits

The non-cash benefits are the standard, contractually agreed fringe benefits, the amount of which can vary from year to year due to personal factors or events. Non-cash benefits essentially include the option of private use of the company car and work communications devices, and the payment of insurance contributions or the payment of insurance premiums, health and nursing care insurance premiums, accident insurance, including the taxed incurred on this.

- Pension installment

The contracts of the present members of the Executive Board do not provide for individual pension commitments, hence pension provisions do not have to be recognized. Instead, the members of the Executive Board receive fixed monthly (Carlo Lazzarini) or annual (Dr. Cornelia Ballwießer and Johannes Obrecht) contributions towards a private pension that the company, at the request of the members of the Executive Board, can also pay directly into a provident pension fund. In 2021, they amount to EURk 60 for Carlo Lazzarini, EURk 40 for Dr. Cornelia Ballwießer and EURk 40 for Johannes Obrecht.

By contrast, there were pension commitments for former members of the Executive Board and their surviving dependents giving rise to pension payments of EURk 309 (previous year: EURk 239) in the 2021 reporting year. The corresponding pension provision amounted to EURk 6,019 (previous year: EURk 4,456) on December 31, 2021.

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#### Variable Remuneration Components

The performance-based components under the former remuneration system comprise the variable remuneration and the discretionary bonus.

#### Components of Performance-based Variable Remuneration

##### Johannes Obrecht (5-year contract from July 1, 2019)

- Performance criterion: Consolidated net income (share of 2.00%) – Total for multiple fiscal years with specific weighting (see below), consolidated net losses are taken as zero.
- Long-term assessment basis: 10% of the consolidated net income for the previous fiscal year, 20% for the current fiscal year and 70% for the coming fiscal year.
- Payment in cash after the approval of the consolidated financial statements for the coming fiscal year.

##### Carlo Lazzarini (3-year contract from September 1, 2020), Dr. Cornelia Ballwießer (3-year contract from November 1, 2020)

- Performance criterion: Consolidated net income (share of 3.00% for Carlo Lazzarini and 2.25% for Dr. Cornelia Ballwießer) – Total for multiple fiscal years with specific weighting (see below), consolidated net losses are taken as zero
- Long-term assessment basis: 30% of the consolidated net income for the current fiscal year and 70% for the coming fiscal year on the basis of 3-year contracts.
- Payment in cash after the approval of the consolidated financial statements for the coming fiscal year.

**Cap on variable remuneration: EUR 500,000 (CEO)/EUR 400,000 (other members of the Executive Board)**

Discretionary bonus

- The Supervisory Board can consider extraordinarily positive or negative developments up to a limited annual amount at its own discretion and adjust the amount of variable remuneration components positively or negatively (up/down) in light of the extraordinary developments.

**Annual cap on discretionary bonuses: EUR 100,000 (CEO)/EUR 80,000 (other members of the Executive Board)**

- Variable remuneration

The performance-based remuneration of the members of the Executive Board is based on consolidated net income which, in the opinion of the Supervisory Board, reflects the joint performance of the Executive Board and the workforce to ensure the necessary innovation and investment capability, for limiting debt, safeguarding jobs and for the company's ability to offer its shareholders an appropriate return on their capital employed.

Under the contract of Johannes Obrecht (COO), which was renewed for an additional 5 years on July 1, 2019, this is calculated based on 10% of the consolidated net income for the previous fiscal year, 20% for the current

fiscal year and 70% for the coming fiscal year, and is therefore 70% forward-looking. Under the 3-year contracts of Carlo Lazzarini (CEO) and Dr. Cornelia Ballwießer (CFO), which commenced on September 1, 2020 and November 1, 2020 respectively, the assessment period is from the start of the current fiscal year to the end of the coming fiscal year, and the relevant consolidated net income is weighted 30% for the current fiscal year and 70% for the coming fiscal year. Consolidated net losses are taken as zero in calculations.

