

# 2023 Remuneration Report of RATIONAL AG

Section 162 of the Aktiengesetz (AktG, German Stock Corporation Act) requires the executive and supervisory boards of listed companies to prepare a clear, understandable annual report on the remuneration granted and owed to each individual current or former member of the executive and supervisory boards of the company and of companies of the same group in the previous fiscal year.

This remuneration report starts by presenting the basic principles and main features of the remuneration system for the Executive Board and Supervisory Board of RATIONAL AG. It also explains in particular the individualised remuneration granted and owed, broken down by component, to current and former members of the Executive Board and Supervisory Board for the 2023 fiscal year.

The 2024 ordinary General Meeting of Shareholders of RATIONAL AG will, in accordance with section 120a of the AktG, resolve on the approval of the remuneration report for the 2023 fiscal year prepared and audited in accordance with section 162 of the AktG. The remuneration report for the 2022 fiscal year was approved by the 2023 ordinary General Meeting of Shareholders of RATIONAL AG with a majority of 95.00% of the votes cast.

Executive Board remuneration at RATIONAL AG is the responsibility of the Supervisory Board. At its meeting on 26 January 2021, the Supervisory Board of RATIONAL AG resolved a clear and understandable system for the remuneration of members of the Executive Board in accordance with the provisions of the Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie (ARUG II, Act Implementing the Second Shareholders' Rights Directive) (the "2021 Remuneration System"). On 12 May 2021, the 2021 virtual ordinary General Meeting of Shareholders approved the 2021 Remuneration System with a majority of 82.50% of the votes cast.

The 2021 Remuneration System for Executive Board members can be accessed in the Investor Relations section on RATIONAL's website by following this link: [rat.ag/remuneration-system-board](https://rat.ag/remuneration-system-board)

The 2021 Remuneration System has been applied to all members of the Executive Board since fiscal year 2022.

Here follows a summary of the 2021 Remuneration System for Executive Board members, which was applicable in fiscal year 2023, and a description of the individual remuneration components in fiscal year 2023.

## A. Remuneration system for Executive Board members

### I. Main features of the remuneration system for Executive Board members at RATIONAL AG

The remuneration system for members of the Executive Board makes an important contribution to promoting and implementing RATIONAL AG's corporate strategy and to the company's ongoing development. The Supervisory Board and Executive Board of RATIONAL AG pursue a long-term strategy that is sustainably geared to customer benefit as the basis for growth and profitability. Customer benefit is achieved particularly through the quality, superior technology, and reliability of the company's products and services. The Supervisory Board is convinced that long-term corporate responsibility and sustainability rely only to a limited extent on complex variable remuneration components. The remuneration system is geared towards clarity and transparency.

The remuneration system for members of the Executive Board sets incentives that are consistent with and support the corporate strategy:

The main component of remuneration is the fixed salary as the basis for the company's long-term success.

The short-term one-year variable remuneration is based on the financial performance criterion of earnings after taxes as reported in the consolidated financial statements of RATIONAL AG. This encourages the Executive Board to focus its activities on continuous growth with high earnings power.

To align the remuneration of Executive Board members towards the company's sustainable, long-term success, total remuneration includes a multi-year variable remuneration component. The multi-year variable remuneration is based on a three-year performance period. The majority of the multi-year variable remuneration depends on the return on capital employed (ROCE) of RATIONAL AG.

A smaller portion of the long-term variable remuneration is linked to non-financial performance criteria, which are generally set for the whole Executive Board but in some cases also as individual targets of individual Executive Board members. The setting of non-financial performance criteria particularly incorporates social, customer- and employee-focussed as well as ecological goals (ESG goals). This supports the company's sustainable strategic development.

The two components of long-term variable remuneration take account of shareholders' interests in the profitability of RATIONAL AG and promote the achievement of central strategic objectives set within the company.

The Remuneration System for Executive Board members meets the requirements of the German Stock Corporation Act (Aktengesetz, AktG) as amended by the Act Implementing the Second Shareholders' Rights Directive of 12 December 2019 (Federal Law Gazette Part I 2019, No. 50 of 19 December 2019) and takes account of the recommendations of the German Corporate Governance Code in the old version, which entered into force on 20 March 2020, and, from 27 June 2022, of the new version, which entered into force on that date.

