

Declaration of Corporate Governance pursuant to sections 289f and 315d of the HGB

In the Declaration of Corporate Governance pursuant to sections 289f and 315d of the HGB, the Executive Board and Supervisory Board report on corporate governance at RATIONAL in accordance with principle 22 of the German Corporate Governance Code as amended on 16 December 2019 (2019 Code) and in accordance with principle 23 of the current version dated 28 April 2022 (2022 Code). The report is supplemented by the remuneration report. The declaration of corporate governance is part of the management report of RATIONAL AG and the group management report in accordance with sections 289f and 315d of the HGB.

Remuneration report and remuneration system

The remuneration report pursuant to section 162 of the AktG for fiscal year 2022 can be found under Investor Relations on RATIONAL's website (rational-online.com) and in the 2022 Annual Report. The auditors' opinion pursuant to section 162 of the AktG, the applicable remuneration system pursuant to section 87a (1) and (2) sentence 1 of the AktG and the latest remuneration resolution pursuant to section 113 (3) of the AktG are also publicly available under Investor Relations on RATIONAL's website (rational-online.com).

Key corporate governance practices and compliance

Responsible, sustainable, and socially aware actions have always been a basic element of the corporate culture of RATIONAL AG and a foundation of the company's success. This includes integrity in dealings with customers, employees, business partners, shareholders, and the public.

By compliance, RATIONAL understands adherence to legislation, laws and the Articles of Association, together with observance of other internal regulations. RATIONAL AG continued to develop its own corporate governance in fiscal year 2022. RATIONAL largely complied with the recommendations of the German Corporate Governance Code. Where RATIONAL AG departs from the recommendations of the Code, this is reported in the following declaration of conformity. Other voluntary commitments exist in the form of compliance agreements with a number of our chain customers. The Company has developed a comprehensive philosophy and has management principles that are set down in writing. It also has a Code of Conduct that applies throughout the Group. The corporate philosophy stresses the self-image of the Company, its executive bodies and employees. There are also recommendations on how to

behave in dealings with customers, partners and colleagues. All new employees receive training on this issue when they join the company. Follow-up training is held every two years.

The Compliance organisation is continuously enhanced. The starting point for compliance activities is the RATIONAL AG Code of Conduct. The Code of Conduct is based on the relevant legal requirements, UN Principles and OECD pronouncements, which have been summarized in the form of RATIONAL rules of conduct in business and communicated throughout the company. A RATIONAL compliance team was set up and a Compliance Officer appointed for the entire RATIONAL Group. All employees at the RATIONAL Group receive training on compliance topics. Employees with computer access must also pass a test.

On the basis of the results of compliance risk analyses carried out in different company divisions, actions were defined to counter all material compliance risks. In addition to applicable internal compliance rules, these measures also include cooperation with qualified local partners. Moreover, the local requirements for a compliance programme are continuously monitored in countries where RATIONAL has its own subsidiaries and employees and, where necessary, adapted to the existing compliance programme.

An audit of the risk management system and the design of the compliance management system in accordance with the auditing standards of the Institute of Public Auditors in Germany confirmed the functional capability of both systems.

In 2022, both the compliance management system and the risk management system were strategically continued on the basis of the existing concepts.

ESG organisation and strategy

RATIONAL AG has worked increasingly systematically towards attaining the ESG goals in recent years, with measures focusing on protecting the environment and natural resources. To expand the activities and add further social and corporate governance measures, a sustainability strategy was developed with an external consultant at the end of 2021. The sustainability strategy, which was adopted by the Executive Board in 2022, is aimed at making RATIONAL AG viable for the future through sustainable business practices.

The sustainability strategy resolved by the Executive Board covers in particular the quality of products and nutrition. Focused on customer benefit, RATIONAL products allow flexible, efficient, reliable and responsible food preparation while conserving valuable nutrients. In addition, sustainable design and innovative concepts ensure that resources are preserved within a circular economy.

Resource preservation is a key component of RATIONAL's sustainability efforts. Moreover, in product development and cooperation with our suppliers, material and energy efficiency are important objectives. By implementing sustainable location concepts, RATIONAL makes an active contribution to environmental and climate protection.

We also strongly advocate respectful interaction with people in all their diversity. Mutual respect, personal responsibility, health and safety form the basis for the individual development of all employees and therefore the future viability of RATIONAL.

These values also guide RATIONAL in its behaviour towards customers and suppliers. Accordingly, these objectives apply not only to our own locations, but enjoy a high priority across the entire value chain.

To ensure that ESG goals are met consistently, another unit was created to this end in 2022, and a system for ESG indicators developed as the first priority. Because of the importance of this issue, the team will organisationally report to the CEO.