When reappointed, Carlo Lazzarini and Dr. Cornelia Ballwießer were given contractual assurances of fixed minimum amounts as a guaranteed bonus for period from the 2021 fiscal year to the 2023 fiscal year.

The share of variable remuneration in consolidated net income and the maximum achievable amount vary between the individual members of the Executive Board as follows.



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Member of the Executive Board	Share of consolidated net income (total according to basis of calculation set out above)	Cap
Carlo Lazzarini	3.00%	EUR 500,000
Dr. Cornelia Ballwießer	2.25%	EUR 400,000
Johannes Obrecht	2.00%	EUR 400,000

The variable remuneration is payable according to the basis of calculation set out above on approval of the consolidated financial statements of the last fiscal year.

The performance of the Executive Board is not measured by the net income generated. Its performance is specifically remunerated based on a defined percentage of the consolidated net income generated.

- Discretionary bonus

The Executive Board contracts also provide for a discretionary bonus, whereby the Supervisory Board can consider extraordinarily positive or negative developments up to a limited annual amount at its own discretion. Thus, the Supervisory Board has the option to take extraordinary developments into account to an appropriate degree when setting the amount of the variable remuneration components and to adjust the amount of these remuneration components positively or negatively (up/down) in light of the extraordinary developments. The annual cap varies between the CEO and the other members of the Executive Board; it is (plus/minus) EUR 100,000 for the CEO and (plus/minus) EUR 80,000 for the other members of the Executive Board. Examples of single-year or multi-year assessment components include the dynamic leverage ratio, free cash flow, the company's distribution capability, the achievement of strategic or location-based targets, ESG criteria, etc.

Furthermore, after the preparation of the provisional annual financial statements, the Supervisory Board resolved by way of circular resolution of March 3, 2022 to grant the following discretionary bonuses in recognition of outstanding achievements related to the strategic development of the Group, the necessary restructuring, restoration of

the ability to pay dividends, the expansion of locations abroad, securing extensive new business and accelerated initiatives to establish a clear positioning for the company on the capital market:

CEO Carlo Lazzarini: EURk 100

CFO Dr. Cornelia Ballwießer: EURk 70

COO Johannes Obrecht: EURk 50

#### Maximum remuneration from variable components

The maximum remuneration from variable components for 2021 is as follows:

EURk	Carlo Lazzarini	Dr. Cornelia Ballwießer	Johannes Obrecht
Variable remuneration	500	400	400
Discretionary bonus	100	80	80
<b>Maximum remuneration in 2021</b>	<b>600</b>	<b>480</b>	<b>480</b>

When reappointed, Carlo Lazzarini and Dr. Cornelia Ballwießer were given contractual assurances of minimum bonuses for the 2021 fiscal year of EURk 270 and EURk 160 respectively in their 3-year contracts.

The table below showing the remuneration for the 2021 fiscal year granted and owed to members of the Executive Board in office accurately portrays that the maximum possible value of variable remuneration components for the 2021 fiscal year is less than the applicable maximum remuneration for each member of the Executive Board. Compliance with maximum remuneration for the 2021 fiscal year is thus already assured.

#### Claw-back Regulations

The existing contracts of the current members of the Executive Board do not contain any claw-back clauses. It would have been possible for the Supervisory Board to reclaim variable remuneration components for the 2021 fiscal year though a negative discretionary bonuses. This has not occurred.

#### Early Termination Benefits for Members of the Executive Board

When an Executive Board member's contract is terminated prematurely, any payments to members of the Executive Board, including fringe benefits, must not exceed the value of annual remuneration for 2 years or the remuneration for the remaining term of the contract (severance cap). In accordance with the Executive Board contracts, the severance cap is calculated based on the total remuneration for the previous fiscal year and, if applicable, the expected total remuneration for the current fiscal year as well. If the contract is terminated for cause for which the member of the Executive Board is responsible in accordance with section 626 of the Bürgerliches Gesetzbuch (BGB – German Civil Code), no payments will be made to that member of the Executive Board.

