

BAUER Aktiengesellschaft

Remuneration report 2021



In the following remuneration report in accordance with section 162 of the AktG, the remuneration granted and owed by the company and companies within the Group to the present and former members of the Executive Board and Supervisory Board of BAUER Aktiengesellschaft is explained.

According to the wording of the law, a report must be issued concerning the remuneration granted and owed. As a remuneration cannot be granted and owed at the same time, it is indicated below if the remuneration is either granted or owed. The obligation of disclosure in the remuneration report is determined by the earlier of the two points in time. According to the legislative material for the revised section 162 of the AktG, the precise time of receipt should not be regulated, which means that in the following report a remuneration pursuant to section 162 (1) of the AktG is considered to be “granted” and in principle is stated in the remuneration report for the financial year in which the activity underlying the remuneration was performed and thus earned.

1. Overview of the 2021 remuneration year

1.1. Remuneration of the Executive Board

The Supervisory Board of BAUER AG sets the remuneration for the members of the Executive Board in line with the remuneration system submitted to the General Meeting for approval in each case. Based on the preliminary work carried out by its Presidial and Personnel Committee, the Supervisory Board resolved in December 2020 to introduce an updated remuneration system for members of the Executive Board on the basis of the new legal requirements and the accordingly amended recommendations of the German Corporate Governance Code with effect from January 1, 2021.

At the proposal of the Supervisory Board and at the recommendation of the Presidial and Personnel Committee, the General Meeting of the company approved the submitted revised remuneration system for the Executive Board on June 24, 2021.

The Supervisory Board has agreed, for the three currently serving members of the Executive Board, to apply the revised remuneration system for the 2021 financial year. As the appointment of Executive Board member Hartmut Beutler expired with effect from the end of December 31, 2021 due to his retirement and the number of Executive Board members thus reduced from four to three at the end of the year under review, his remuneration was not converted to the new remuneration system, but instead within the framework of the preceding remuneration system it was possible to proceed according to the new remuneration system with the exception of the LTI share, which means that the new remuneration system was applied accordingly for the remaining remuneration components and an LTI share was omitted for Mr. Beutler. In addition, a slight deviation was made from the range for the share of variable target remuneration in the total target remuneration.

The Supervisory Board determines the remuneration of the Executive Board members based on the remuneration system approved by the General Meeting. The Presidial and Personnel Committee of the company's Supervisory Board prepares the resolution of the Supervisory Board concerning the definition of the remuneration. Any adjustments to the fixed components are decided on an annual basis. Variable remuneration is set by the Supervisory Board after the end of the financial year depending on the target achievement. Accordingly, the Supervisory Board set the variable remuneration for the Executive Board for the reference year of 2021 based on the target achievement determined in April 2022.

1.2. Remuneration of the Supervisory Board

The General Meeting must pass a resolution regarding approval of the remuneration system for members of the Supervisory Board at least once every four years, whereby a resolution confirming the remuneration is permissible. Remuneration for members of the company's Supervisory Board is regulated in section 13 of the company's Articles of Association and was last revised by resolution of the General Meeting on June 28, 2018.

Pursuant to section 13 of the Articles of Association, members of the Supervisory Board are entitled to fixed remuneration plus an attendance fee and remuneration for expenses. The amount of the fixed remuneration paid to members of the Supervisory Board is set based on the respective position of each member within the Supervisory Board and membership in its committees. At the proposal of the Executive Board and Supervisory Board, the Annual General Meeting on June 24, 2021 confirmed the remuneration for members of the Supervisory Board as set out in section 13 ("Remuneration for the Supervisory Board") of the company's Articles of Association.

2. Remuneration of the members of the Executive Board

2.1. Composition of total remuneration

The total remuneration paid to members of the Executive Board consists fundamentally of the following components:

| Remuneration component | Share of total target remuneration |
|----------------------------------|------------------------------------|
| Fixed basic salary | 55% - 70% |
| Variable remuneration components | 30% - 45% |

The variable remuneration is broken down as follows:

| | Share of variable target remuneration |
|--|---------------------------------------|
| Short-term incentive ("STI") | 49,90% |
| Long-term cash incentive ("LTI Cash") | 25,05% |
| Long-term share-based incentive ("LTI Shares") | 25,05% |

The Supervisory Board determines a total target remuneration in advance for the financial year in question ("reference year") for each member of the Executive Board. This is derived from the basic salary and the variable remuneration components that will be granted for the remuneration year in the event of full target achievement. Within the existing ranges, the Supervisory Board determines the proportion of fixed basic salary to variable remuneration components at its due discretion and may consider differentiations due to specific roles, market circumstances, the experience of Executive Board members and the area of responsibility within the Executive Board.

The target value for each variable remuneration component is determined from the shares in the total target remuneration presented above. These are referred to as "**Target STI**", "**Target LTI Cash**" and "**Target LTI Shares**." The share of the target amount of LTI Cash and LTI shares in the total target remuneration exceeds that of the STI. This ensures that the variable remuneration that results from achieving long-term oriented targets exceeds the share of short-term oriented targets, and the remuneration structure is thus oriented overall toward sustainable and long-term development.

At the start of the year under review, the following target remunerations were determined for the members of the Executive Board for the year under review:

| in EUR | Michael Stomberg Chairman | Florian Bauer | Hartmut Beutler | Peter Hingott |
|----------------------------------|------------------------------|----------------|-----------------|----------------|
| Basic salary | 465,000 | 220,000 | 318,600 | 300,000 |
| Target STI | 174,650 | 59,880 | 59,880 | 74,850 |
| Target LTI Cash | 87,675 | 30,060 | 60,120 | 37,575 |
| Target LTI Shares | 87,675 | 30,060 | n/a | 37,575 |
| Total target remuneration | 815,000 | 340,000 | 438,600 | 450,000 |

There are also the additional benefits described in no. 2.2. below. In addition, the Supervisory Board set the performance criteria for each member of the Executive Board with reference to the performance-related variable remuneration components for the 2021 financial year, unless these already result directly from the applicable remuneration system.

The fixed (not performance-related) basic remuneration of the Executive Board ensures that member of the Executive Board can orient their activities based on the well-understood interests of the company and the duties of reasonable commercial diligence without depending solely on short-term performance targets. On the other hand, appropriately weighted variable remuneration components that depend on key figures and criteria for the Group and company provide an effective incentive for contributing to the company's success. The long-term variable remuneration elements and multi-year assessment periods ensure that there are no misdirected incentives for short-term maximization of profits or for taking on inappropriate risks, thereby achieving a sustainable remuneration effect. The share-based long-term remuneration components lead to a synchronization of interests between the shareholders and member of the Executive Board in increasing the company's long-term value. The company's remuneration system and the financial and non-financial performance criteria of the variable remuneration components thus contribute to promotion of the business strategy and the long-term development of the company.

