

# Principles of the remuneration system for the members of the Management Board (as of 01/2022)

The remuneration system for the Management Board is designed to provide an incentive for successful and sustainable long-term corporate development and to dovetail the interests of the Management Board, employees, and owners even more closely. A key aspect of the remuneration system is that, in addition to fixed remuneration components, variable remuneration components with a multi-year assessment basis are also agreed, so that the members of the Executive Board participate appropriately in both positive and negative developments of the company.

When determining the total remuneration and its breakdown into individual remuneration components, the area of responsibility assigned to the respective member of the Management Board and his personal performance are especially evaluated. Furthermore, the remuneration should be attractive and appropriate compared to the competitive environment.

## **1. Composition of the remuneration**

The total remuneration of the Management Board consists of a fixed annual basic remuneration, including certain fringe benefits (collectively "Fixed remuneration"), and variable remuneration components, on the one hand with short-term ("STI"), on the other hand with long-term performance criteria ("LTI").

### **1.1 Fixed remuneration**

The fixed remuneration of the Executive Board members, consisting of salary and fringe benefits, is paid monthly on a pro rata basis. The fringe benefits in the form of non-cash remuneration, consist mainly of the use of a company car, telephone, and insurance premiums, are taxable for the individual Executive Board member. In principle all Executive Board members are due fringe benefits in the same way, but the amount may vary depending on their personal situation.

### **1.2 Variable remuneration components**

In addition to the basic remuneration, the members of the Executive Board generally receive two variable remuneration components.

#### a) Short-term variable remuneration component, Short Time Incentive (STI)

STI is based primarily on a percentage of the cumulative net income for the Group as a whole, whereby a segment directly responsible for the Executive Board may be weighted more heavily than other parts of the Group. The short-term variable component is payable when an annual profit has been generated and previously defined framework conditions, including non-financial parameters such as compliance with regulations, have been met. The Supervisory Board determines whether the thresholds and non-financial parameters have been reached after the company's annual financial statements have been prepared.

As a further STI component, project-related individual bonuses can be agreed which are based solely on an annual assessment of performance and thus either on specific target achievement or on a percentage share of the annual result.

b) Long-term variable remuneration component, Long Time Incentive (LTI)

LTI is calculated on the base of the long-term growth of the net income for the year in the direct area of responsibility of the respective member of the Executive Board if this parameter exceeds previously agreed target figures. In addition, the bonus is paid in shares or its calculation is linked to the share price, so that the beneficiary has a material interest not only in the long-term growth of the company's profit but also in the company's market capitalization. The achievement of the financial performance indicator is also determined by the Supervisory Board at the end of the period, usually five years, when the annual financial statements of the company are prepared.

Fixed Remuneration		
Annual Base Salary	fixed, contractually agreed remuneration, paid in 12 equal monthly installments	
Fringe Benefits	Company Car Telephone Subsidy for health, retirement and accident insurance Company accident insurance Directors & Officers liability insurance	
Short-term variable Remuneration Components, Short Time Incentive (STI)		
Plan Type	Target bonus model	
Performance Criteria	Net Profit in the respective fiscal year above certain threshold value	
	<table border="1"> <tr> <td>Directly responsible 4-6% of excess profits</td> <td>Rest of the Group 1-2% of excess profits</td> </tr> </table>	Directly responsible 4-6% of excess profits
Directly responsible 4-6% of excess profits	Rest of the Group 1-2% of excess profits	
Limit	120-150% of the annual base salary	
Payout	In cash, in the following year in the month after the General Meeting	
Plan Type	Reward Model	
Performance Criteria	Achievement of project targets	
Limit	20% of the annual fixed salary per project	
Payout	In cash, in the month after the General Meeting	
Long-term variable Remuneration Components, Long Time Incentive (LTI)		
Plan Type	Target bonus model	
Performance Criteria	Cumulative excess profits of the group at the end of the contract period	
Period	Contract duration	
Limit	Number of shares	
Payout	In shares in the month following the General Meeting in the following year of the period	
Maximum Remuneration		
The absolute Euro value for the maximum payment of remuneration granted in a fiscal year is EUR 5 million for each member of the Board of Management. The Maximum total remuneration includes all fixed and variable remuneration components.		