In the event of the member of the Executive Board being temporarily unable to work, whether due to illness or some other reason for which they are not responsible, remuneration will still be paid for up to 6 months, though for no longer than the end of their contract. After 6 months and up to the end of 12 months in total from the date that the inability to work begins, the member of the Executive Board receives a subsidy in the amount of the difference between the fixed remuneration according to their contract and the maximum sickness benefits that the member would receive if insured with AOK, plus contractually agreed benefits in addition to their fixed remuneration (contribution to health insurance, variable remuneration). If a member of the Executive Board has worked for less than 2 months between 2 periods of inability to work, the 2 periods of inability to work are taken as a single period of inability to work. Should a permanent inability to work arise on the part of the member of the Executive Board, their contract ends automatically at the end of the quarter in which the permanent inability to work was established.

In the event of the death of a member of the Executive Board while under contract, their surviving dependents will be entitled to the continued payment of fixed remuneration and variable remuneration pro rata temporis for the 3 months following the month of death.

## Executive Board Remuneration Granted and Owed in the 2021 Fiscal Year

The present and former members of the Executive Board were remunerated as follows in the 2021 fiscal year:

Current members of the Executive Board		Carlo Lazzarini Chairman/CEO since September 1, 2020		Dr. Cornelia Ballwießer CFO since November 1, 2020		Johannes Obrecht COO since July 1, 2016	
		EURk	SHARE IN %	EURk	SHARE IN %	EURk	SHARE IN %
Non-performance-based fixed remuneration	Basic annual salary	300	37.1	228	38.4	216	39.1
	Non-cash benefits	24	3.0	13	2.2	12	2.2
	Pension installment <sup>1</sup>	60	7.4	40	6.7	40	7.2
	<b>Total</b>	<b>384</b>	<b>47.5</b>	<b>281</b>	<b>47.3</b>	<b>268</b>	<b>48.6</b>
Performance-based variable remuneration (short-term)	Variable remuneration <sup>2</sup>	324	40.1	243	40.9	234	42.4
	Discretionary bonus	100	12.4	70	11.8	50	9.1
	<b>Total</b>	<b>424</b>	<b>52.5</b>	<b>313</b>	<b>52.7</b>	<b>284</b>	<b>51.4</b>
<b>Total remuneration</b>		<b>808</b>	<b>100.0</b>	<b>594</b>	<b>100.0</b>	<b>552</b>	<b>100.0</b>

<sup>1</sup> Monthly and yearly payments to the Executive Board members to fund a private pension.

<sup>2</sup> Variable remuneration is the bonus paid out for fiscal year 2021.

Former members of the Executive Board	Bernd Bartmann CFO until December 31, 2020	Karl M. Schmidhuber CEO until May 21, 2014
	EURk	EURk
Pensions	71	103
Other compensation <sup>1</sup>	5	0
<b>Total</b>	<b>76</b>	<b>103</b>

<sup>1</sup> Other compensation relates to consulting fees which Bernd Bartmann was paid from January to May 2021.

Remuneration for previous Executive Board members consists solely of fixed remuneration components.

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## Remuneration of Members of the Supervisory Board

The regulations for the remuneration of the members of the Supervisory Board are set out in Article 11 of the Articles of Association of Progress-Werk Oberkirch AG and were resolved by the Annual General Meeting on May 19, 2021 with a majority sufficient to amend the Articles of Association of 99.66% and apply from the start of fiscal 2021. In this context, the Annual General Meeting on May 19, 2021 also approved the currently applicable remuneration system for the Supervisory Board.

The basic remuneration of the Supervisory Board is designed solely as fixed remuneration. This enhances the independence of the Supervisory Board and allows it to perform its monitoring and consulting function objectively and neutrally, while also enabling independent personnel and remuneration decisions. Moreover, the remuneration reflects the responsibility and areas of activity of the members of the Supervisory Board. In accordance with the recommendation of the Code, appropriate consideration is given to the greater time commitment of the Chairman

and Deputy Chairman of the Supervisory Board and the chairmen and members of committees in the form of additional remuneration.