2.2. Composition of fixed remuneration

The annual basic salary comprises twelve monthly salaries to be granted in the financial year. Decisions regarding adjustments to the basic salary are made for the month in which any collectively agreed wage increases in the construction sector become effective, taking into account the company's economic situation and the responsibility and services of the Executive Board member.

Additional benefits include the use of a company car for business and private use as well as a grant for pension, health and long-term care insurance amounting to half of the highest statutory rate under the German pension insurance scheme as well as for health and long-term care insurance amounting to the notional employer's share for the Executive Board member's legal health insurance obligation. The Executive Board member will also be reimbursed for necessary and appropriate costs and expenses incurred while exercising their duties in accordance with the applicable guidelines of the company. Benefits in the event of incapacity to work were not granted in the previous year under review.

2.3. Retirement benefits

Within the framework of the legal regulations, members of the Executive Board have the option of receiving a company pension through a direct pension plan with a deferred compensation option from the basic salary. In addition, there are no individual pension commitments for newly appointed Executive Board members.

For the Executive Board members Hartmut Beutler and Florian Bauer, the occupational pension scheme applicable for the Group was still agreed. The baseline salary defined for calculating retirement benefits is significantly lower in all contracts than the basic salary of the Executive Board member in question and is adjusted with each modification of the basic salary in an approximate percentage ratio. The pension commitment is paid out as a life-time pension either if the retirement age is reached or in case of long-term invalidity. In each case, the prerequisite for this is the termination of the Executive Board contract. The amount of the subsequent pension payment is defined by length of employment in years and thus grows gradually over the duration of employment.

The amounts disbursed or reserved as well as the present values of the pension commitments for the Executive Board members active at the end of the financial year are as follows:

| in EUR thousand | Florian Bauer | | Hartmut Beutler | |
|---|---------------|------|-----------------|-------|
| | 2020 | 2021 | 2020 | 2021 |
| Pension-related expenses in accordance with the HGB | 17 | 23 | 33 | 2 |
| Pension-related expenses in accordance with IFRS | 32 | 29 | 42 | 2 |
| Present value of obligation in accordance with the HGB | 162 | 240 | 1,257 | 1,456 |
| Present value of obligation in accordance with the IFRS | 305 | 301 | 1,597 | 1,581 |

2.4. Composition of variable remuneration

The variable remuneration components include assessment periods for specific years as well as multi-year periods in order to guarantee the long-term viability of the variable remuneration:

| Variable remuneration component | Assessment period | Share of variable |
|---------------------------------|----------------------|-------------------|
| STI | single year | 49.90% |
| LTI Bar | multi-year (4 years) | 25.05% |
| LTI Aktien | multi-year (4 years) | 25.05% |

Contrary to the recommendation of the German Corporate Governance Code, no provisions are made for predominantly investing the distributed variable net remuneration components in shares or granting them on the basis of shares, or that the Executive Board will only be able to access the complete long-term variable remuneration after a period of four years. Instead, share-based remuneration only makes up roughly a quarter of the variable target remuneration, and only the share-based portion of the variable remuneration is subject to a four-year holding period. Considering the remuneration system for the Executive Board of BAUER Aktiengesellschaft as a whole, this is deemed to be a more appropriate regulation than the recommendation in the Code.

At the start of the reference year, the Supervisory Board specifies performance targets for STI and LTI Cash using financial and non-financial performance criteria at the Group, company, function or individual level (“performance targets”). In this process, the Supervisory Board decides regarding the distribution between individual targets and overall Executive Board targets. The performance targets at the individual level primarily include strategic targets as well as operative targets and also consider social and ecological aspects.

The level of achievement for performance targets is determined using the specific target values stipulated by the Supervisory Board for the respective financial year, between zero and the relevant maximum value, whereby the ranges between the target values are generally determined on a straight-line basis.

2.4.1. Short Term Incentive (STI)

The target STI is 49.90% of the variable target remuneration stipulated by the Supervisory Board for the respective member of the Executive Board. The specific payment amount of the “STI” depends on achievement of the performance targets for the financial year.

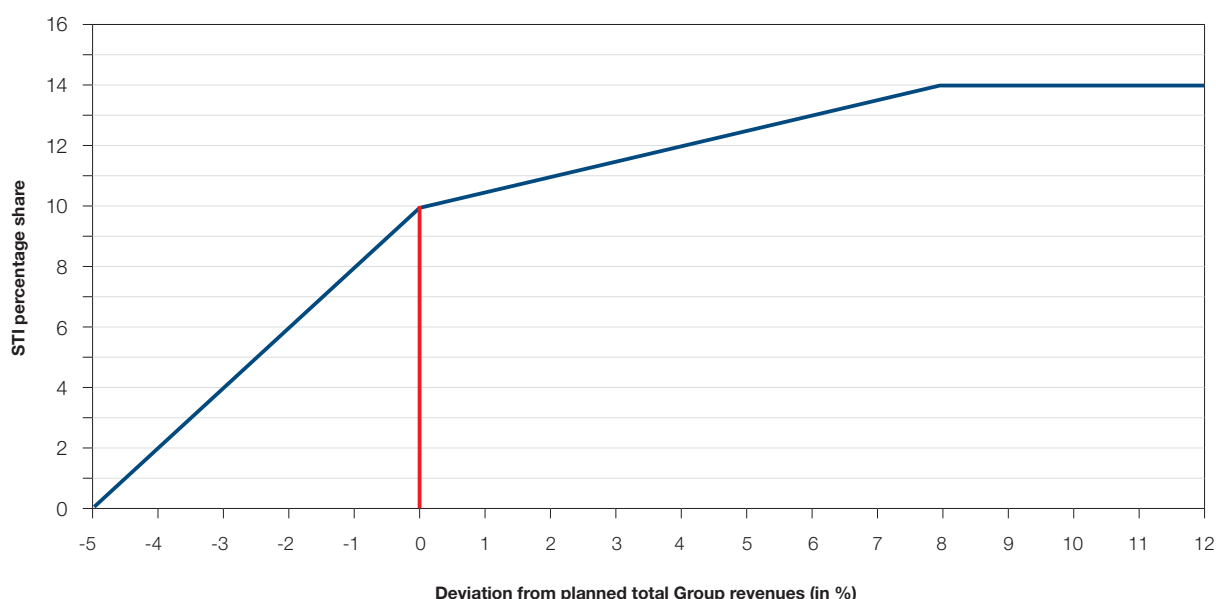
The following performance targets are currently authoritative for assessing the STI:

| Performance target | Share of target STI (percentage) | Maximum share of target STI (percentage) |
|----------------------------|----------------------------------|--|
| Total Group revenues | 10 | 14 |
| Group earnings after taxes | 60 | 100 |
| Individual targets | 30 | 40 |