Diagram 1: Summary of the remuneration system of Eckert & Ziegler AG

The annual short-term variable remuneration components should not exceed 40% of the target in relation to long-term variable remuneration components.

Overall, the variable remuneration components serve to promote the positive development of both the Group as a whole and the business units for which individual responsibility is assumed, and thus the further development and implementation of the overall strategy of the company. The correspondingly differentiated incentive structure is intended on the one hand to strengthen individual departmental responsibility and on the other hand to anchor the overall strategic development in the company as part of the Executive Board's activities. The multi-year evaluation basis of the majority of the variable remuneration and the partial payment of the variable remuneration in shares of the company or taking into account the share price ensures that the long-term positive development of the company is reflected accordingly in the amount of remuneration.

## **2. Determination of a maximum remuneration and ratio of fixed and variable maximum remuneration**

The fixed remuneration is based on market conditions and comparative values from other companies. The Supervisory Board ensures that the targets for all elements of the variable remuneration are ambitious, while at the same time ensuring a balanced risk/reward profile.

If the targets are not met, the short-term variable remuneration may fall to zero. If the targets are significantly exceeded, the short-term variable remuneration for members of the Management Board is capped at 120-150% of their base salary.

Long-term remuneration is paid in shares. Here the remuneration may also fall to zero. It is limited to a maximum number of shares per Management Board member over the entire duration of the contract.

A calculated maximum total remuneration can be derived from the limited variable remuneration elements, the basic remuneration and the expenses for fringe benefits. In addition, the Supervisory Board has defined an absolute euro value for the maximum payment of the remuneration granted in a financial year in accordance with Section 87a (1) sentence 2 no. 1 of the German Stock Corporation Act. It amounts to EUR 5 million per year for each member of the Management Board. The maximum total remuneration includes all fixed (including supplementary benefits) and variable remuneration components. This Limitation may mean that the full number of shares or the full value of shares may not be paid out.

## **3. Alignment of remuneration with long-term and sustainable corporate development**

The Supervisory Board determines the specific target and maximum total remuneration for each member of the Executive Board, which is commensurate with the tasks and performance of the Management Board member and the situation of the company and which does not exceed the usual remuneration in comparison - both with other companies and with the Group - without special reasons. As a suitable peer group for assessing the customary nature of the specific total remuneration in comparison with other companies, the Supervisory Board uses companies listed in the same stock exchange segment (Prime Standard) as the Group and which, on the one hand, have a similar balance sheet total and, on the other hand, a comparable EBIT.

The Supervisory Board assesses the customary nature of the specific total remuneration of the Management Board members within the Company. It considers the ratio of the target total

remuneration of the individual Management Board members to the average total remuneration of senior executives and to the average total remuneration of the entire workforce in Germany. In assessing the customary nature of the specific total remuneration, the Supervisory Board also considers the development over time of the ratios described above.

#### **4. Special contractual rules**

##### **4.1 Clawback regulations**

Violations of compliance with rules and the Group-wide guidelines for compliance from previous periods can also retroactively reduce current bonuses. On the one hand, this is intended to emphasize the importance of compliance within Eckert & Ziegler Strahlen- und Medizintechnik AG. On the other hand, the reputation of the Group is to be strengthened in the sense of sustainable development through a contemporary, value-based corporate culture.

##### **4.2 Adjustment of the remuneration**

The Supervisory Board reserves the right to consider extraordinary developments to an appropriate extent. In justified cases, the variable remuneration may be withheld or demanded back.

#### **5. Implementation and ongoing evaluation of the remuneration system**

The implementation of the remuneration system resolved by the Supervisory Board will take place upon completion of the individual Executive Board employment contracts by the Supervisory Board as a whole. In addition, the Remuneration Committee of the Supervisory Board reviews the remuneration system on an ongoing basis and, if any need for adjustments is identified, discusses and resolves on any changes to the system and informs the Supervisory Board as a whole of any adjustments it deems appropriate or necessary. Changes to the remuneration system are resolved by the full Supervisory Board. In the event of changes, the Supervisory Board will submit the changed remuneration system to the next General Meeting for approval.