## II. Components of remuneration

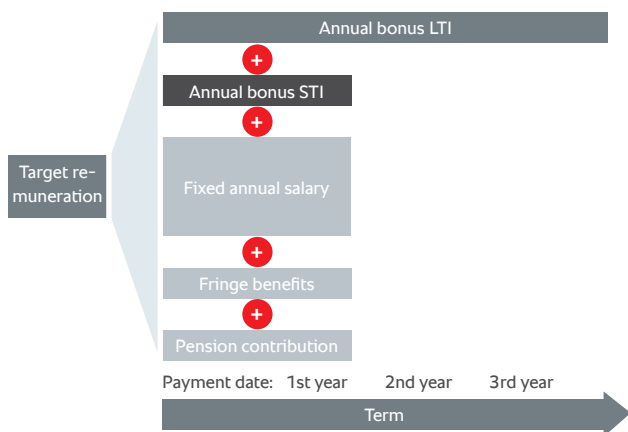
The remuneration of Executive Board members comprises fixed and variable components. The fixed components of Executive Board members' remuneration are the fixed annual salary, fringe benefits, and pension contributions. The variable components are the one-year variable remuneration (Short Term Incentive, "STI") and the multi-year variable remuneration (Long Term Incentive, "LTI"). The Remuneration System does not specify share-based or option-based remuneration and does not contain any requirements for Executive Board members to hold shares.

### Components of remuneration

	Assessment basis/parameters	
<b>Fixed remuneration components</b>		
Fixed annual salary	In 12 equal monthly instalments at the end of each calendar month	
Fringe benefits	In particular: > Private use of company car > Accident insurance	
Pension contributions	Plan type: Defined contribution plan for annual payments Contribution: 15% of fixed annual salary each year	
<b>Variable remuneration components</b>		
<b>STI</b>	<b>Type</b>	<b>Target bonus</b>
	Cap:	200% of the target amount
	Performance criteria:	Earnings after taxes as reported in the consolidated financial statements
	Assessment period:	Next year
	Payment date:	In the month following adoption of the consolidated financial statements
<b>LTI</b>	<b>Plan type</b>	<b>Performance cash plan</b>
	Cap:	> Financial LTI Component: 200% of the target amount > Non-financial LTI Component: 100% of the target amount
	Performance criteria:	> Return on capital employed (75%) > Non-financial targets (25%)
	Performance period:	Next three years
	Payment date:	In the month following adoption of the consolidated financial statements for the last fiscal year of the performance period, or no later than the following month

Based on the remuneration system, the Supervisory Board sets a specific target total remuneration for each Executive Board member. This is commensurate with the tasks and performance of the Executive Board member and the company's situation and may not exceed customary remuneration without specific reason. Target total remuneration comprises the sum of all remuneration components relevant for total remuneration. For the STI and LTI, target total remuneration is based on the target amount for 100% target achievement.

**Target total remuneration**



The share of long-term variable remuneration in the target total remuneration exceeds the share of short-term variable remuneration in the target total remuneration. The relative shares of the fixed and variable remuneration components are shown below in relation to target total remuneration.

Fixed remuneration	Variable remuneration	
	STI	LTI
Fixed annual salary + Fringe benefits + Contribution to the company pension scheme		
<b>Approx. 70%</b>	<b>Approx. 10%</b>	<b>Approx. 20%</b>

For all Executive Board members, the share of fixed remuneration (fixed annual salary, fringe benefits and contributions to the company pension scheme) makes up approximately 70% of target total remuneration, while variable remuneration makes up approximately 30% of target total remuneration. The share of the STI (target amount for 100% target achievement) in target total remuneration is approximately 10%, and the share of the LTI (target amount for 100% target achievement) in target total remuneration is approximately 20%.

The above shares may differ slightly for future fiscal years due to changes in the costs of contractually agreed fringe benefits and for any new appointments. Any payments granted on the occasion of a new member taking office may also result in a deviation from the above shares.

**Fixed remuneration components**

The members of the Executive Board receive a fixed annual salary in twelve monthly instalments.

The Executive Board members are also awarded fringe benefits: in particular, each member of the Executive Board is provided with a company car which may also be used privately. RATIONAL AG takes out accident insurance (death and disability) for the Executive Board members.

Defined contribution pension plans are in place for the individual members of the Executive Board. RATIONAL AG pays annual contributions to these plans for the Executive Board members. These annual contributions to the external provident fund are capped at 15% of fixed annual salary.