The **total Group revenues** are an overall target for all Executive Board members. If the total Group revenues match the planned total Group revenues for the reference year (according to a resolution of the Supervisory Board), the full 10 percentage points of the target STI are achieved. For every 2% above the planned total Group revenues, the target STI is increased by 1 percentage point, up to a maximum increase of 14 percent to the target STI. If the planned revenues are not achieved, 4 percentage points are deducted from the target STI for each 2% below the planned total Group revenues.

For Executive Board members who, in addition to their activities on the Executive Board, also occupy a management position at the parent company of a group division under BAUER Aktiengesellschaft by way of third-party appointment, the following deviating regulation applies: The share of total Group revenues in the target STI is reduced to 5 percentage points. Accordingly, the maximum value of target achievement when exceeding the planned revenues is 7 percentage points of the target STI. The now available share of 5 percentage points in the target STI (maximum 7 percentage points) is calculated according to the same rules based on the planned group division revenues of the relevant group division parent company. In the year under review, there was no appointment of an Executive Board director for a subgroup parent company.

The planned total Group revenues was determined at the start of the year under review with an amount of EUR 1,652.4 million. Interim values are determined on a linear basis, which means that the following graphical representation results in target achievement with regard to the planned total Group revenues:



In the year under review, total Group revenues of EUR 1,537.6 million EUR were achieved, which resulted in an STI percentage of 0% with regard to the total Group revenues.

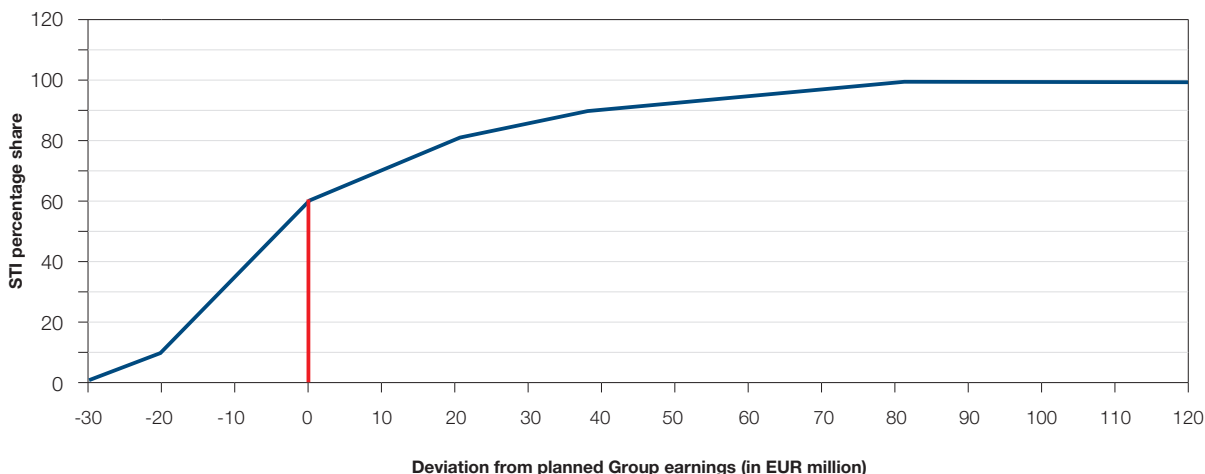
The **Group earnings after taxes** are an overall target for all Executive Board members. The Group earnings after taxes are adjusted for extraordinary positive or negative influences if taking them into account would be inequitable for the company or the Executive Board member according to the due discretion of the Presidial and Personnel Committee (e.g. in case of the purchase or sale of companies or parts of companies or special factors affecting profit and loss that are not due to operational business activities and were not already taken into account in the planning). If the Group earnings after taxes match the planned Group earnings after taxes for the reference year (according to a resolution of the Supervisory Board), the full 60 percentage points of the target STI are achieved. Results above or below the planned Group earnings lead to a percentage increase or deduction from the target STI. The relevant results above or below the planned earnings and the allocated percentage increases or deductions are reviewed by the Supervisory Board for each financial year and adjusted taking into account the development of Group earnings.

For Executive Board members who, in addition to their activities on the Executive Board, also occupy a management position at the parent company of a group division under BAUER Aktiengesellschaft by way of third-party appointment, the Supervisory Board may also proportionally apply the percentage of the Group earnings after taxes in the target STI to the corresponding group division earnings. In the year under review, there was no appointment of an Executive Board director for a subgroup parent company.

The relevant results above or below the planned earnings and the allocated percentage increases or deductions were reviewed by the Supervisory Board for the year under review, adjusted taking into account the development of Group earnings and set out according to the following table for all Executive Board members with planned Group earnings of EUR 25 million:

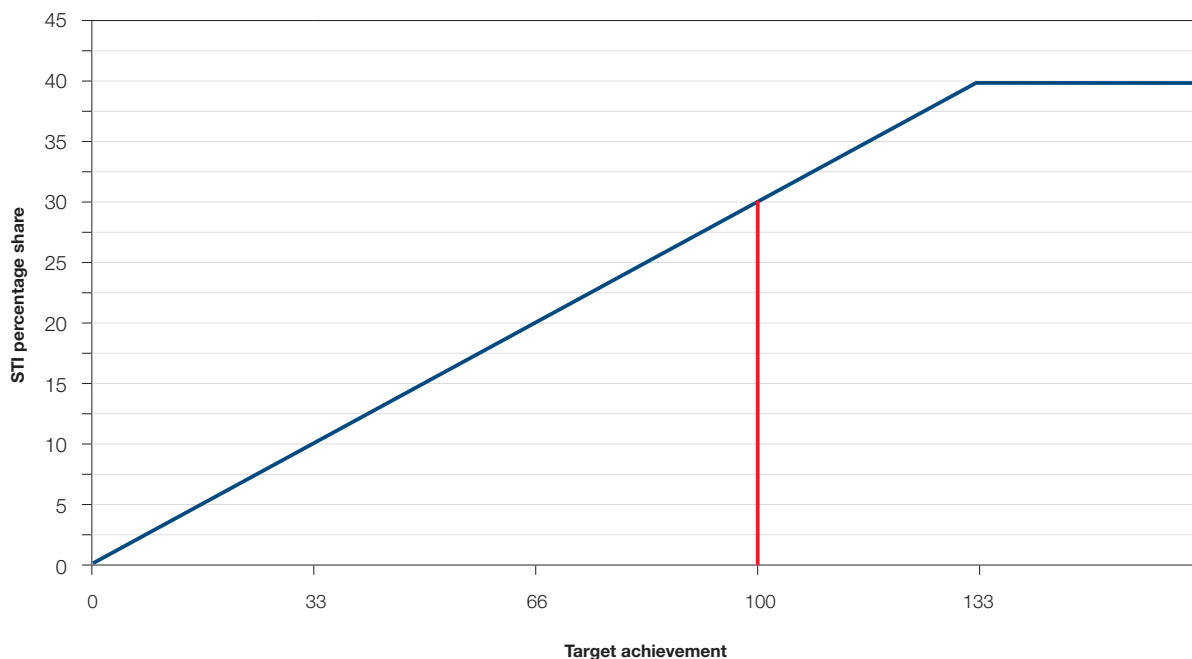
| Results above/below the planned group earnings after taxes | Share of target STI (percentage) |
|---|---|
| Planned Group earnings less EUR 30 million or less | 0% |
| Planned Group earnings less EUR 20 million | 10% |
| Planned Group earnings achieved | 60% |
| Planned Group earnings plus EUR 20 million | 80% |
| Planned Group earnings plus EUR 40 million | 90% |
| Planned Group earnings plus EUR 80 million or more | Maximum 100% |

Interim values are determined on a linear basis, which results in the following graphical representation of target achievement with regard to the planned Group earnings:



In the year under review, Group earnings of EUR 4.0 million EUR were achieved, which resulted in an STI percentage of 9%.

The **individual targets** for the reference year are set by the Presidial and Personnel Committee at the start of the reference year after a preliminary discussion between the Chairperson of the Supervisory Board and the respective Executive Board member. The individual targets should also include social and ecological targets. The 30 percentage points of the target STI allocated to individual targets are distributed in such a way that the target value of 30 percentage points can generally be achieved, and in exceptional cases involving particularly good performance and achievement of all individual targets, a maximum of 40 percentage points of the target STI can be earned, as can be seen from the following graphical representation:

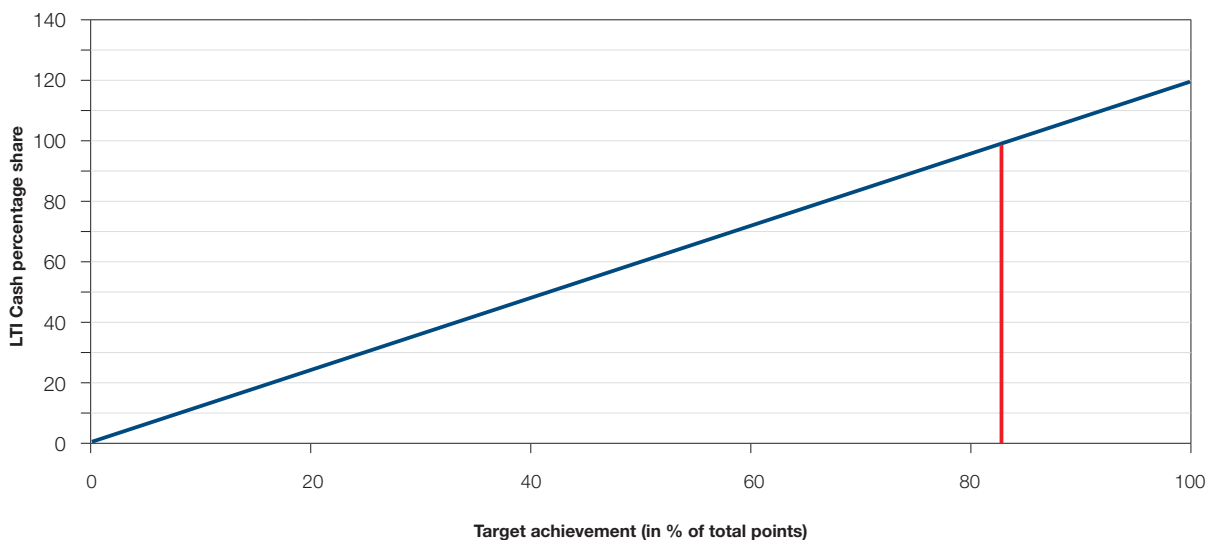


The individual targets were achieved by the Executive Boards in the range between 24% and 28%.

2.4.2. Long Term Incentive Cash (LTI Cash)

The performance targets for the LTI Cash and its weighting are set by the Presidial and Personnel Committee at the start of the reference year after a preliminary discussion between the Chairperson of the Supervisory Board and the respective Executive Board member, using a criteria assessment matrix. The performance criteria should encompass the areas of market, employees, company culture, finance, earnings performance, balance sheet, organization, processes, strategy, IT, accounting and stakeholders, and must be adjusted for the respective Executive Board member insofar as individual targets are concerned. The performance criteria should also take into account ecological and social considerations. In principle, the criteria assessment matrix should be maintained, however the Supervisory Board can adjust the matrix for each reference year at its due discretion.

The specific payment amount of the target LTI Cash is determined by the sustainable achievement of the performance targets over a retrospective assessment period of four years that includes the reference year and the three previous financial years. For this purpose, the target achievement value is assessed for each performance target with points from -2 to +4 and multiplied by the weighting factor set by the Presidial and Personnel Committee. The number of points achievable if all individual criteria receive the maximum assessment of +4 corresponds to 120% of the target LTI Cash. The individual target achievement for the LTI Cash is determined proportionally using the straight-line method based on the actual number of points achieved as follows.



The individual targets were achieved by the Executive Boards in the range between 67% and 68%.