The members of the Supervisory Board receive fixed basic remuneration of EUR 27,500 for each full fiscal year. The Chairman of the Supervisory Board receives double this amount, the Deputy Chairman receives one and a half times this amount. Each member of a committee receives a supplement of 25% of their fixed basic remuneration, the chairman of a committee receives a supplement of 50%. The total annual remuneration must not exceed double the fixed annual remuneration for members of the Supervisory Board or 3 times the fixed basic remuneration for the Chairman.

Members of the Supervisory Board who have only been members for part of the fiscal year receive a twelfth of their remuneration for each month of membership commenced. The company reimburses the members of the Supervisory Board for expenses incurred due to their activities for the Supervisory Board and any VAT on these expenses.

Moreover, the members of the Supervisory Board receive an attendance fee of EUR 600 for each meeting of the Supervisory Board and its committees attended in person. Participation in a meeting also includes participation by telephone, video conference or using similar conventional means of communication. This attendance fee is only paid once, even if multiple meetings are held on the same day.

The remuneration is payable at the end of the fiscal year.

No remuneration was paid to former members of the Supervisory Board in the 2021 fiscal year.

## Supervisory Board Remuneration Granted and Owed in the 2021 Fiscal Year

The present and former members of the Supervisory Board were remunerated as follows in the 2021 fiscal year:

		Basic remuneration		Additional remuneration for committee work		Attendance fees		Total remuneration
		EUR	SHARE IN %	EUR	SHARE IN %	EUR	SHARE IN %	EUR
Karl M. Schmidhuber, Chairman	since May 31, 2016	55,000	65.0	20,625	24.4	9,000	10.6	84,625
Dr. Georg Hengstberger, Deputy Chairman	since May 22, 2013	41,250	64.5	13,750	21.5	9,000	14.1	64,000
Andreas Bohnert <sup>1</sup>	since May 20, 2021	18,333	88.4	0	0.0	2,400	11.6	20,733
Carsten Claus	since May 23, 2018	27,500	54.7	13,750	27.4	9,000	17.9	50,250
Stefan Klemenz <sup>1</sup>	since May 20, 2021	18,333	70.7	4,583	17.7	3,000	11.6	25,917
Dr. Jochen Ruetz	since May 23, 2018	27,500	67.1	6,875	16.8	6,600	16.1	40,975
Herbert König <sup>1</sup>	until May 19, 2021	11,458	66.1	2,865	16.5	3,000	17.3	17,323
Gerhard Schrempp <sup>1</sup>	until May 19, 2021	11,458	90.5	0	0.0	1,200	9.5	12,658
<b>Total</b>		<b>210,833</b>	<b>66.6</b>	<b>62,448</b>	<b>19.7</b>	<b>43,200</b>	<b>13.7</b>	<b>316,481</b>

<sup>1</sup> Employee representative

## Comparative Presentation: Executive Board and Supervisory Board Remuneration in Proportion to Employee Remuneration and the Earnings Development of the Company

The following presentation shows the relative development in the remuneration granted and owed to current and former members of the Executive Board and the Supervisory Board in the respective fiscal year, relative to the average remuneration of employees on an FTE basis and the earnings development of the company. The earnings development of the company has been presented not only on the basis of the respective net income/loss for the year (HGB), but also the consolidated net income (IFRS) has been referenced (voluntarily), as this is the figure on which the performance criterion for the variable remuneration of the members of the Executive Board is based. In accordance with section 26j(2) sentence 2 EGAktG, the presentation of the annual change in average employee remuneration shows the 2021 fiscal year versus fiscal 2020; the presentation over a 5-year period will be gradually built up moving ahead.