In individual cases, on the occasion of a new Executive Board member taking office, the Supervisory Board may award a payment in the first or second year of the new member's appointment. A payment of this kind may, for example, serve to compensate an Executive Board member for the loss of variable remuneration from a former employer incurred as a result of moving to RATIONAL AG.

**Variable remuneration components**

The following section describes the variable remuneration components. It explains the link between achievement of the performance criteria and the amount of variable remuneration paid out. It also sets out when and in what form Executive Board members have access to the variable remuneration components they have been granted.

**One-year variable remuneration (STI)**

The STI is a performance-based bonus with a one-year assessment period. The STI depends exclusively on a financial performance criterion: earnings after taxes as reported in the consolidated financial statements. This performance criterion incorporates all the key success factors for the company. It therefore sets incentives to continuously improve profitability, and also recognises the collective performance of the Executive Board. The Supervisory Board sets the target for this financial performance criterion at the beginning of the fiscal year.

For each fiscal year, the Supervisory Board sets the level of earnings after taxes that will represent 100% target achievement and a target amount for the STI to be paid out for 100% target achievement. This target amount for the STI represents 10% of gross annual salary. Following presentation and adoption of the audited consolidated financial statements for the fiscal year, the level of target achievement is determined by comparing the actual figure in the audited consolidated financial statements with the targets for the respective fiscal year. The STI is then calculated.

Calculation of the annual STI is as follows:

- › For every full 2 percentage points by which earnings after taxes as reported in the consolidated financial statements fall short of the target figure, the STI is reduced by 10 percentage points of the target amount, down to a target achievement of 80%. If earnings after taxes as reported in the consolidated financial statements are below 80% of the target figure, no STI is paid out.
- › For every full 2 percentage points by which earnings after taxes as reported in the consolidated financial statements exceed the target figure, the STI is increased by 10 percentage points of the target amount, up to a target achievement of 120%. If earnings after taxes in the consolidated financial statements are above 120% of the target figure, the STI is capped at 200% of the target amount.

Payment of the annual STI is due in the month following adoption of the consolidated financial statements of RATIONAL AG for the fiscal year to which the STI relates.

The financial performance criterion may not be changed retrospectively. 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 STI plan appropriately at its reasonable discretion.

If an appointment begins or ends in the course of a fiscal year, the target amount of the STI is reduced pro rata temporis based on the date on which the member's employment begins or ends. The same applies to periods for which an existing Executive Board member is not entitled to remuneration (e.g. because employment is suspended or the member is unable to work and not entitled to continued remuneration). The payment due date and parameters for calculating the STI are not affected by the Executive Board member beginning or ending their appointment in the course of a fiscal year.

### Multi-year variable remuneration (LTI)

The LTI is structured as a performance cash plan. It consists of two components, one of which is linked to a financial performance criterion ("Financial LTI Component") and the other to non-financial performance criteria ("Non-Financial LTI Component"). Based on a target achievement of 100% for each component ("LTI Full Target Achievement"), the Financial LTI Component is given a 75% weighting and the Non-Financial LTI Component a 25% weighting. The LTI is awarded on a rolling basis in annual tranches. Each tranche of the performance cash plan has a three-year term ("performance period"). Each performance period begins on 1 January of the first fiscal year of the performance period ("Fiscal Year of Award") and ends on 31 December of the third fiscal year of the performance period.

After the end of the performance period, the target achievement for the LTI is calculated and the amount of the payment for each member of the Executive Board is determined based on the level of target achievement. Payment is due in the month following adoption of RATIONAL AG's consolidated financial statements for the last fiscal year of the performance period, or no later than the following month.

The relevant financial performance criterion for the Financial LTI Component is the return on capital employed (ROCE) at Group level. The performance indicator ROCE is defined as  $EBIT / (\text{equity} + \text{interest-bearing borrowings} + \text{pension provisions})$ . ROCE is a key performance indicator that measures how efficiently the capital tied up in the company is being used. Linking the LTI to ROCE sets a long-term incentive to generate lasting profitable growth.

