

Update to the declaration in accordance with section 161 of the AktG and the declaration of conformity with the German Corporate Governance Code

In January 2024, the Executive Board and the Supervisory Board of RATIONAL AG, Landsberg am Lech, issued a declaration of conformity in accordance with section 161 (1) of the AktG.

This declaration of conformity is hereby updated as follows:

Since 14 May 2024, recommendation C.10, which relates to the Chair of the Audit Committee, has again been fully complied with. In accordance with recommendation C.10, the Chair of the Supervisory Board, the Chair of the Audit Committee, as well as the Chair of the committee that addresses Executive Board remuneration, should be independent of the company and the Executive Board.

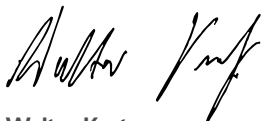
On 14 May 2024, Ms Clarissa Käfer was elected as the new Chair of the Audit Committee, after the previous Chair, Dr Hans Maerz, left the Supervisory Board as at the end of the 2024 ordinary General Meeting of Shareholders of RATIONAL Aktiengesellschaft.

Ms Clarissa Käfer is independent of the company and the Executive Board within the meaning of the German Corporate Governance Code. This means that, as from 14 May 2024, there is not, and there will not be in future, any departure in relation to the Chair of the Audit Committee from recommendation C.10 of the German Corporate Governance Code.

In all other respects, the declaration of conformity of January 2024 remains fully applicable.

Landsberg am Lech, May 2024

RATIONAL AG



Walter Kurtz
for the Supervisory Board



Dr Peter Stadelmann
for the Executive Board

Declaration in accordance with section 161 of the AktG and declaration of conformity with the German Corporate Governance

Pursuant to section 161 of the German Stock Corporation Act (Aktengesetz, AktG), the Executive Board and the Supervisory Board of RATIONAL AG, Landsberg am Lech, annually explain any departures from the recommendations of the Government Commission for a German Corporate Governance Code, as published in the official section of the Federal Gazette and applicable at the time of preparation of this declaration. The declaration of conformity of the Executive Board and Supervisory Board of January 2024 is printed below. This declaration of conformity and all previous declarations of conformity are published on our website.

The recommendations of the Government Commission for a German Corporate Governance Code, as amended on 28 April 2022 and published in the official section of the Federal Gazette on 27 June 2022 (2022 Code), were complied within the reporting period and continue to be complied with, with the exception of the recommendations itemised below for the reasons specified there:

A. Management and supervision

Recommendation A.3 of the 2022 Code: "The internal control system and the risk management system shall also cover sustainability-related objectives, unless required by law anyway. This shall include processes and systems for collecting and processing sustainability-related data."

RATIONAL is aware of the importance of sustainability criteria in corporate governance. As a sustainable company with a long-term focus, we set great store by a holistic assessment of risk, which means a balanced assessment of non-financial and the resulting financial risks, as well as primary financial risks. A basic ESG strategy was developed in fiscal year 2021 and approved by the Executive Board in fiscal year 2022. The inclusion of sustainability-related objectives in the internal control system, including the underlying indicators, is a gradual process, which continued in the year under review.

Recommendation A.5 of the 2022 Code: "The management report shall describe the main characteristics of the entire internal control system and risk management system, and provide comment upon the appropriateness and effectiveness of these systems."

The reporting in the RATIONAL Group's management report is guided by the legal requirements of sections 289 (4), 315 (4) of the HGB and contains detailed disclosures on internal control systems and the risk management system. Recommendation A.5 goes well beyond what is legally required. It is therefore not clear what disclosures on the appropriateness and effectiveness of these systems are required by the 2022 Code in addition to the legal reporting requirements. RATIONAL therefore declares a precautionary departure from recommendation A.5 of the 2022 Code.

B. Appointments to the Management Board

Recommendation B.1: "When appointing Management Board members, the Supervisory Board shall take diversity into account."

The Supervisory Board and Executive Board expressly welcome all efforts to counter any form of discrimination and to promote diversity in a reasonable manner. When appointing members of the Executive Board, the special skills and qualifications of the candidate are the only decisive criterion for the Supervisory Board. Other attributes such as gender or national identity have not been and will not be of any consequence for this decision.

C. Composition of the Supervisory Board

I. General requirements

Recommendation C.1 second half of sentence 2: "... while taking the principle of diversity into account."

Recommendation C.2: "An age limit shall be specified for members of the Supervisory Board and disclosed in the Corporate Governance Statement."