Management bodies of the company

RATIONAL AG is an Aktiengesellschaft (joint stock corporation) under German law. A basic principle of German corporation law is the dual system of management, comprising an executive board and a supervisory board, each of which has its own autonomous areas of responsibility.

Composition of the Executive Board

The Executive Board of RATIONAL AG can consist of one or more persons. It had five members as at the balance sheet date. The assignment of division responsibility to the individual members is detailed in the executive organisation chart. In addition, the Supervisory Board specified an age limit of 65 years for members of the Executive Board. As at the balance sheet date, the Executive Board had the following members: Dr Peter Stadelmann (CEO), Dr Martin Hermann (CTO), Markus Paschmann (CSMO), Jörg Walter (CFO) and Peter Wiedemann (COO).

The Supervisory Board appointed Dr Hermann to the Executive Board for a period of three years effective 1 September 2022. He will gradually succeed Peter Wiedemann, who has been Chief Technology Officer (CTO) since 1999 and will step down for age-related reasons.

Mr Wiedemann has been appointed as an Executive Board member until 31 December 2024; as COO, he is responsible for the operating business.

Additionally, the service contract of Dr Stadelmann as CEO was extended for another five years to November 2027.

To ensure long-term succession planning together with the Executive Board, the Supervisory Board advises on the requirements profile for members of the Executive Board and observes the suitability of potential internal succession candidates in the company on the basis of their progress against performance criteria. The Supervisory Board also communicates with the Executive Board on upcoming vacancies and potentially suitable candidates.

In addition to his position of COO of RATIONAL AG, Peter Wiedemann was appointed to the Supervisory Board of WashTec AG, Augsburg, in May 2022. The other members of the Executive Board do not perform any Supervisory Board duties in other listed companies.

The Executive Board and its working methods

The members of the Executive Board bear joint responsibility for the overall management of the company. They cooperate closely with one another and exchange information about important actions and procedures taking place within their divisions. Each member of the Executive Board is responsible for the divisions assigned to them on the basis of Executive Board resolutions. The Executive Board generally reaches decisions in meetings, which are held every two weeks. In addition, every member of the Executive Board can call a meeting by announcing the item on the agenda. Likewise, every member can request that a topic be included in the agenda for a meeting. Decisions by the Executive Board are always reached by a simple majority of votes cast by all of its members. If there is a tie, the Chairman of the Executive Board has the casting vote.

The Executive Board keeps the Supervisory Board comprehensively informed in good time, verbally and in writing as well as in regular meetings about planning, business development and the position of the company, including risk management. RATIONAL's risk management and internal control systems are described in more detail in the "Report on risks and opportunities" section of the management report.

Composition of the Supervisory Board

Under Article 8 (1) of the Articles of Association, the Supervisory Board of RATIONAL AG has seven members, who are elected by the shareholders.

Mr Walter Kurtz is the Chairman of the Supervisory Board and Dr Hans Maerz is his deputy. Also on the Supervisory Board are Mr Erich Baumgärtner, Dr Johannes Würbser, Dr Gerd Lintz, Mr Werner Schwind and Dr Georg Sick, proven experts in finance, business law, sales and technology. The CVs of Supervisory Board members have been published on our website.

This body has six members (Dr Hans Maerz, Mr Erich Baumgärtner, Dr Gerd Lintz, Mr Werner Schwind, Dr Georg Sick, Dr Johannes Würbser) who are independent of the company and its Executive Board in accordance with recommendation C.7 of the Code, and the Supervisory Board considers this to be a sufficient number.

Since RATIONAL does not have a controlling shareholder within the meaning of recommendation C.9 of the Code, all members of the Supervisory Board are independent under this criterion.

The current composition of the Supervisory Board fully covers the required skills profile. The members of the Supervisory Board complement each other in terms of age, educational and professional backgrounds, experience and knowledge, with the result that the Board as a whole can access a wealth of experience and a broad range of skills. The Supervisory Board is, as a whole, familiar with the sector in which the company is active. No age limit has been set for members of the Supervisory Board.

The qualification matrix provides an up-to-date summary of the progress made in completing the skills profile:

	Walter Kurtz	Dr Hans Maerz	Werner Schwind	Dr Gerd Lintz	Erich Baumgärtner	Dr Georg Sick	Dr Johannes Würbser
Supervisory Board member since	1998	2011	2015	2015	2017	2017	2019
Finance/auditing	X	X			X		
Legal/compliance/ governance		X		X			
ESG/sustainability			X			X	X
Technology	X					X	X
Sales	X		X		X		

The term of office of the Supervisory Board members is five years. The current term of office will expire at the ordinary General Meeting of Shareholders in 2024.

No conflicts of interest occurred among Supervisory Board members in the past fiscal year.

