

Remuneration system for the members of the Board of Management

The Annual General Meeting of PNE AG resolved on May 19, 2021 to approve the remuneration system for the members of the Board of Management resolved by the Supervisory Board on March 3, 2021. In the vote, valid votes were cast for 48,119,205 no-par value shares (corresponds to 62.82 % of the registered share capital). The resolution proposal of the Supervisory Board published in the invitation notice in the Bundesanzeiger on 7 April, 2021 was adopted with 45,028,749 votes in favour (corresponds to 93.5775 % of the votes cast) against 3,090,456 votes against (corresponds to 6.4225 % of the votes cast).

Description of the remuneration system for the members of the Board of Management

Bases, target definition and composition

The remuneration system for the Board of Management of PNE AG adopted by the Supervisory Board is to reasonably remunerate the Company's members of the Board of Management based on their scope of activities and responsibilities and to directly take into consideration the performance of each individual member of the Board of Management as well as the performance of the Company. In this context, the remuneration aims at setting incentives for a sustainable increase in the enterprise value and success-oriented business management and supporting the implementation of the corporate goals. The remuneration system for the members of the Board of Management thereby makes a substantive contribution to promoting PNE AG's business strategy. With this strategy the Company intends to become a sustainably successful, listed "Clean Energy Solutions Provider" and to cover, and provide services to, the entire renewable energy value chain and the processing of electricity at an international level.

In order to do so, the amount of the remuneration is based on various parameters, among other things, the size of PNE AG and of the PNE Group as a whole, the economic environment, the complexity of the activity of the Board of Management and the situation of the Company and of its subsidiaries as well as to the performance of the entire Board of Management and the experience and performance of each individual member of the Board of Management. In order to take these factors adequately into consideration, the remuneration policy is reviewed by the Supervisory Board on an ongoing basis.

The Board of Management's remuneration is composed as follows:

- a fixed remuneration, i.e., a fixed remuneration for the full year, that is paid in twelve equal instalments at the end of each month,
- a performance-based remuneration, i.e., compensation components, the payment of which depends on previously defined targets being achieved and the target achievement level, and which is divided into
 - o a performance-based remuneration with short-term targets, i.e., variable remuneration components that are linked to annual targets, and
 - o a performance-based remuneration with long-term targets for which the target achievement level is conclusively determined only after a period of three years, and
- remuneration in kind and fringe benefits, in particular an adequate level of D&O liability insurance and premiums for health/care/accident insurance, a company car and a mobile phone; these fringe benefits are granted to the individual members of the Board of Management regardless of performance targets and supplement the other remuneration components.

The points of reference for the performance-based remuneration components are the Group EBITDA, the price of the PNE share and individual personal targets of the individual Board of Management members, which are determined each year. The specific targets defined for each individual member of the Board of Management are stipulated in target agreements between the Company, represented by the chairperson of the Supervisory Board, and the respective Board of Management member, based on resolutions of the entire Supervisory Board. If the maximum remuneration level is reached, the ratio of performance-based remuneration and fixed remuneration (excluding fringe benefits) will be 1/3 fixed remuneration to 2/3 variable remuneration. The division of the individual components may vary slightly, in particular taking into consideration the fringe benefits granted.

In percentage terms, upon full target achievement, the composition of the individual components is as follows, taking the currently granted fringe benefits as a basis:

Relative shares of the remuneration components in the annual maximum remuneration	
Fixed remuneration	approx. 33%
Short-term performance-based remuneration	approx. 19%

Long-term performance-based remuneration	approx. 45%
Fringe benefits	approx. 3%
Maximum remuneration	100%

When determining the composition of the maximum remuneration stated above and the total target remuneration, the following material factors were taken into consideration in particular:

- With a view to the tasks and areas of responsibility of the members of the Board of Management, the fixed remuneration has a material function. It is therefore intended that the ratio between the fixed remuneration and the variable remuneration is approximately 1/3:2/3 even if the maximum remuneration level is reached, not taking into consideration the fringe benefits.
- Due to the duration of the project development periods and the long-term business focus of PNE AG alone, the long-term incentives are to clearly outweigh the short-term performance-based remuneration components of the performance-based remuneration of the members of the Board of Management. This also serves the purpose of promoting an overall sustainable increase in the enterprise value. In order to account for both the operating business of the Company and the Company's medium- to long-term development in the capital market and to set, in parallel, incentives for both factors, long-term targets are established with regard to both the Group EBITDA and the price of the PNE share in this context. The relevant period of time was set to be three fiscal years.
- With regard to the variable remuneration, however, not only parameters regarding the Company's overall development are chosen but, with regard to the short-term variable remuneration, individual personal targets are agreed with each member of the Board of Management as well. These targets are determined annually on a personalized and activity-specific basis. Thereby, individual achievements of each individual member of the Board of Management and, for example, projects are taken into consideration. In this way, incentives can also be set for short-term corporate goals that are relevant in individual business divisions.
- In addition to the fixed remuneration in a narrower sense and the variable remuneration components, the members of the Board of Management also receive fringe benefits. These benefits only account for a comparatively small share in the total remuneration, which share – e.g., as a result of changing

insurance conditions or new company cars – is also subject to fluctuations that are independent of the success of the individual member of the Board of Management or the Company's overall development.

- In relation to the responsibilities, the amounts to be set differ for the individual members of the Board of Management in that the Chief Executive Officer receives remuneration which is higher than that of other members of the Board of Management.

When determining the remuneration of the Board of Management, the Supervisory Board also obtains information regarding the workforce and the remuneration of the individual hierarchy levels, however, up to now, without directly linking the employees' remuneration to the remuneration system for the members of the Board of Management. In this context, it must be pointed out that corresponding comparative values will be published with the remuneration report within the meaning of Section 162 of the German Stock Corporation Act also in the future. Moreover, it must be taken into consideration that the individual remuneration components and the determination of the remuneration for each hierarchy level differ reasonably between the individual employees of PNE AG and the PNE Group. Similar differentiating characteristics also exist between the remuneration of the members of the Board of Management and the remuneration of the employees.

Methods for determining whether the targets were achieved

Generally, the remuneration system of PNE AG's Board of Management provides for three manners of defining targets:

- With regard to the personal targets, specific and individual targets that relate to the respective activity are defined for each individual member of the Board of Management for the next following year. These targets may relate, for example, to a project that is to be implemented. In this case, only full target achievement is possible. After the end of the relevant fiscal year, it is reviewed whether the specifically agreed target has been achieved.
- With regard to the EBTIDA figures, a fixed target or, where applicable, a target corridor is to be defined. On the one side, this relates to the short-term remuneration component with annual targets and, on the other side, the long-term remuneration component with three-year targets. If the relevant target or, where applicable, target corridor is achieved exactly as agreed, the member of the Board of Management is to receive 100% of the set amount (full target achievement). If, at the end of the defined period, the relevant target achievement level is less than 75%, the member of the Board of Management will not receive any corresponding

variable remuneration for that target. In the case of a target achievement level of between 75% and 100%, the member of the Board of Management is to receive a *pro rata* amount, starting from 75% as the basis. In the case of a target achievement level of between 100% and 125%, the member of the Board of Management receives, in addition to the agreed total target remuneration, a bonus payment of up to 50%, provided that this value is to be applied in the case of a target achievement level of 125% or more and increases in a linear manner between 100% and 125%.

- The targets related to the long-term stock exchange price are defined based on the annual weighted average share price. In this context, an annual added value of the shares is to be determined for the assessment period taking into consideration dividends, while also taking into consideration corporate actions. For these targets, too, a target corridor is defined. If, at the end of the time period, the average value of this target corridor is reached, the relevant member of the Board of Management is granted 100% of the total target remuneration. Where the value reached is below the corridor, the member of the Board of Management is not entitled to receive this remuneration component. Where the value reached is within the corridor but below 100%, the member of the Board of Management receives a *pro rata* amount. In the case of a target achievement level of more than 100%, the member of the Board of Management receives a bonus payment which, at the upper end of the corridor, will be 50% of the total target remuneration and increases in a linear manner starting from 100%. In the event that the target achievement level increases to a level beyond the agreed corridor, a special payment capped at 150% with regard to the target weighted average share price is additionally agreed.