At the beginning of a performance period, the Supervisory Board decides, based on the multi-year planning, how high average ROCE should be at the end of the three-year performance period ("Target ROCE"). The Supervisory Board also sets a target amount for the Financial LTI Component. This figure, which is set for the Fiscal Year of Award, equates to 75% of the LTI in the event of LTI Full Target Achievement. To calculate target achievement for the Financial LTI Component, the arithmetic average of the ROCEs actually achieved in the three years of the performance period is calculated at the end of the performance period and compared to the Target ROCE. The following applies to the Financial LTI Component:

- › For every full 1 percentage point by which ROCE falls short of the target figure, the Financial LTI Component is reduced by 10 percentage points of the target amount, down to a target achievement of 90% of Target ROCE. If target achievement is below 90% of Target ROCE, no Financial LTI Component is paid out.
- › For every full 1 percentage point by which ROCE exceeds the target figure, the Financial LTI Component is increased by 10 percentage points of the target amount, up to a target achievement of 110% of Target ROCE. If target achievement is above 110% of Target ROCE, the Financial LTI Component is capped at 200% of the target amount.

The relevant non-financial performance criteria for the Non-Financial LTI Component are established by the Supervisory Board, predominantly through the setting of social, customer- and employee-oriented, and environmental goals. This supports the company's sustainable development. The non-financial performance criteria are generally set for the Executive Board as a whole but may also be set as individual targets in some cases. Based on long-term planning of a strategic or operational nature, the Supervisory Board sets one or more long-term targets for the three-year performance period. It also sets a target amount for the Non-Financial LTI - Component, which equates to 25% of the LTI in the event of LTI Full Target Achievement.

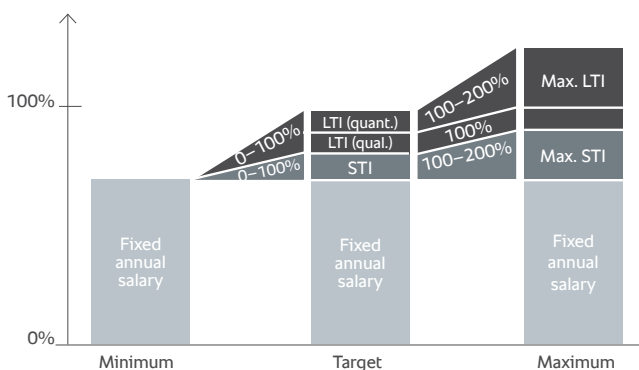
At the end of the performance period, the level of target achievement in relation to the non-financial performance criteria is determined by the Supervisory Board, which, at its own discretion and exercising all due care and diligence, compares the actual outcome to the target outcome. The target amount set is not increased in the event that the targets for the non-financial performance criteria are outperformed.

Payment of the LTI depends on the target achievement for both performance criteria. In the event of LTI Full Target Achievement, the LTI equates to 100% of the target amount. The amount of the LTI to be paid out is calculated after the end of the performance period. However, at the end of the first two fiscal years of a performance period, the Executive Board members receive a prepayment of 25% of the LTI payment amount for the relevant performance period, assuming an overall target achievement of 100%. If the overall target achievement calculated at the end of the performance period is so far below 100% that the prepayments already received by Executive Board members exceed the LTI payment to which the members are entitled for that performance period, RATIONAL AG is entitled to reimbursement of the excess amount paid and may deduct the corresponding amount from any remuneration components due to be paid out.

The performance criteria may not be changed retrospectively. 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 LTI plan appropriately at its reasonable discretion.

If the term of office of an Executive Board member begins or ends in the course of a Fiscal Year of Award, the target amount is reduced pro rata temporis based on the date on which the member's term of office begins or ends. The same applies to periods for which an existing Executive Board member is not entitled to remuneration (e.g. because employment is suspended or the member is unable to work and not entitled to continued remuneration). The payment due date and parameters for calculating the LTI are not affected by the Executive Board member beginning or ending their appointment in the course of a fiscal year.

**Composition of Executive Board remuneration**



All claims in relation to a current performance period are forfeited without replacement or compensation if RATIONAL AG terminates the employment contract before the end of the performance period for cause on grounds for which the Executive Board member is responsible, if the Executive Board member's appointment is revoked due to a gross breach of duty, or if the Executive Board member resigns from office without cause and without the consent of RATIONAL AG.

### Maximum remuneration

The 2021 Remuneration System specifies individual maximum remuneration separately for each member of the Executive Board within the meaning of section 87a of the AktG.

The total remuneration to be awarded to the Executive Board members for a fiscal year (the sum of all of the remuneration amounts paid for a fiscal year, including fixed annual salary, variable remuneration components, pension contributions and fringe benefits) – irrespective of whether they are paid out in that fiscal year or at a later point in time – is subject to a cap (“maximum remuneration”).