The Supervisory Board and its working methods

The Supervisory Board advises and monitors the Executive Board in the management of the company. It appoints the members of the Executive Board and can remove them for good cause. The Supervisory Board is involved in strategy and planning as well as in all matters of fundamental importance for the company. For significant business transactions – such as the annual planning and major investments – the rules of procedure for the Executive Board stipulate a veto right in favour of the Supervisory Board. The Chairman of the Supervisory Board coordinates the work in the Supervisory Board, chairs its meetings and looks after the interests of the Board in its external dealings. The Supervisory Board reaches decisions in meetings by a simple majority of votes cast, unless the law specifies otherwise. If there is a tie, the Chairman of the Supervisory Board has the casting vote.

In the case of significant events, an extraordinary meeting of the Supervisory Board is convened if necessary. For its work, the Supervisory Board has set itself rules of procedure.

The Supervisory Board conducts regular self-assessments and efficiency audits, the latest one in September 2022. The members of the Supervisory Board are surveyed on the basis of a questionnaire, which was completed by all Supervisory Board members. The results are then discussed in the Supervisory Board to identify potential improvements. No significant shortcomings were identified in this process.

Details of the focus of the Supervisory Board's activities and advice in the year under review and of meeting attendance by the individual Supervisory Board members are given in the Report by the Supervisory Board.

Formation of Supervisory Board committees

The Supervisory Board has established professionally qualified committees to prepare meeting content for plenary meetings of the Supervisory Board. The members of the Audit Committee are Dr Hans Maerz (Committee Chairman), Mr Walter Kurtz and Mr Erich Baumgärtner.

The Audit Committee monitors the accounting process and discusses and reviews the annual and consolidated financial statements as well as the half-yearly and quarterly financial statements prepared by the Executive Board. On the basis of the auditor's report, the Audit Committee prepares specifically for the debates and resolutions of the Supervisory Board for the approval of the annual and consolidated financial statements and resolves a recommendation for the Supervisory Board's proposal to the General Meeting of Shareholders for the election of the auditor. The Audit Committee issues the audit engagement for the annual and consolidated financial statements and for any reviews of interim financial reports to the auditor elected by the General Meeting of Shareholders, defines the key audit areas together with the auditor and monitors the independence of the auditor. The Audit Committee also prepares the Supervisory Board's resolution on the non-financial consolidated report and on the audit of the non-financial consolidated report and remuneration report; any audit engagements are issued by the Audit Committee. In addition, the Audit Committee is responsible for monitoring the company's risk management process, internal audit and compliance system. To this end, it also covers the reports by internal audit and the annual reports of those responsible for compliance, risk management and internal audit.

The Chairman of the Audit Committee, Dr Hans Maerz, regularly discusses the progress of the audit with the auditor and reports on this to the Audit Committee. After decades of working as an auditor and of chairing audit committees, he has accounting and auditing expertise. Dr Maerz is qualified as a finance expert within the meaning of section 100 (5) of the AktG and recommendation D.3 of the 2022 Code. Moreover, after many years of consulting on and involvement in the audit of the non-financial consolidated report of RATIONAL AG, he has built extensive expertise in sustainability reporting. This expertise was expanded with selected further training in this area provided to the Supervisory Board by the consulting firm Baker Tilly.

As a member of the Audit Committee and former CFO of RATIONAL AG, Erich Baumgärtner also has expertise in the field of accounting and special knowledge and experience in the application of accounting principles and internal control and risk management systems.

The Technology Committee, which was established in January 2021, was dissolved in May 2022. Given the increasing importance of technical topics such as energy efficiency (US EnergyStar), cooking intelligence and connectivity, the Supervisory Board agreed to discuss this topic in full Supervisory Board meetings again. It was therefore no longer considered appropriate to have a separate Technology Committee.

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.

Right to appoint for members of the Supervisory Board

Under Article 8 (6) sentence 1 of the Articles of Association of RATIONAL AG, Walter Kurtz has the right to appoint up to two members of the Supervisory Board for as long as he is a shareholder of the company.

Cooperation between Executive Board and Supervisory Board

The Executive Board and Supervisory Board of RATIONAL AG cooperate closely and on a basis of trust in the management and monitoring of the company. Full details of the cooperation between the Executive Board and the Supervisory Board are given in the Supervisory Board's report.

Definition relating to the equal participation of women in executive positions in accordance with sections 76 (4) and 111 (5) of the German Stock Corporation Act (Aktiengesetz)

RATIONAL AG is a listed company, but is not subject to parity co-determination. This means that, under the German Act Supplementing and Amending the Rules for Equal Participation of Women in Executive Positions in the Private and the Public Sector, the introduction of a 30% ratio for women in the Supervisory Board of RATIONAL AG is not binding. However, the company's listing on the stock exchange requires the company to specify targets for the percentage of women in the Supervisory Board, Executive Board and on the two management levels below the Executive Board as well as to set deadlines for attaining these targets.