Maximum remuneration

The Supervisory Board deliberately provides for a maximum amount or maximum remuneration for the remuneration granted to the members of the Board of Management. At PNE AG, this maximum amount/remuneration relates to each individual member of the Board of Management. The relevant maximum amount applies to the maximum remuneration granted within one year (including provisions), i.e., not the remuneration actually received in one year. The remuneration granted for one year may then be paid in different periods. This may result in the actual payment amount in a given year exceeding the maximum remuneration determined for that year due to payments made for past periods. Similarly, repayments to the Company may occur.

The maximum total remuneration to be granted to a member of the Board of Management depends on the individual remuneration components and is deliberately included by PNE AG as a fixed amount in the service contracts of the members of the Board of Management with regard to the fixed remuneration and the performance-based remuneration components. According thereto, the existing maximum remuneration for each year must not exceed the gross amount of EUR 1,076,700.00 with regard to Mr. Lesser and the gross amount of EUR 945,750.00 with regard to Mr. Klowat, in each case, for the fixed remuneration components and the short-term and long-term performance-based remuneration components. Due to the changes that, in part, depend on external, non-performance-based factors, the Supervisory Board did not directly consider the fringe benefits in the contracts. However, with a view to the statutory maximum remuneration, a cap has been provided for here as well. According thereto, the remuneration in kind and fringe benefits must not exceed an annual maximum amount of EUR 50,000 for each member of the Board of Management. This results in an overall maximum remuneration, taking into consideration all remuneration components, of EUR 1,126,700.00 with regard to Mr. Lesser and EUR 995,750.00 with regard to Mr. Klowat.

Postponement periods and possible clawback

The remuneration system of PNE AG provides that payment for the corresponding remuneration component is arranged for, in principle, already after the first year of a multi-year assessment period ended provided that the relevant member of the Board of Management does not request in writing that such payment be made only after the target achievement has been conclusively determined. Adjustments may be made in the second and third year. These adjustments are made by way of an additional payment if it is expected that the target achievement level will be higher or by way of a repayment by the member of the Board of Management if it seems unlikely that the relevant target will be achieved. The additional payment may also be omitted if so requested in writing by the respective member of the Board of Management. Eventually, in the year after the end of the assessment period, the final amount is calculated. To the extent that, at the end of the assessment period for a long-term target, it is determined that the target achievement level is below 75% and that there is thus no entitlement or that the partial amount already paid exceeds the entitlement determined at the end of the assessment period, a final repayment entitlement exists for a long-term target. Moreover, instead of a repayment, the Company may also set off the amount to be repaid against an entitlement of the member of the Board of Management to receive payment of a performance-based remuneration component.

The remuneration system of PNE AG and the remuneration agreements concluded with the members of the Board of Management also provide for the possibility to make adjustments in the following cases:

- There is a unilateral right of the Supervisory Board to make adjustments within the meaning of Section 87 (2) of the German Stock Corporation Act in the event that the development of the key performance indicators aimed for as part of the long-term planning is unfavorable, based on which the Supervisory Board may adjust the variable compensation concept downward in the best interests of the Company.
- In addition, the parameters applicable to short-term or long-term targets may be adjusted where extraordinary circumstances occur, to the extent that it would be unreasonable for the Board of Management to maintain these parameters, in particular, due to the development.

Share-based remuneration

The members of the Board of Management will not be remunerated in the form of shares or share options. The development of the Company's share price is, however, taken into consideration as part of the targets of the long-term performance-based remuneration (see above). Thereby, the importance of the Company's medium- and long-term price development is accounted for without the Company granting shares or share options and having to take into consideration certain holding periods, etc.

The Supervisory Board expressly recommends to the members of the Supervisory Board, however, to acquire shares of PNE AG if the long-term target of "weighted average share price" is achieved, but requests not to engage in any hedging.

Remuneration-related legal transactions and their termination

The remuneration system for the members of the Board of Management is implemented by agreeing on corresponding arrangements with each of the members of the Board of Management in their respective service contracts, plus the target agreements and the determination of the relevant target achievement by the Supervisory Board. The term of the respective remuneration arrangements in the service contracts generally corresponds to the term of the contracts or, where applicable, the term of office.

The term of the contract with Mr. Lesser expires on December 31, 2023.

The term of the contract with Mr. Klowat expires on March 31, 2024.