The maximum remuneration is

- > 2,750,000 euros for the Chief Executive Officer and
- > 2,000,000 euros each for the ordinary members of the Executive Board.

On the occasion of a new Executive Board member taking office, maximum remuneration may differ in the first or second year of the new member's appointment from the set maximum remuneration if, in exceptional cases, the Supervisory Board awards payments to the newly appointed member as compensation for the loss of remuneration from the member's former employer. In such cases, the maximum remuneration for this one fiscal year is increased by up to 50% for the Chief Executive Officer and by up to 25% for ordinary members of the Executive Board.

If remuneration exceeds the maximum remuneration, the LTI payment amount is reduced for the relevant fiscal year. If, after this reduction, remuneration still exceeds the maximum remuneration, the Supervisory Board may reduce other remuneration components at its own discretion, exercising all due care and diligence.

Irrespective of the maximum remuneration set, the payment amounts for the individual variable remuneration components are also capped. The payment amount for the STI is capped at 200% of the STI target amount. The payment amount for the Financial LTI Component is capped at 200% and the payment amount for the Non-Financial LTI Component at 100% of the respective target amount.

### Malus and clawback provision for variable remuneration components

The Supervisory Board may, at its own discretion and exercising all due care and diligence, reduce by up to 100% the payment amount calculated for the variable remuneration components in the event of misconduct by the Executive Board member (“Grounds for Malus”) during the assessment period (for the STI during the relevant one-year assessment period and for the LTI during the relevant three-year assessment period).

Grounds for Malus will be deemed to exist particularly in the event of significant breaches of the duty of care within the meaning of section 93 of the AktG on the part of the Executive Board member during the assessment period. The basis for the Supervisory Board's decision as to whether and to what extent there are Grounds for Malus will include, in particular, the degree to which the Executive Board member was at fault, the significance of the breach of duty, the weight of the member's own contribution to the incident in question, the degree of any damage, the record or otherwise of any individual misconduct or organisational negligence in the last three fiscal years preceding the assessment period, and any official sanctions.

In the event of Grounds for Malus in a fiscal year that is part of the assessment period for multiple variable remuneration components, the malus may be applied to each of these variable remuneration components, i.e. multiple variable remuneration components with multi-year assessment periods may be subject to a malus on identical grounds.

RATIONAL AG is entitled to receive (pro rata) reimbursement from the Executive Board member of an STI and/or LTI payment if it has emerged, after the payment, that published consolidated financial statements relating to the assessment period for the STI and/or LTI were objectively incorrect and therefore in need of subsequent correction under the relevant accounting standards and that the STI and/or LTI payment would have been lower or non-existent had it been calculated based on the corrected consolidated financial statements.

The Supervisory Board may exercise this entitlement to reimbursement at its own discretion, with all due care and diligence. The entitlement to reimbursement equates to the difference between the actual payments made and the payments that would have been due to the Executive Board member under the rules of the STI and LTI based on the corrected consolidated financial statements. As a general rule, the Executive Board member must reimburse the gross amount in the event of such a claim.

There were no grounds requiring the application of a malus or clawback for the 2023 fiscal year.

**Benefits promised in case of premature termination**

In case of early termination of an Executive Board member's office without cause, the amount of any severance payment is limited to the equivalent of two years' remuneration ("Settlement Cap"). Under no circumstances will severance payments exceed the remuneration due for the remaining term of the employment contract. Calculation of the Settlement Cap is based on total remuneration in the preceding fiscal year and, if appropriate, expected total remuneration for the current fiscal year. Executive Board members are generally subject to a post-contractual non-competition clause for a period of two years after the end of their employment contract.

For the duration of the post-contractual non-competition clause, Executive Board members receive a compensation payment for each year they are subject to non-competition. The payment is equivalent to 50% of the total remuneration last paid to the member in question. Current payments from pension commitments and any transitional allowances or settlements are set off against this compensation.

Benefits awarded for the early termination of an Executive Board member's term of office due to a change of control will not exceed 150% of the settlement cap.

**Benefits promised in case of regular termination**

In cases of regular termination of their term of office, Executive Board members do not receive any benefits from the company. Once they are eligible, they receive benefits from the provident fund, into which contributions were paid by the company during the term of the service contract. These contributions are already reported as remuneration granted in the respective year in which the contribution is paid. In addition, after regular termination of their term of office, Executive Board members receive payments from the multi-year variable remuneration components, providing this is not prevented by any grounds for applying a malus or clawback. Executive Board members do not receive any other company benefits from the company after termination of their contract, unless they have been promised such benefits on termination in individual circumstances.