Women in executive positions at RATIONAL AG

	Absolute target	Absolute actual	Target (%)	Actual (%)	Deadline	New absolute target	New target (%)	Deadline
Executive Board	0	0	0	0	30.06.2024	–	–	–
The Supervisory Board	0	0	0	0	30.06.2024	–	–	–
1st level	3	3	17	17	30.06.2022	4	22	30.06.2027
2nd level	11	13	30	30	30.06.2022	17	35	30.06.2027

In fiscal year 2019, the Supervisory Board set a target of 0% for the percentage of women in the Executive Board and Supervisory Board of RATIONAL AG. These targets were set for the period to 30 June 2024. During the year under review, the percentage of women was 0% in both the Executive Board and Supervisory Board. The Executive Board and Supervisory Board will set new targets by 2024 at the latest.

For the first management level below the Executive Board, a target of 17%, or three women, in executive positions has been specified for the proportion of women. The deadline set for meeting these targets was 30 June 2022. The target of three women on the first management level was met in the year under review.

For the second management level below the Executive Board, a target of 30%, or 11 women, in executive positions was specified for the proportion of women. The deadline set for meeting these targets was 30 June 2022. The relative target of 30% was met and the absolute target of 11 women on the second management level was exceeded, with 13 women in such positions.

In fiscal year 2022, the Executive Board set the following targets for the percentage of women in executive positions:

- › For the first management level below the Executive Board, the target for the proportion of women is 22% or four women.
- › For the second management level below the Executive Board, the target for the proportion of women is 35% or 17 women.
- › The deadline for meeting these targets is 30 June 2027.

Group-wide diversity – managers hired locally and internationally

As a company with global operations, we benefit from the different experiences, skills and opinions associated with the many cultural backgrounds of our employees. About 40% of our employees work in one of our 24 international subsidiaries, 10 of which are located outside Europe. This regional diversification is an important building block for RATIONAL's success. When appointing people to key positions in our subsidiaries, we attach great importance to locally recruited managers. About 80% of the managing directors of our international subsidiaries have been recruited from international or local candidates.

Diversity concept for the Executive Board and Supervisory Board

The Supervisory Board has not resolved a diversity concept for the composition of the Executive Board and the Supervisory Board. Appointments of Executive Board members and proposals of Supervisory Board members for election are made on the basis of their special skills and qualifications exclusively in accordance with the skills profile of the Supervisory Board and the requirements for Executive Board members. Other attributes such as gender, age, origin and national identity have not been and will not be of any consequence for this decision. The intention is to continue to abide by this policy in future. Nevertheless, the Supervisory Board pursues the objective to continually enhance the composition, and therefore the skills and experience, of the Executive Board and Supervisory Board and to maintain an appropriate balance of continuity and renewal. The Executive Board and Supervisory Board as a whole must have the knowledge, skills and experience required to discharge their duties properly.

The aim of HR management at RATIONAL is to encourage achievers and keep them in the company for the long term as a way of ensuring sustainable business success. All vacancies at RATIONAL are filled by appointing people with the best qualifications and skills for the job in question. Other attributes such as gender or national identity have not been and will not be of any consequence for this decision.

These principles also apply when appointing members of the Executive Board. Management consists of selected experts from different departments. Corporate management is shaped by continuity, trust and consistent focus on maximum customer benefit, as envisaged by our company's founder, as well as the corporate philosophy and will take decisions on the composition of the Executive Board against this background.

Accounting and auditing

On 4 May 2022, the General Meeting of Shareholders appointed Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, as auditors of the financial statements and the consolidated financial statements for fiscal year 2022. The audit contract was awarded by the Supervisory Board.

The election of the auditor was carefully prepared and reviewed by the Supervisory Board. Prior to the proposal being submitted to the General Meeting of Shareholders, the Supervisory Board obtained a declaration from the auditors on their personal and business relationships with the company. This gave no rise to any objections. The Supervisory Board agreed with the auditors that the Chairman of the Supervisory Board would be notified immediately about disqualification or reasons for bias during the audit.

The auditors are additionally required to report separately on any major weaknesses detected during the audit in the accounting-related internal control and risk management system.

The lead auditor of the 2022 annual financial statements was Mr Dirk Bässler.

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

Pursuant to section 161 of the German Stock Corporation Act (Aktiengesetz, 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 2023 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 16 December 2019 and published in the official section of the Federal Gazette on 20 March 2020, and 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 with in 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 comprehensive 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: "... 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.

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, measures, 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 2023

RATIONAL AG



Walter Kurtz
for the Supervisory Board



Dr Peter Stadelmann
for the Executive Board