Development of remuneration		2020	Changes 2020/2019	2021	Changes 2021/2020	
		EURk	IN %	EURk	IN %	
Executive Board	<b>Current members</b>					
	Carlo Lazzarini, Chairman/CEO (since September 1, 2020)	218	-	808	271 %	
	Dr. Cornelia Ballwießer, CFO (since November 1, 2020)	67	-	594	787 %	
	Johannes Obrecht, COO (since July 1, 2016)	331	-24 %	552	67 %	
	<b>Former members</b>					
	Bernd Bartmann, CFO (until December 31, 2020) <sup>2</sup>	345	-32 %	76	-78 %	
	Dr. Volker Simon, CEO (until September 4, 2020)	279	-58 %	0	-	
	Karl M. Schmidhuber, CEO (until May 21, 2014) <sup>2</sup>	103	2 %	103	0 %	
	Supervisory Board	<b>Current members</b>				
		Karl M. Schmidhuber, Chairman	78	-1 %	85	9 %
		Dr. Georg Hengstberger, Deputy Chairman	60	-2 %	64	7 %
		Andreas Bohnert (since May 20, 2021) <sup>1</sup>	0	-	21	-
		Carsten Claus	47	0 %	50	6 %
		Stefan Klemenz (since May 20, 2021) <sup>1</sup>	0	-	26	-
Dr. Jochen Ruetz		40	8 %	41	3 %	
Herbert König (until May 19, 2021) <sup>1</sup>		38	-5 %	17	-55 %	
Gerhard Schrempp (until May 19, 2021) <sup>1</sup>	30	0 %	12	-60 %		
Employees	Average remuneration of the senior management <sup>3</sup>	159	-16 %	211	33 %	
	Average remuneration of the whole workforce <sup>4</sup>	54	-11 %	58	7 %	
Earnings performance of the Company	Net income for the fiscal year PWO AG (HGB)	-20,247	-527 %	16,854	183 %	
	Net income for the fiscal year PWO Group (IFRS)	-11,662	-229 %	14,742	226 %	

<sup>1</sup> Employee representative

<sup>2</sup> In 2021, the remuneration of Bernd Bartmann comprised pension payments and additional other compensation; the remuneration of Karl M. Schmidhuber in the years shown also comprises pension payments.

<sup>3</sup> The Supervisory Board defined senior management as the first management level in the PWO Group below the Executive Board.

<sup>4</sup> The total workforce comprises PWO Germany employees covered by collective bargaining and those not covered by collective bargaining (team leaders, product line managers). Average remuneration covers the short-time work performed in 2020 and 2021.

Explanations on the calculation of the figures: The bonus payments are allocated to the grant year and may deviate from the actual payment year. The changes in the percentages, some of which are very high, are due to employees joining/leaving within the year.

### Remuneration Report of Progress-Werk Oberkirch AG in Accordance with Section 162 AktG for 2021 Fiscal Year

#### 003 Remuneration of Members of the Executive Board

#### 009 Remuneration of Members of the Supervisory Board

#### 010 Comparative Presentation: Executive Board and Supervisory Board Remuneration in Proportion to Employee Remuneration and the Earnings Development of the Company

#### 011 Miscellaneous

#### 012 Independent Auditor's Report on the Audit of the Remuneration Report in Accordance with Section 162 (3) AktG

## Remuneration Report of Progress-Werk Oberkirch AG in Accordance with Section 162 AktG for 2021 Fiscal Year

003 Remuneration of Members of the Executive Board

009 Remuneration of Members of the Supervisory Board

010 Comparative Presentation: Executive Board and Supervisory Board Remuneration in Proportion to Employee Remuneration and the Earnings Development of the Company

### 011 Miscellaneous

012 Independent Auditor's Report on the Audit of the Remuneration Report in Accordance with Section 162 (3) AktG

## Miscellaneous

Progress-Werk Oberkirch AG has taken out D&O insurance for the members of the Executive Board and the Supervisory Board. The premiums for this are paid by the company. For the members of the Executive Board, in line with the provisions of stock corporation law, the policy has a deductible of 10% of the loss up to one and a half times the amount of the fixed remuneration of the member of the Executive Board. A deductible is no longer intended for the members of the Supervisory Board based on the current version of the German Corporate Governance Code. Moreover, the members of the Executive Board are also included in group accident insurance. The premiums for this are likewise paid by the company.

