

## **Compensation for the Members of the Supervisory Board of KPS AG**

1. **On the basis of Article 12 Section 1 Sentence 1 of the Articles of Incorporation of KPS AG, the following compensation is established for the Members of the Supervisory Board:**

- The compensation for each Member of the Supervisory Board is defined at EUR 15,000.00 per business year.
- The Chairman of the Supervisory Board shall receive EUR 25,000.00.
- The flat-rate attendance fee is defined as EUR 600.00 for each Meeting of the Supervisory Board.
- The company shall pay the premiums for an appropriate financial loss liability insurance (D&O policy) for the Members of the Supervisory Board.

2. **The provisions under the company statutes relating to the compensation for the Members of the Supervisory Board state as follows in Article 12 of the Articles of Incorporation of KPS AG:**

*“Article 12  
Compensation*

1. *The compensation of the Supervisory Board is defined by resolution of the Annual General Meeting. The compensation shall be due on the day after the proceedings of the Annual General Meeting which decides on the discharge for the actions of the Supervisory Board in relation to the relevant business year.*
2. *Supervisory Board Members who have only been a Member of the Supervisory Board for part of a business year will receive proportionate compensation pro rata with time.*
3. *The Company shall reimburse each Member of the Supervisory Board the turnover tax due on their compensation.”*

3. **Explanation of the compensation system for Members of the Supervisory Board of KPS AG**

The compensation system takes account of the responsibility and the scope of activities of the Members of the Supervisory Board of KPS AG. The Supervisory Board makes a contribution to advancement of the business strategy and to the long-term development of the company by means of supervision of the management activities of the Executive Board under the obligation set out above.

The Members of the Supervisory Board each receive a fixed annual compensation. The fixed compensation each business year amounts to EUR 15,000.00. By way of derogation from this, the Chairman of the Supervisory Board shall receive EUR 25,000.00 for each business year. The respective amount of the fixed remuneration takes account of the concrete function and the responsibility of the Members of the Supervisory Board.

A variable compensation that takes account of attainment of defined objectives or targets is not provided for. The compensation can therefore only be aligned with the business strategy to a limited extent and therefore only exert an influence on the long-term development of the company to a certain extent. However, this takes into account the independent supervisory and consulting function of the Supervisory Board, which is not based on the short-term success of the company but on the development of the company over the long term.

In addition, each Member of the Supervisory Board receives an attendance fee in the form of a flat-rate attendance fee for each meeting of the Supervisory Board that the member participates in. The flat-rate attendance fee amounts to EUR 600,00.

The entitlement to payment of the fixed compensation and the attendance fee is due on the day after the proceedings of the Annual General Meeting which decides on the discharge for the actions of the Supervisory Board in relation to the relevant business year (Article 12 Section 1 Sentence 2 of the Articles of Incorporation). Supervisory Board Members who have only been a Member of the Supervisory Board for part of the business year will receive proportionate compensation pro rata with time (Article 12 Section 2 of the Articles of Incorporation). Furthermore, the company reimburses each Member of the Supervisory Board the turnover tax due on their compensation (Article 12 Section 3 of the Articles of Incorporation).

On account of the special nature of the compensation for the Supervisory Board, which is granted for this specific activity, and which differs fundamentally from the activity of the employees of the company and the Group, there is no question of a vertical comparison with the remuneration for employees. The company has a free choice within the limits of statutory legislation to decide whether and under what conditions the Members of the Supervisory Board are employed as employees of the KPS Group.

The amount of the compensation for Members of the Supervisory Board at KPS AG is defined by the Annual General Meeting on the basis of Article 12 Section 1 Sentence 1 of the Articles of Incorporation. The compensation and the compensation system for the Supervisory Board are reviewed by the administration at irregular intervals, but at the latest every four years. The defining factor for this is in particular the time commitment of the Members of the Supervisory Board. Insofar as the Executive Board and the Supervisory Board perceive a need for a reappraisal of the compensation or compensation system, they will submit an appropriate proposal for a resolution to the Annual General Meeting; at any rate, a proposal for resolution relating to the compensation including the underlying compensation system will be submitted to the Annual General Meeting at the latest every four years.

The above-mentioned proposal for establishment of the compensation of the Members of the Supervisory Board of KPS AG is based on the compensation regulations defined in Article 12 of the Articles of Incorporation. The Executive Board and the Supervisory Board have engaged in intensive deliberations on the previously existing compensation regulation of 9 May 2008 for the Members of the Supervisory Board of KPS AG and have decided on an increase in the attendance fee to EUR 600.00 based on the greater requirement for consultation and agreement.

The arrangements applicable for handling conflicts of interest are also taken into account in relation to the procedure for defining and implementing the compensation system. When mandating any external compensation advisors their independence is also ensured.

Im April 2021

KPS AG