However, during the relevant periods of time, the remuneration arrangements may be amended by mutual agreement where necessary, e.g., due to changes in legislation. Moreover, the special provisions mentioned above apply in the event that adjustments become necessary as a result of extraordinary circumstances or in a case set forth in Section 87 (2) of the German Stock Corporation Act, as the case may be. In addition, the service contracts may be terminated for good cause (*aus wichtigem Grund*). Currently, the contracts do not include any provisions on retirement benefits (*Ruhegehalt*) and/or early retirement (*Vorruhestand*).

In order to terminate Board of Management mandates, special provisions are to apply under the remuneration system in certain cases:

- Where the term of the contract ends during the year because the member is not reappointed, the performance-based remuneration for the respective fiscal year is granted on a *pro rata temporis* basis. In this context, an assumption is to be made between the Supervisory Board and the respective member of the Board of Management as to which target achievement levels, if any, are likely to be reached by the end of the relevant assessment periods. For the year in which a member leaves the Company, the estimated target achievement level of that Board of Management member is decisive. For the following year, generally the Board of Management's estimate is decisive (unless manifestly diverging), with a target achievement of at least 50% being assumed. For the following year, a 100% target achievement level is to be assumed, unless clearly diverging. Payment/repayment is made upon the Board of Management member leaving the Company. No adjustments will be made subsequently.
- Where the appointment is revoked without the Company terminating the service contract for good cause, the member of the Board of Management is entitled to receive a one-time severance payment instead of the generally agreed remuneration entitlements under the contract. The severance payment has a severance cap of twice the amount of the total remuneration actually received by the member of the Board of Management in the last full fiscal year – including the bonus payments made in that fiscal year for previous fiscal years – plus the provisions or liabilities made for the long-term bonus components. If, at the time of the revocation, the remaining term of the contract is less than two years, the severance cap is reduced on a *pro rata temporis* basis.
- In the event of a change of control, the members of the Board of Management have a special right of termination in accordance with their service contracts, which they can exercise during the two months following the occurrence of the change

of control, with a notice period of 14 days. A change of control event occurs, if a third party notifies the Company in accordance with Section 33 of the German Securities Trading Act (*Wertpapierhandelsgesetz*) (Section 21 of the previous version of the German Securities Trading Act) that its holding has reached or exceeded 50% of the voting rights of the Company. If the special right of termination is exercised, the member of the Board of Management is entitled to the agreed fixed salary for the remainder of the contractually agreed term, which is to be paid out in one amount without any discounts. In addition, the respective member of the Board of Management is entitled to a special bonus of 100% of the bonus payments to be expected until the originally agreed end of the contract, which is limited by a severance cap in the amount of 150% of the severance payment cap agreed for the revocation of the appointment without the service contract being terminated.

- To the extent that a member of the Board of Management leaves the Company and such member's service contract is terminated without notice for good cause, any entitlement to payment of a performance-based variable remuneration will be forfeited without replacement, provided that they are not already due and payable at the time the termination becomes effective.

Procedure to determine the remuneration system and the individual remuneration

The remuneration system for the members of the Board of Management is determined by the Supervisory Board upon proposal by the Personnel Committee.

Likewise, the structure and the level of the remuneration of the individual member of the Board of Management is determined by the Supervisory Board – upon proposal by the Personnel Committee of the Supervisory Board – by the remuneration system and by the individual contracts with the members of the Board of Management and by the target agreements.

The Supervisory Board regularly reviews the remuneration system and the individual contractual agreements. If the Supervisory Board identifies – from its perspective – a corresponding need, it will retain the services of remuneration consultants or legal advisers in this respect. When determining the current remuneration level of the Board of Management, the Supervisory Board obtained corresponding external expertise and, *inter alia*, put together a peer group of 15 listed companies (TecDax, ÖkoDax) in order to determine the remuneration level. To the extent that data is required, e.g., with regard to the economic development of the Company or for the purpose of making a

comparison with the remuneration of the employees, the Supervisory Board has the Board of Management prepare and provide the corresponding information.

To the extent that conflicts of interest occur, they must be disclosed in accordance with the general rules for the Board of Management and the Supervisory Board. Currently, no conflicts of interest are identifiable with regard to the determination of the remuneration system and the service contracts of the individual members of the Board of Management and the target agreements. The Supervisory Board's general supervisory duties include to verify potential risks and to react to any conflicts that may occur.