Oberkirch, March 18, 2022

### Progress-Werk Oberkirch AG

The Supervisory Board



Karl M. Schmidhuber  
Chairman

The Executive Board



Carlo Lazzarini  
Chairman/CEO



Dr. Cornelia Ballwießer  
CFO



Johannes Obrecht  
COO

## Remuneration Report of Progress-Werk Oberkirch AG in Accordance with Section 162 AktG for 2021 Fiscal Year

003 Remuneration of Members of the Executive Board

009 Remuneration of Members of the Supervisory Board

010 Comparative Presentation: Executive Board and Supervisory Board Remuneration in Proportion to Employee Remuneration and the Earnings Development of the Company

011 Miscellaneous

**012 Independent Auditor's Report on the Audit of the Remuneration Report in Accordance with Section 162 (3) AktG**

## Independent Auditor's Report on the Audit of the Remuneration Report in Accordance with Section 162 (3) AktG

To Progress-Werk Oberkirch Aktiengesellschaft, Oberkirch

### Opinions

We formally audited the remuneration report of Progress-Werk Oberkirch Aktiengesellschaft, Oberkirch, for the fiscal year from January 1 to December 31, 2021 to ascertain whether the disclosures in the remuneration report were made pursuant to Section 162 (1) and (2) AktG. In accordance with Section 162 (3) AktG, we did not audit the contents of the remuneration report.

In our opinion, the disclosures in the accompanying remuneration report were made pursuant to Section 162 (1) and (2) AktG in all material respects. Our audit opinion does not cover the content of the remuneration report.

### Basis for the Opinions

We conducted our audit of the remuneration report in accordance with Section 162 (3) AktG and the IDW Assurance Standard: Audit of the Remuneration Report in Accordance with Section 162 (3) AktG (IDW PS 870 (08.2021)). Our responsibilities under those requirements and this standard are further described in the "Auditor's responsibilities" section of our auditor's report. We applied the IDW Standard on Quality Management: Requirements for Quality Management in Audit Firms (IDW QS 1). We observed the professional duties in accordance with the Wirtschaftsprüferordnung (Act on the Code of Professional Practice for German Public Auditors) and the Professional Charter for German Public Auditors/Sworn Auditors, including the requirements regarding independence.

### Responsibility of the Executive Board and the Supervisory Board

The Executive Board and the Supervisory Board are responsible for the preparation of the remuneration report, including the related disclosures, that meet the requirements of Section 162 AktG. They are also responsible for such internal control as they consider necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibilities

Our objective is to obtain reasonable assurance about whether the disclosures in the remuneration report were made pursuant to Section 162 (1) and (2) AktG in all material respects and to express an opinion on this in an auditor's report.

We planned and conducted our audit to determine whether the remuneration report is complete by comparing the disclosures in the remuneration report with the disclosures required by Section 162 (1) and (2) AktG. In accordance with Section 162 (3) AktG, we did not audit the accuracy of the disclosures, whether the content of the individual disclosures is complete or the suitable presentation of the remuneration report.