**III. Individual remuneration of Executive Board members appointed in fiscal year 2023****Executive Board members in fiscal year 2023**

In fiscal year 2023, the Executive Board of RATIONAL AG had the following members:

- › Dr Peter Stadelmann, Executive Board member since December 2012, Chief Executive Officer since January 2014
- › Peter Wiedemann, Executive Board member since September 1999
- › Markus Paschmann, Executive Board member since December 2013
- › Jörg Walter, Executive Board member since March 2021
- › Dr Martin Hermann, Executive Board member since September 2022

**Remuneration granted and owed in fiscal year 2023**

In accordance with section 162 (1) sentence 1 of the AktG, the remuneration report must disclose the remuneration granted and owed to each individual Executive Board member in the past fiscal year. The terms are defined as follows:

- › The term "granted" relates to the remuneration "for the fiscal year in which the (one- or multi-year) activity on which the remuneration is based was provided in full";
- › The term "owed" relates to "all legally existing liabilities for remuneration components that are due but have not yet been settled".

**Total Executive Board remuneration in fiscal year 2023**

The total remuneration paid to the Executive Board for the performance of its duties in the fiscal year 2023 was 7.6 million euros (2022: 6.6 million euros). Individualised Executive Board remuneration is presented in the tables below, showing all fixed and variable remuneration components and their relative share of total remuneration; it is explained in the sections that follow.

## Remuneration of Executive Board members in fiscal year 2023

In thousands of euros

	Dr Peter Stadelmann		Dr Martin Hermann		Markus Paschmann		Jörg Walter		Peter Wiedemann		Total	
Basic salary	1,330	58%	618	59%	968	59%	560	59%	968	58%	4,444	58%
Fringe benefits	55	2%	16	2%	23	1%	16	2%	37	2%	147	2%
Payments into pension scheme	200	9%	93	9%	145	9%	84	9%	145	9%	667	9%
<b>Fixed remuneration</b>	<b>1,585</b>	<b>69%</b>	<b>727</b>	<b>69%</b>	<b>1,136</b>	<b>69%</b>	<b>660</b>	<b>69%</b>	<b>1,150</b>	<b>69%</b>	<b>5,258</b>	<b>69%</b>
STI 2023	323	14%	150	14%	235	14%	136	14%	235	14%	1,079	14%
LTI 2023–2025	380	17%	177	17%	277	17%	160	17%	277	17%	1,271	17%
<b>Total performance-related re- muneration</b>	<b>703</b>	<b>31%</b>	<b>327</b>	<b>31%</b>	<b>512</b>	<b>31%</b>	<b>296</b>	<b>31%</b>	<b>512</b>	<b>31%</b>	<b>2,350</b>	<b>31%</b>
<b>Total remuneration granted and owed</b>	<b>2,288</b>		<b>1,054</b>		<b>1,648</b>		<b>956</b>		<b>1,662</b>		<b>7,608</b>	

### Fixed remuneration components

The fixed remuneration components of the Executive Board (fixed remuneration) totalled 5.3 million euros in 2023 (2022: 4.4 million euros); they comprised the basic salary, payments into the pension scheme and fringe benefits in kind relating primarily to the use of a company car, telephone, and insurance premiums. The incidental benefits are part of their remuneration package and the individual Executive Board members therefore have to pay tax on them.

### Performance-related remuneration components

The 2021 Remuneration System specifies short-term variable remuneration (STI) and multi-year variable remuneration components with an assessment period of three years. The respective performance-related remuneration components are presented below.

### Short-term performance-related remuneration (STI 2023)

STI 2023 is a performance-related bonus with a one-year assessment period; it is calculated in relation to profit after tax as reported in the 2023 consolidated financial statements. It accounts for 10% of total target remuneration of the Executive Board.

## STI 2023

Objectives	Actual 2023	Achievement in 2023	Grant rate in 2023
Net profit/loss in 2023 <sup>1</sup>	215.8 million euros	115%	170%

<sup>1</sup> In the range between 80% and 120% target achievement, the grant rate increases by 10 percentage points for each full 2 percentage points rise in target achievement up to a maximum of 200%.