2.4.3. Long Term Incentive Shares (LTI Shares)

The specific amount to be invested in the form of company shares ("investment amount") is obtained by multiplying the target LTI Shares by a percentage achievement factor defined as the average between the percentage target achievement of the STI (up to a maximum of 154%) and the LTI Cash (up to a maximum of 120%) for the reference year. For the 2021 year under review, the following values result for the Executive Board members for whom the revised remuneration system was agreed:

| in % | Michael Stomberg Chairman | Florian Bauer | Peter Hingott |
|------------------------|------------------------------|---------------|---------------|
| Average STI + LTI Cash | 58 | 57 | 59 |

Payment of the net amount is made after approval of the annual financial statements, along with the salary for May at the start of June. Each member of the Executive Board has committed to investing the net amounts paid to them for the investment amount under LTI Shares in the form of company shares and shall issue an irrevocable purchase order to the company and the custodian bank selected by the company, which will be executed for all Executive Board members immediately after receipt of the net amount at the uniform average market price. In addition, fractional amounts will be paid out in cash. The shares booked to the custodial account are subject to a holding period of four years starting with the end of the reference year; the shares may not be disposed of during this period. After the holding period has elapsed, the Executive Board member is entitled to dispose of the shares in accordance with the legal regulations, in particular the prohibition on insider trading, and the corresponding applicable guidelines of the company.

2.5. Remuneration granted and owed to the acting members of the Executive Board for the year under review

The basic salary is paid out in the reference year divided into twelve monthly salaries. The STI, LTI Cash and LTI Shares are paid out in cash in the following financial year after the audited annual financial statements for the year under review have been prepared and the Supervisory Board has passed a resolution on the definition of the variable remuneration. Thus the fixed remuneration is generally paid out in the year under review and the variable remuneration components are considered to be earned in the year under review, but are paid out in the following year; therefore, in line with section 162 (1) of the AktG they are assigned to the remuneration granted and owed in the 2021 financial year.

For the 2021 year under review, the members of the Executive Board who are active in the financial year receive the following remuneration from BAUER AG:

| | | Michael Stomberg CEO since November 1, 2018 | Florian Bauer Member of the Executive Board since January 1, 2018 | Hartmut Beutler Member of the Executive Board since January 1, 2001 | Peter Hingott Member of the Executive Board since October 1, 2016 | | | | |
|---------------------------|----------------------|---|--|--|--|--------------------|------|--------------------|------|
| | | 2021 | | | | | | | |
| | | in EUR thousand | in % | in EUR thousand | in % | in EUR thousand | in % | in EUR thousand | in % |
| Fixed remuneration | Basic salary | 465 | 69 | 220 | 70 | 319 | 76 | 300 | 72 |
| | Additional benefits | 33 | 5 | 32 | 10 | 29 | 7 | 36 | 9 |
| Total | | 498 | 73 | 252 | 81 | 347 | 83 | 336 | 81 |
| Variable remuneration | STI | 59 | 9 | 20 | 6 | 21 | 5 | 28 | 7 |
| | LTI Cash | 71 | 10 | 24 | 8 | 49 | 12 | 30 | 7 |
| | LTI Shares | 50 | 7 | 17 | 5 | n/a | n/a | 22 | 5 |
| Total | | 181 | 27 | 61 | 19 | 70 | 17 | 80 | 19 |
| Other | Special remuneration | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total remuneration | | 679 | 100 | 313 | 100 | 417 | 100 | 416 | 100 |

The members of the Executive Board do not receive any additional remuneration from the associated companies of the BAUER Group for their activities on the Executive Board. In addition, no benefits were promised or granted by a third party in the financial year to a member of the Executive Board with respect to their activities as a member of the Executive Board.

At the end of December 31, 2021, Executive Board member Hartmut Beutler ended his activity as a member of the Executive Board. In this context, no separate benefits were promised and granted to him in the course of the last financial year.

The performance criteria agreed with each member of the Executive Board based on the prescribed remuneration system for the Executive Board was applied as follows for the year under review.

| Share of target amount 2021 | Michael Stomberg CEO | | Florian Bauer | | Hartmut Beutler | | Peter Hingott | | | | |
|-----------------------------|-------------------------|-----------------|---------------|-----------------|-----------------|-----------------|---------------|-----------------|------|----|----|
| | Target | maximum | achieved | | | | | | | | |
| | in % | in EUR thousand | in % | in EUR thousand | in % | in EUR thousand | in % | in EUR thousand | in % | | |
| STI (49.90%) | 100 | 154 | 59 | 34 | 20 | 33 | 21 | 35 | 28 | 37 | |
| LTI (51%) | LTI Cash (25.05%) | 100 | 120 | 71 | 81 | 24 | 80 | 49 | 81 | 30 | 81 |
| | LTI Shares (25.05%) | 100 | 137 | 50 | 58 | 17 | 51 | n/a | n/a | 22 | 59 |
| Total STI + LTI weighted: | 100 | 141 | 180 | 52 | 61 | 51 | 70 | 58 | 80 | 54 | |

Each member of the Executive Board is obligated to invest the net amounts paid to them for the investment amount under LTI Shares in the form of company shares. As the investment has not yet been made at the time of preparing the report, the anticipated quantity of the investment volumes in shares of the company is estimated as follows based on the non-volume weighted average of the closing price per company share on Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange for the five trading days prior to April 1, 2022:

| LTI Shares 2021 | Michael Stomberg CEO | Florian Bauer | Peter Hingott |
|---|-------------------------|---------------|---------------|
| Net amount EUR thousand | 26 | 9 | 12 |
| No-nominal-value bearer share (estimated) | 2,889 | 969 | 1,347 |

2.6. Remuneration granted and owed to the former members of the Executive Board for the year under review

The following table contains the remuneration components granted and owed in the financial year gone by, within the meaning of section 162 of the AktG, to former members of the Executive Board who ended their activity within the past ten financial years, including the relative share in each case:

| | Prof. Thomas Bauer Member of the Executive Board until October 31, 2018 | | Heinz Kaltenecker Member of the Executive Board until December 31, 2016 | |
|--------------------------------|---|------|---|------|
| | 2021 | | 2021 | |
| | in EUR thousand | in % | in EUR thousand | in % |
| Receipt of retirement benefits | 168 | 100 | 67 | 100 |
| Total | 168 | 100 | 67 | 100 |

As an acting member of the Supervisory Board, in the year under review Prof. Thomas Bauer also received the Supervisory Board remuneration described in no. 3.2. below.

2.7. Appropriateness of the remuneration of the Executive Board

Horizontal comparison

In assessing the appropriateness of the remuneration paid to the Executive Board member, the variable remuneration is set and compared in proportion to the fixed basic salary. Furthermore, the fixed and variable portions as well as the overall remuneration paid are compared to the normal levels of remuneration received by Executive Board members of other stock market quoted companies and other companies operating in the same sector, or companies similar in other ways, in Germany, which were published in the previous financial year. For the year under review, the following companies were used for comparison: Hochtief AG, Klöckner & Co. SE, GEA Group AG, Bilfinger SE, Kuka AG, Heidelberger Druckmaschinen AG, DMG Mori Seiki AG, Deutz AG, König & Bauer AG, Vossloh AG.

