

Basler Stock Corporation

Remuneration Report for the Financial Year 2021

I. Preliminary Notes

Pursuant to the act for implementing the second Shareholders' Rights Directive (ARUG II), the management board and supervisory board of Basler AG (hereinafter referred to as the "Company" and together with all subsidiaries hereinafter referred to as the "Basler Group") are required - for the first time at the Annual General Meeting in 2022 - to prepare an annual remuneration report in accordance with Section 162 AktG (Stock Corporation Act) which must comply with necessary requirements. The auditor shall verify that the remuneration report contains all information required by Sec. 162 (1) and (2) AktG and shall issue an auditor's report thereon. The remuneration report audited by the auditor in this sense shall be submitted to the Annual General Meeting for approval. The remuneration report explains the remuneration of the members of the management board and the remuneration of the members of the supervisory board of the company.

For ease of reading, the masculine form is used in this report when referring to persons. It stands for persons of any gender.

Due to rounding, it is possible that individual figures in this report do not add up precisely to the totals shown and that percentages presented do not accurately reflect the absolute values to which they relate.

II. General Regulations for the Remuneration of the Management Board

1. Approval of the Remuneration System for Members of the Management Board by the Shareholders

The supervisory board of the Company has adopted the remuneration system for the members of the management board described in more detail below with effect from the beginning of the 2021 financial year (hereinafter "reporting year"), i.e. January 1, 2021. The remuneration system was approved by the Company's shareholders at the Annual General Meeting on May 19, 2021, with retroactive effect from the beginning of the reporting year.

2. General Principles of the Remuneration System of the Members of the Company's Management Board

The remuneration system of the members of the management board of AG aims to foster a sustainable and long-term company development. In this respect, it contributes to the promotion of the business strategy and the long-term development of the Company. The system sets incentives for value-creating and long-term development of the company.

The remuneration system aims to remunerate management board members appropriately in line with their duties and responsibilities, taking due account of both their performance and the economic situation and success of the Company. The remuneration system is intended to enable the setting of remuneration that is competitive in national and international comparison and thus provide an incentive for dedicated and successful work. When setting the total remuneration, the supervisory board ensures that it is commensurate with the duties and performance of the

management board member and the situation of the Company and does not easily exceed the customary compensation.

The remuneration system of Basler AG provides for a fixed remuneration plus additional fringe benefits. Furthermore, the system provides for performance-related variable compensation with a multi-year assessment basis.

The remuneration system provides for targets as part of the variable compensation, which are agreed for the members for each year. The target compensation for the variable compensation is based on the definition of these targets in conjunction with the other relevant provisions for this compensation component, assuming 100% target achievement. The target variable compensation, together with the fixed compensation components, forms the amount of the total target compensation of each management board member.

The amount of the total target compensation depends inter alia on the following:

- Duties and responsibilities
- Performance
- Market conditions
- Economic situation of the company
- Success and outlook of the company
- External peer groups
- Internal remuneration structure

The target total compensation is the sum of all compensation components that are relevant for the total compensation. For the variable compensation, the target amount is based on a 100% target achievement.

3. Remuneration System of the Management Board in the Reporting Year

In the reporting year, the compensation granted and owed to the members of the management board in accordance with the compensation system consisted of fixed and variable compensation components.

An equal percentage of the target total compensation was defined for all management board members, including the chairman of the management board, which serves as the basis for calculating the variable compensation. This share of the variable compensation was set at 25% of the target total compensation.

The relative proportions of the fixed and variable compensation components (in relation to the target total compensation) are as follows:

The share of fixed compensation is 75 % of target total compensation plus benefits and the share of long-term variable compensation is 25 % of target total compensation, provided that 100 % of the annual targets are achieved.

The above percentages may differ due to the granting of part of the target variable compensation in shares and the development of the cost of contractually agreed fringe benefits, as well as in the case of any new appointments and in the case of the granting of any payments on the occasion of taking up office in the case of new appointments.

In the event of the management board member's contract of service commencing or ending during the year, both the fixed compensation and the variable compensation are only granted pro rata temporis.

3.1. Fixed Remuneration Components

3.1.1. Fixed Remuneration – Amount; Target and Reference to the Company Strategy; Approach

Each management board member receives a non-performance-related fixed salary, which is paid in twelve equal monthly installments.

Together with the other compensation components, the fixed compensation components form the basis for attracting and retaining the highly qualified members required for the development and implementation of the corporate strategy.

The compensation shall be commensurate with the skills, experience and duties of the individual member of the Board of Management. In determining the fixed compensation, the Supervisory Board shall take particular account of the aforementioned general principles.