Profit after taxes for fiscal year 2023 amounted to 215.8 million euros. According to the calculation method described in the Remuneration System, this resulted in a grant rate of 170% for the 2023 reporting year. The payment of 1.1 million euros (2022: 1.1 million euros) was made in the first quarter of 2024.



### Long-term performance-related remuneration (LTI 2023–2025)

LTI 2023–2025 is a performance-related remuneration component for fiscal year 2023 with a three-year assessment period from 2023 to 2025. The LTI component accounts for 20% of total target remuneration of the Executive Board.

The LTI 2023–2025 component reported for fiscal year 2023 is 1.3 million euros (2022: LTI 2022–2024: 1.1 million euros), which is equivalent to the target LTI for target achievement of 100%. Target achievement for the underlying three-year period and the amount of variable remuneration for fiscal year 2023 will be finally determined on the basis of the criteria and thresholds defined by the Supervisory Board at the time the 2025 consolidated financial statements are prepared. The LTI component will be paid out to the Executive Board members on the basis of total target achievement at the end of the performance period and the resulting grant rate. At the end of the first two fiscal years of a performance period, the Executive Board members receive a prepayment of 25% of the LTI payment amount for the relevant performance period, assuming an overall target achievement of 100%. The prepayment will be deducted from the remuneration payable at the end of the respective period.

The targets presented below apply equally to all Executive Board members.

#### LTI 2023–2025

Objectives	LTI weighting
Long-term financial performance criterion: ROCE Ø 2023–2025 <sup>1</sup>	75.0%
Environment-related sustainability target: high energy efficiency of our cooking systems (US Energy Star <sup>2</sup> )	12.5%
Sustainability target Sustainability strategy: Complete implementation of the sustainability strategy by fiscal year 2025	12.5%

<sup>1</sup> For a variance from target ROCE in the range between –10 and +10 percentage points, the grant rate decreases/increases by 10 percentage points for each full 1 percentage point down/up to 0%/a maximum of 200%.

<sup>2</sup> US Energy Star is a US environmental label for energy-saving appliances, building materials, public/commercial buildings or residential buildings. Energy Star certifies that e.g. electrical appliances meet the power-saving criteria of the US Environmental Protection Agency (EPA) and the US Department of Energy.

#### IV. Remuneration of former Executive Board members

Former Chief Executive Officer Dr Günter Blaschke received inventor remuneration of 1 thousand euros in 2023 (2022: 0 thousand euros).

#### B. Remuneration system for Supervisory Board members

Supervisory Board remuneration is specified in the Articles of Association of RATIONAL AG. The Supervisory Board receives fixed remuneration based on market conditions and oriented to suggestion G.18 of the German Corporate Governance Code (the Code). In accordance with recommendation G.17 of the Code, the Chairman of the Supervisory Board and his deputy receive higher compensation to reflect the larger time commitment. In addition, a company vehicle is made available to the Chairman of the Supervisory Board and his deputy, including for private use (other).

#### Remuneration of Supervisory Board members in fiscal year 2023

In thousands of euros

	Fixed	Other	Total
Walter Kurtz	250	25	275
Dr Hans Maerz	200	11	211
Erich Baumgärtner	150	–	150
Dr Gerd Lintz	150	–	150
Werner Schwind	150	–	150
Dr Georg Sick	150	–	150
Dr Johannes Würbser	150	–	150
<b>Total</b>	<b>1,200</b>	<b>36</b>	<b>1,236</b>

### C. Comparative presentation of changes in Executive Board remuneration, Supervisory Board remuneration, employee remuneration and profits/losses

The presentation below sets the annual change in the remuneration of members of the Executive Board and Supervisory Board against the average remuneration of employees and the company's profit or loss for the last five fiscal years.

Change compared with previous year						in %
	2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021	2023 vs 2022	
<b>Changes in Executive Board remuneration (current and former Executive Board members)</b>						
Dr Peter Stadelmann	+4	-3	+18	-4	+2	
Dr Martin Hermann <sup>1</sup>	-	-	-	-	+1	
Markus Paschmann	+5	-2	+35	-2	+4	
Jörg Walter <sup>2</sup>	-	-	-	+9	+11	
Peter Wiedemann	+7	-2	+17	+13	+4	
<b>Changes in Supervisory Board remuneration<sup>3</sup></b>						
Walter Kurtz	0	-4	+5	+2	0	
Dr Hans Maerz	0	-6	+5	0	0	
Erich Baumgärtner	0	-5	+5	0	0	
Dr Gerd Lintz	0	-5	+5	0	0	
Werner Schwind	0	-5	+5	0	0	
Dr Georg Sick	0	-5	+5	0	0	
Dr Johannes Würbser	0	-5	+5	0	0	
<b>Changes in employee remuneration</b>						
Average no. of employees (FTEs) <sup>4</sup>	+1	-7	+10	+11	+3	
<b>Changes in profit/loss</b>						
Net loss of RATIONAL AG <sup>5</sup>	+19	-33	-65	+92	+174	
Consolidated net profit	+9	-53	+54	+50	+16	