In this regard, the remuneration received by the Executive Board members should be reasonably proportionate to the Executive Board salaries at comparable companies, taking into account any special benefits granted or other circumstances at the due discretion of the Supervisory Board.

Vertical comparison

The annual salaries and variable remuneration components to be granted to Executive Board members for the past financial year are compared in total with the annual salaries and the variable remuneration components to be granted to the top managing directors of the group division parent companies, including their development over time. Due to their role, the annual salary of the CEO should be approximately 1.33 times higher than the next highest annual salary among the managing directors/other members of the Executive Board.

The remuneration and employment conditions for employees of the BAUER Group are taken into account when determining the remuneration system, by comparing the total remuneration (the total of the respective Executive Board member's basic salary and target remuneration components) with an average gross annual income of an FTE employee at BAUER AG, including their development over time, and assessing their appropriateness.

2.8. Maximum remuneration

The total remuneration paid to members of the Executive Board is limited to an individual maximum amount. The maximum remuneration comprises the fixed basic salary plus the maximum amount of variable remuneration for the member of the Executive Board in question. There are also the additional benefits as well as any special benefits granted. The maximum amount of the variable remuneration is 141% of the variable target remuneration and results from the total of the maximum amounts for the individual variable remuneration components. Based on this basis for calculation, a maximum remuneration is formed that stipulates a maximum of EUR 1.25 million for the CEO and EUR 700 thousand for the ordinary members of the Executive Board. The maximum remuneration was not exceeded in the year under review and is therefore complied with.

The STI is limited to a maximum amount of 154% of the target STI in any case. The LTI Cash is limited to a maximum amount of 120% of the target LTI Cash in any case. The investment amount under LTI Shares is thus limited to a maximum amount of 137% of the target LTI Shares in any case.

The aforementioned maximum thresholds were complied with in the year under review.

2.9. Benefits upon termination of the contract

In the event of a termination of the employment relationship, the following applies for remuneration components that have not yet been paid:

- If the relationship ends due to a termination declared by the company with good cause for which the Executive Board member is responsible, the entitlement to all remuneration components that have not yet been paid shall lapse with effect from the date of termination, without substitution. In this regard, no entitlement is established for the Executive Board member.
- In all other cases of termination (e.g. expiration of a Executive Board contract, entry into retirement, death of the Executive Board member), all remuneration components that have not yet been paid shall remain unchanged, and the Executive Board member (or their heirs) can establish a claim to this remuneration in accordance with the remuneration system. Performance targets that could only meaningfully be applied in the event of a continuing employment of the Executive Board member are no longer taken into account.

If the respective Executive Board contract of Mr. **Peter Hingott** or Mr. **Michael Stomberg** should end early through cancellation of the appointment by the company (due to withdrawal of confidence by the General Meeting or in the event of incapacity to work) or through termination for good cause on the part of the Executive Board, the Executive Board member will receive a gross settlement, subject to the following sentences, amounting to 150% of the annual basic salary. In the event of a mutual severance agreement, the gross settlement is set for 50% of the annual basic salary. However, the settlement may not exceed an amount that remunerates the remaining term of the Executive Board contract. The claim to such a settlement lapses, or the already granted settlement must be paid back, if the company effectively declares extraordinary termination of the Executive Board contract for good cause pursuant to section 626 of the BGB or if it emerges within the following six months after the end of this employment contract that there was good cause for extraordinary termination and the company demands repayment in writing. In the event of incapacity to work, the part of the Executive Board remuneration that was paid out on a monthly basis for the period more than six months after the start of the incapacity to work will be set off against the settlement.

If the respective Executive Board contract of Mr. Peter Hingott or Mr. Michael Stomberg is not extended at least twice after expiry of the time limit, with an interval of at least three years in each case, because the company refuses the extension under conditions that are largely at least equally favorable for the Executive Board member, the Executive Board member receives a gross transitional payment amounting to 100% of the annual basic salary, payable in twelve equal monthly installments after deduction of taxes and social security contributions at the end of each month starting with the first month after expiry of the time limit for the Executive Board contract. Earned income or substitute income obtained within a period of twelve months after the term of appointment has expired will be offset. A transitional payment will not be paid in the event of a premature termination of the Executive Board contract. The claim to such a transitional payment lapses, or the already granted transitional payment must be paid back, if the company effectively declares extraordinary termination of the Executive Board contract for good cause or if it emerges within the twelve months following the end of this employment contract that there was good cause for extraordinary termination and the company demands repayment of the transitional payment in writing.

If the contractual relationship with Executive Board member Mr. **Florian Bauer** ends through termination by BAUER AG or the Executive Board contract is not extended by the company once after the end of the contract on December 31, 2022 by a period of at least 2 years, the Executive Board member will receive a settlement amounting to one year's basic salary. The same applies if the contractual relationship was declared by the Executive Board member against the company for (justified) good cause. If the contractual relationship is terminated by the company for justified good cause or the Executive Board member refuses an extension of the Executive Board contract by at least two years under conditions that are at least equally favorable for the Executive Board member, the Executive Board member will not receive any settlement. The Executive Board member also receives the settlement regulated above in the event of cancellation of the appointment by the company due to incapacity to work. However, the part of the Executive Board remuneration that was paid out on a monthly basis for the period more than six months after the start of the incapacity to work will be set off against the settlement.

With Executive Board member Mr. **Hartmut Beutler** it was agreed that he would receive a settlement amounting to a maximum of EUR 250,000 if the contractual relationship ended through termination by the company before expiry of the time limit on December 31, 2021. If the remuneration calculated notionally based on the annual basic salary of the Executive Board contract for the remaining term from the end of the contract to the expiry of the time limit for the Executive Board contract were smaller, a settlement claim would only exist in this amount. The same would apply if termination of the contractual relationship were declared by the Executive Board member against BAUER AG for justified good cause. If the contractual relationship were terminated by the company for justified good cause, the Executive Board member would not receive any settlement. The contractual relationship with Mr. Beutler ended regularly due to his entry into retirement at the end of December 31, 2021, which means that no settlement payments were made.

A post-contractual non-competition agreement is currently not agreed in the Executive Board employment contracts.