Stuttgart, March 24, 2022

KPMG AG  
Wirtschaftsprüfungsgesellschaft

signed Laubert  
German Public Auditor

signed Herr  
German Public Auditor

# Contact

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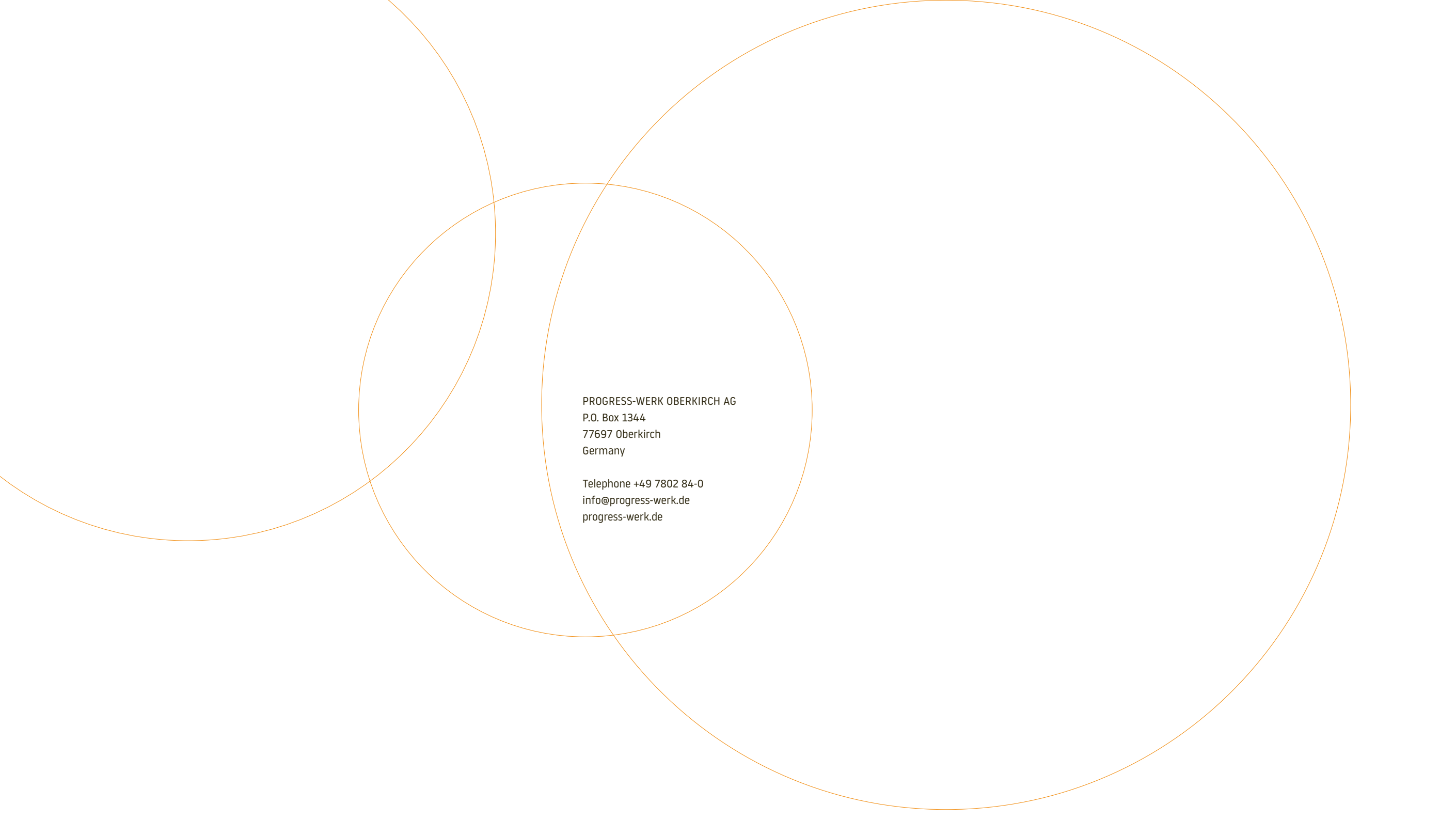
Figures in this document are typically presented in EURk. Differences in the individual figures versus the actual amounts may emerge due to rounding. Such differences are not of a significant nature. For reasons of better readability, gender-neutral as well as gender-specific forms are used. Hereby all genders are expressly meant. The English translation of this document is provided for convenience of understanding only. In case of any different interpretation of the texts in German and English, the German version shall prevail.

## Design

**Berichtsmanufaktur GmbH, Hamburg**

## Pictures

PWO



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