1 Dr Martin Hermann was appointed to the Executive Board with effect from 1 September 2022. To make figures easier to compare, the 2022 remuneration has been extrapolated to a 12-month period to compensate for the difference in length compared to 2023.

2 Mr Jörg Walter was appointed to the Executive Board with effect from 1 March 2021. To make figures easier to compare, the 2021 remuneration has been extrapolated to a 12-month period to compensate for the difference in length compared to 2022.

3 In response to the coronavirus crisis and its effects on RATIONAL AG's business, the Supervisory Board opted to forego part of its remuneration in 2020.

4 Employee remuneration is determined by dividing total remuneration (incl. social security expenses) reported in the notes to the consolidated financial statements less Executive Board remuneration by the average number of full-time equivalents (FTEs) in the fiscal year concerned.

5 As a precaution and to preserve liquidity at our sales subsidiaries, profit distributions by the subsidiaries were reduced significantly in fiscal years 2020 and 2021.

## **D. Report of the independent auditor on the audit of the remuneration report in accordance with section 162 (3) AktG**

To RATIONAL Aktiengesellschaft, Landsberg am Lech

### **Audit Opinion**

We conducted a formal audit of the remuneration report of RATIONAL Aktiengesellschaft, Landsberg am Lech/Germany, for the financial year from 1 January to 31 December 2023, to assess whether the disclosures required under Section 162 (1) and (2) German Stock Corporation Act (AktG) have been made in the remuneration report. In accordance with Section 162 (3) AktG, we have not audited the content of the remuneration report.

In our opinion, the disclosures required under Section 162 (1) and (2) AktG have been made, in all material respects, in the accompanying remuneration report. Our audit opinion does not cover the content of the remuneration report.

### **Basis for the Audit Opinion**

We conducted our audit of the remuneration report in accordance with Section 162 (3) AktG and in compliance with the IDW Auditing Standard: Audit of the Remuneration Report pursuant to Section 162 (3) AktG (IDW AuS 870 (09.2023)). Our responsibilities under those requirements and this standard are further described in the "Auditor's Responsibilities" section of our report. Our audit firm has applied the requirements of the IDW Quality Management Standards. We have fulfilled our professional responsibilities in accordance with the German Public Auditor Act (WPO) and the Professional Charter for German Public Auditors and German Sworn Auditors (BS WP/vBP) including the requirements on independence.

### **Responsibilities of the Executive Board and the Supervisory Board**

The executive 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 AktG. In addition, they are responsible for such internal control as they consider necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

### **Auditor's Responsibilities**

Our objective is to obtain reasonable assurance about whether the disclosures required under Section 162 (1) and (2) AktG have been made, in all material respects, in the remuneration report, and to express an opinion on this in a report.

We planned and conducted our audit in such a way to be able to determine whether the remuneration report is formally complete by comparing the disclosures made in the remuneration report with the disclosures required under Section 162 (1) and (2) AktG. In accordance with Section 162 (3) AktG, we have neither audited the correctness of the content of the disclosures, nor the completeness of the content of the individual disclosures, nor the adequate presentation of the remuneration report.

### **Handling of possible misrepresentations**

In connection with our audit, our responsibility is to read the remuneration report taking into account our knowledge obtained in the financial statement audit while remaining attentive to any signs of misrepresentations in the remuneration report regarding the correctness of the disclosures' contents, the completeness of individual disclosures' contents or the reasonable presentation of the remuneration report.

If, based on the work we have performed, we conclude that there is such a misrepresentation, we are required to report that fact. We have nothing to report in this regard.

Munich, 5 March 2024

Deloitte GmbH  
Wirtschaftsprüfungsgesellschaft

**Dirk Bäßler**  
Wirtschaftsprüfer  
(German Public Auditor)

**Johanna Pickl**  
Wirtschaftsprüferin  
(German Public Auditor)