2.10. Reclaiming variable remuneration components

The company reserves the right vis-à-vis members of the Executive Board to reduce variable remuneration components in whole or in part in accordance with section 87 (2) of the AktG if the company's situation deteriorates after determination of the remuneration to such an extent that it would be inequitable for the company to continue granting these benefits.

In addition, shares under the item of LTI Shares that are still subject to the holding period must be transferred to the company in the event of a clawback. "Clawback events" include the following:

- A deterioration of the company's position such that payment of the investment amount or the shares acquired for this purpose to the Executive Board would be inequitable for the company in accordance with section 87 (2) of the AktG;
- Effective termination of the employment contract declared by the company with good cause for which the Executive Board member is responsible within the meaning of section 626 (1) BGB;
- Breach of the obligation to invest in shares and compliance with holding periods in accordance with no. 8; and/or

- If variable remuneration components that are tied to the achievement of specific targets were calculated incorrectly based on incorrect data and wrongly paid out, the company is entitled to reclaim the differential amount between the recalculated value of the variable remuneration and the payment that was made.

The obligation to transfer shares under LTI Shares can only be asserted until the end of the respective holding period. Any other more extensive claims of the company that exist (particularly compensation claims) remain unaffected.

The option of reclaiming variable remuneration components was not used in the year under review as there was no occasion to do so.

2.11. Third-party benefits

The members of the Executive Board are required to limit the extent to which they take on Supervisory Board mandates and other administrative or voluntary functions outside of the company. Without the consent of the Supervisory Board, the members of the Executive Board may not carry out any trade or any dealings in the sector in which the company operates on their own or a third-party's account. Further, they may not, without the consent of the Supervisory Board, become an Executive Board member, managing director or personally liable shareholder of any other trading company.

In the past financial year, no benefits were promised or granted to a member of the Executive Board by a third party with respect to their activities as a member of the Executive Board.

No member of the Executive Board was granted remuneration for the performance of Supervisory Board mandates within the BAUER Group in the past financial year. The same applies for the performance of external Supervisory Board mandates in connection with activity on the Executive Board and in the interest of BAUER AG.

BAUER AG provides D&O group insurance cover with respect to liability for economic loss to the members of executive bodies of BAUER AG and of all affiliates in Germany and abroad in which a majority share is held. For members of the Executive Board, the minimum excess stipulated by law of 10% of the loss up to at least an amount representing one and a half times the fixed annual remuneration of the Executive Board member concerned was agreed in the D&O insurance policy in the year under review and an accident insurance was concluded. No benefits were paid out of this to the benefit of the Executive Board members in the year under review.

3. Remuneration of Supervisory Board members

3.1. Basis of the remuneration system for the Supervisory Board

The remuneration system for the Supervisory Board is regulated in detail in section 13 of the company's Articles of Association. Accordingly, each member of the Supervisory Board receives a fixed remuneration in the amount of EUR 25,000 per financial year. The chairperson receives twice that amount, and the deputy chairperson 1.5 times this remuneration. This follows the recommendation of the German Corporate Governance Code to take the higher time commitment of the Chairperson and the Deputy Chairperson of the Supervisory Board into account accordingly for the remuneration.

For each membership in a committee of the Supervisory Board, each member receives an additional fee of 10% calculated from the basic remuneration of EUR 25,000. This requires that the respective committee has met at least once during the financial year (meeting or telephone conference). Membership in the Mediation Committee is excluded from this remuneration regulation in accordance with section 27 (3) of the German Employee Co-Determination Act (MitbestG). Insofar as a member of the committee attended more than two meetings or telephone conferences of a committee of the Supervisory Board in the financial year, the respective member additionally receives an attendance fee of EUR 500 per meeting or telephone conference.

Changes to the Supervisory Board and/or its committees are taken into account when determining remuneration, with the exception of the attendance fee, in proportion to the time in office and rounded up or down to full months based on the standard commercial rule. The remuneration is to be paid in December of the respective financial year.

The company also reimburses members of the Supervisory Board for expenses incurred while performing their duties including any value added tax applied to the remuneration and reimbursement of expenses. The company may take out a liability insurance policy on behalf of the Supervisory Board member which covers the legal liability obligation arising from the activities on the Supervisory Board. BAUER AG provides D&O group insurance cover with respect to liability for economic loss to the members of executive bodies of BAUER AG and of all affiliates in Germany and abroad in which a majority share is held.

The fixed remuneration, the remuneration of additional committee activities, attendance fees and the waiver of a separate performance-related Supervisory Board remuneration, are particularly intended to support the independence of the Supervisory Board members as well. The appropriate performance of the Supervisory Board's monitoring and advisory activity is intended to support the long-term development of the company.

3.2. Remuneration granted and owed to the Supervisory Board members for the year under review

The Supervisory Board of BAUER AG comprised 12 members in the year under review. In June of the year under review, the Supervisory Board elections were held, which resulted in a change to the composition of the Supervisory Board upon conclusion of the Annual General Meeting on June 24, 2021.

| | Fixed remuneration | | Committee | | Attendance fee | | Remuneration from Group mandates | | Total remuneration | |
|--|--------------------|------|---------------|------|----------------|------|----------------------------------|------|--------------------|------|
| | in EUR | in % | in EUR | in % | in EUR | in % | in EUR | in % | in EUR | in % |
| Current members of the Supervisory Board | | | | | | | | | | |
| Thomas Bauer | 50,000 | 91 | 5,000 | 9 | 0 | 0 | 0 | 0 | 55,000 | 100 |
| Rainer Burg | 25,000 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 25,000 | 100 |
| Sabine Doblinger ** | 12,500 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 12,500 | 100 |
| Petra Ehrenfried ** | 12,500 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 12,500 | 100 |
| Maria Engfer-Kersten | 25,000 | 88 | 2,500 | 9 | 1,000 | 4 | 0 | 0 | 28,500 | 100 |
| Robert Feiger | 37,500 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 37,500 | 100 |
| Reinhard Irrenhauser | 25,000 | 82 | 2,500 | 8 | 0 | 0 | 3,000 | 10 | 30,500 | 100 |
| Klaus Pöllath ** | 12,500 | 91 | 1,250 | 9 | 0 | 0 | 0 | 0 | 13,750 | 100 |
| Wolfgang Rauscher ** | 12,500 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 12,500 | 100 |
| Elisabeth Teschemacher | 25,000 | 91 | 2,500 | 9 | 0 | 0 | 0 | 0 | 27,500 | 100 |
| Andrea Teutenberg | 25,000 | 86 | 2,500 | 9 | 1,500 | 5 | 0 | 0 | 29,000 | 100 |
| Gerardus N.G. Wirken | 25,000 | 86 | 2,500 | 9 | 1,500 | 5 | 0 | 0 | 29,000 | 100 |
| Former members of the Supervisory Board | | | | | | | | | | |
| Regina Andel * | 12,500 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 12,500 | 100 |
| Johannes Bauer * | 12,500 | 91 | 1,250 | 9 | 0 | 0 | 0 | 0 | 13,750 | 100 |
| Manfred Nußbaumer * | 12,500 | 91 | 1,250 | 9 | 0 | 0 | 0 | 0 | 13,750 | 100 |
| Stefan Reindl * | 12,500 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 12,500 | 100 |
| Total | 337,500 | | 21,250 | | 4,000 | | 3,000 | | 365,750 | |