The composition of the Supervisory Board of RATIONAL AG is guided by the company's interests. The main aim is therefore to appoint Supervisory Board members in a way that ensures that it can best meet its legal duties and those imposed by its Articles of Association and ensure effective supervision of and advice to the Executive Board. The candidates for election to the Supervisory Board are selected exclusively on the basis of knowledge, skills and experience. Other attributes such as gender or national identity have not been and will not be of any consequence. No age limit has been set for members of the Supervisory Board. RATIONAL believes that an individual's suitability to be a Supervisory Board member should not depend on age. In compliance with the profile of skills and expertise, nominations to the General Meeting of Shareholders are based exclusively on the knowledge, skills and experience of the candidates in question. The intention is to continue to abide by this policy in future in order to retain experience and skills for the benefit of the company.

II. Independence of Supervisory Board members

Recommendation C.10: "The Chair of the Supervisory Board, the Chair of the Audit Committee, as well as the Chair of the committee that addresses Management Board remuneration, shall be independent from the company and the Management Board."

Walter Kurtz has been a member of the Supervisory Board since 1998 and is therefore not considered independent of the company. Mr Kurtz has been Chairman of the Supervisory Board since 11 August 2017. Due to his many years of service in the company, which he managed with the company's founder Siegfried Meister for many years, Mr Walter Kurtz not only has invaluable experience, but also upholds the continued management of the company as its founder had intended.

Dr Maerz has been a member of the company's Supervisory Board since September 2011 and has chaired the Audit Committee since October 2015. He is therefore not considered independent because he has been a member for longer than the twelve years specified in recommendation C.7 of the German Corporate Governance Code. Due to his many years of service in the company, Dr Maerz has extensive experience. In addition, after decades of working as an auditor and of chairing audit committees, he has accounting and auditing expertise.

D. Supervisory Board Procedures:

I. Rules of procedure

Recommendation D.1: "The Supervisory Board shall adopt its own rules of procedure and shall publish these on the company's website."

For its work, the Supervisory Board has set itself rules of procedure. However, the Supervisory Board opts not to publish the rules of procedure on the company's website. The main rules of conduct for the Supervisory Board are laid down in law and in the Articles of Association and publicly accessible. It does not believe that the additional publication of the rules of procedure would add any value.

2. Supervisory Board committees

Recommendation D.4 of the Code 2022: "The Supervisory Board shall form a Nomination Committee, composed exclusively of shareholder representatives, which names suitable candidates to the Supervisory Board for its proposals to the General Meeting."

The Supervisory Board does not believe that the establishment of a nomination committee is necessary. With a seven-member Supervisory Board, efficient discussions and lively exchanges of views on suitable candidates for nomination by the Supervisory Board to the General Meeting of Shareholders can also be held in the plenary session. Moreover, the fact that the Supervisory Board of RATIONAL AG is not subject to co-determination obviates the need to form a nomination committee that consists exclusively of shareholder representatives.

G. Remuneration of Management Board and Supervisory Board

2. Determining specific total remuneration

Recommendation G.3: "In order to assess whether the specific total remuneration of Management Board members is in line with usual levels compared to other enterprises, the Supervisory Board shall determine an appropriate peer group of other third-party entities, and shall disclose the composition of that group. The peer-group comparison shall be applied with a sense of perspective, in order to prevent an automatic upward trend."

The Supervisory Board regularly reviews Executive Board remuneration. In assessing the appropriateness of Executive Board remuneration, information on board remuneration at other companies is also taken into account. There is no direct comparison with a defined peer group. The Supervisory Board believes that, due to the high degree of specialisation of RATIONAL AG and the different economic situation and profitability of other mechanical engineering companies, such a comparison is not very meaningful.

3. Determining the total amount of variable remuneration components

Recommendation G.8: "Subsequent changes to the target values or comparison parameters shall be excluded."

The remuneration system for the Executive Board approved by the General Meeting of Shareholders specifies that subsequent changes to the financial performance criterion of short-term variable remuneration and subsequent changes to the performance criteria of long-term variable remuneration are not allowed. However, the Supervisory Board is entitled, should any extraordinary events or developments occur, e.g. the acquisition or sale of part of the company, to temporarily adjust the terms of the respective plan appropriately at its reasonable discretion.

Recommendation G.10: "Taking the respective tax burden into consideration, Management Board members' variable remuneration shall be predominantly invested in company shares by the respective Management Board member or shall be granted predominantly as share-based remuneration. Granted long-term variable remuneration components shall be accessible to Management Board members only after a period of four years."

Executive Board remuneration is based on the remuneration system approved by the ordinary General Meeting of Shareholders held on 12 May 2021. This system does not specify any share-based payment and therefore does not require members of the Executive Board to hold shares. In view of the good experience made in the past, the Supervisory Board accepts as given that management acts in the interests of the company's long-term success even without granting share-based payment to the Executive Board.

What is more, the long-term variable remuneration of Executive Board members is measured over a three-year performance period. Since the performance assessment is based on internal medium-term planning over the same period, the Supervisory Board deems this length of time appropriate.

Landsberg am Lech, January 2024

RATIONAL AG



Walter Kurtz
for the Supervisory Board



Dr Peter Stadelmann
for the Executive Board