* Member of the Supervisory Board until June 24, 2021 ** Member of the Supervisory Board from June 24, 2021ab 24. Juni 2021

No provisions are made in the company's Articles of Association for reclaiming variable remuneration components and there was no occasion to do so, which means that in the year under review no option was used of reclaiming variable remuneration components.

4. Comparative representation of the development in remuneration and income

The following comparative representation depicts the annual change in the remuneration granted and owed to the current and former members of the Executive Board and Supervisory Board, the income development of the company and the remuneration of employees based on full-time equivalents (FTE), whereby the average wages and salaries of all employees of the BAUER AG in the respective financial year are applied for the latter.

| | Remuneration | | Change 2021 compared with 2020 | |
|---|--------------|---------|--------------------------------------|---------|
| | 2020 | 2021 | in % | in EUR |
| | in EUR | | | |
| Acting members of the Executive Board | | | | |
| Michael Stomberg | 646,734 | 678,667 | 5 | 31,933 |
| Florian Bauer | 275,827 | 312,811 | 13 | 36,984 |
| Hartmut Beutler | 404,119 | 416,802 | 3 | 12,683 |
| Peter Hingott | 374,456 | 416,137 | 11 | 41,681 |
| Former members of the Executive Board | | | | |
| Thomas Bauer | 167,820 | 167,820 | 0 | 0 |
| Heinz Kaltenecker | 65,452 | 67,156 | 3 | 1,704 |
| Current members of the Supervisory Board | | | | |
| Thomas Bauer | 55,000 | 55,000 | 0 | 0 |
| Rainer Burg | 25,000 | 25,000 | 0 | 0 |
| Sabine Dobliger ** | n/a | 12,500 | n/a | n/a |
| Petra Ehrenfried ** | n/a | 12,500 | n/a | n/a |
| Maria Engfer-Kersten | 29,000 | 28,500 | -2 | -500 |
| Robert Feiger | 37,500 | 37,500 | 0 | 0 |
| Reinhard Irrenhauser | 30,500 | 30,500 | 0 | 0 |
| Klaus Pöllath ** | n/a | 13,750 | n/a | n/a |
| Wolfgang Rauscher ** | n/a | 12,500 | n/a | n/a |
| Elisabeth Teschemacher | 27,500 | 27,500 | 0 | 0 |
| Andrea Teutenberg | 29,000 | 29,000 | 0 | 0 |
| Gerardus N.G. Wirken | 29,000 | 29,000 | 0 | 0 |
| Former members of the Supervisory Board | | | | |
| Regina Andel * | 25,000 | 12,500 | -50 | -12,500 |
| Johannes Bauer * | 27,500 | 13,750 | -50 | -13,750 |
| Manfred Nußbaumer * | 27,500 | 13,750 | -50 | -13,750 |
| Stefan Reindl * | 25,000 | 12,500 | -50 | -12,500 |
| Employee | | | | |
| Ø remuneration FTE | 61,516 | 62,816 | 2 | 1,300 |
| Income development | | | | |
| Group earnings after taxes (in EUR thousand) | -8,222 | 3,991 | n/a | 12,213 |
| Earnings after tax BAUER AG (in EUR thousand) | -14 | 31 | n/a | 45 |

* Member of the Supervisory Board from June 24, 2021 ** Member of the Supervisory Board until June 24, 2021 ab 24. Juni 2021

Schrobenhausen, Germany, April 5, 2022

BAUER Aktiengesellschaft

The Executive Board

The Supervisory Board

Report of the independent auditor on the formal audit of the remuneration report pursuant to § 162 Abs. 3 AktG

To BAUER Aktiengesellschaft, Schrobenhausen

Opinion

We have formally audited the remuneration report of the BAUER Aktiengesellschaft, Schrobenhausen, for the financial year from January 1 to December 31, 2021, to determine whether the disclosures pursuant to section 162 (1) and (2) of the AktG have been made in the remuneration report. In accordance with section 162 (3) of the AktG, we have not audited the content of the remuneration report.

In our opinion, the information required by section 162 (1) and (2) of the AktG has been disclosed in all material respects in the accompanying remuneration report. Our opinion does not cover the content of the remuneration report.

Basis for the opinion

We conducted our formal audit of the remuneration report in accordance with section 162 (3) of the AktG and IDW [Institut der Wirtschaftsprüfer: Institute of Public Auditors in Germany] Auditing Standard: The formal audit of the remuneration report in accordance with section 162 (3) of the AktG (IDW AuS 870). Our responsibility under that provision and that standard is further described in the "Auditor's Responsibilities" section of our auditor's report. As an audit firm, we have complied with the requirements of the IDW Quality Assurance Standard: Requirements to quality control for audit firms [IDW Qualitätssicherungsstandard - IDW QS 1]. We have complied with the professional duties pursuant to the Professional Code for German Public Auditors and German Chartered Auditors [Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer - BS WP/vBP], including the requirements for independence.

Responsibility of the Management Board and the Supervisory Board

The management board and the supervisory board are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of section 162 of the AktG. They are also responsible for such internal control as they determine is 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 information required by section 162 (1) and (2) of the AktG has been disclosed in all material respects in the remuneration report and to express an opinion thereon in an auditor's report.

We planned and performed our audit to determine, through comparison of the disclosures made in the remuneration report with the disclosures required by section 162 (1) and (2) of the AktG, the formal completeness of the remuneration report. In accordance with section 162 (3) of the AktG, we have not audited the accuracy of the disclosures, the completeness of the content of the individual disclosures, or the appropriate presentation of the remuneration report.

Stuttgart, May 6, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Jürgen Schwehr
German Public Auditor

ppa. Christian Derosa
German Public Auditor