The fixed compensation of the members of the management board in the reporting year amounted to:

Member of the management board	Fixed remuneration (in € thousand)
Dr. Dietmar Ley	346
Alexander Temme	221
Arndt Bake	277
Hardy Mehl	288

3.1.2. Fringe Benefits – Target and Reference to the Company Strategy; Approach

In addition, the management board members receive fringe benefits. In addition to the reimbursement of reasonable expenses, this mainly involves the provision of a company car that can also be used privately in accordance with the respective current guidelines. In addition, supplementary accident insurance is taken out for each member of the management board. The tax burden resulting from these fringe benefits is borne by the management board member concerned. The fringe benefits are intended to supplement the fixed compensation with benefits customary in the market so that suitable candidates can be recruited for the Company and retained in the long term.

The value of the respective company car and insurance benefits received annually by an individual member of the Executive Board is taken into account as a fringe benefit within the framework of the maximum compensation presented below.

3.2. Variable Remuneration Components – Target and Reference to the Company Strategy; Procedure

3.2.1. Target and Reference to the Company Strategy; general Procedure

The remuneration system provides for performance-related variable compensation (bonus), which depends on the achievement of financial performance criteria for the respective financial year and which is paid out on a deferred basis over several years by means of a bonus bank to reflect the required sustainability and long-term nature and the multi-year assessment basis. Until further notice, a part of the bonus will be granted in shares of the company to the members of the management board.

The variable remuneration components are to motivate the members of the management board to achieve challenging and demanding financial, operating and strategic goals during a financial year. The goals reflect the company strategy and focus on sustainably increasing the company value.

3.2.2. Performance Indicators

The strategic goals of a profitable growth company and the fundamental decision in favor of high-equity corporate financing lead to the corporate success in terms of profitability and growth.

Earnings before taxes (EBT) in relation to sales are considered to be a suitable indicator for the measurement of profitability.

$$\text{Profitability} = \frac{\text{EBT}}{\text{Sales}}$$

The percentage increase of sales revenues compared to the previous year is considered to be a suitable indicator for growth.

$$\text{Sales Growth} = \frac{\text{Current Sales}}{\text{Previous year's sales}} - 1$$

EBT and sales are determined in accordance with the approved and audited consolidated financial statements of the Company for the respective financial year.

3.2.3. Performance Criteria (Targets)

Before the beginning of each financial year, the supervisory board and the members of the management board agree on targets for both indicators (profitability and sales growth). The profitability target is based on the long-term profit expectation and is supposed to show high continuity over the years. The sales expectations also take into account medium and shorter-term influences and will thus fluctuate more strongly from year to year. Both indicators serve to

ensure the ongoing implementation of operational and strategic goals, the achievement of which is essential as a basis for the long-term development of the company.

At the beginning of each fiscal year tolerance ranges for both indicators are agreed upon describing the scope of normal business activity. The lower benchmark figure of the tolerance shall mark the transition from a basically satisfactory result to an unsatisfactory result. Vice versa, the upper benchmark figure marks the dividing line between good and very good performance.

The level of target achievement is determined by linear functions concerning profitability and growth. These functions will each show 100 % target achievement if the values for profitability and growth specified after conclusion of the annual financial statements exactly correspond to the expected values. The functions will show 0 % target achievement if the actual values fall below the expected values by an amount equaling the width of the tolerance. The functions will become negative if the downward deviations are even more pronounced.

Profitability and growth are equally important targets. However, in case of doubt the demand for profitability is more imperative than the demand for continuous growth. Therefore, lacking profitability shall not be compensated by unrestrained growth. Thus, the degree of achievement for growth is limited to 400 %. The degrees of achievement are balanced at a ration of 50 % to 50 %. Adding up both weighted degrees of achievement for profitability and growth results in the level of the total target achievement for the fiscal year.

The degree of achievement and thus the measure of overall target achievement is limited to -100 % to +400 %.

A subsequent modification of the defined performance criteria is excluded.

3.2.4. Bonus

The total target achievement (-100 % to 400 %) is multiplied by the variable component of the target total salary (25 % of the agreed target total salary) as defined above and results in the amount in Euro for the bonus entitlement of the respective member of the management board for the elapsed fiscal year. Accordingly, the bonus entitlement can amount from -25 % (malus) to 75 % of the target salary.

If the targets agreed upon concerning profitability and growth are achieved on average over several years, the actual total remuneration will be in the amount of the target salary. If the targets are clearly missed for a long time, only the fixed salary will be paid out (75 % of the target salary) in the long term. In case of significant overachievement of the profitability and the growth target over several years a gradually increasing total remuneration of a maximum of 175 % of the target salary will be paid out.

The resultant bonus entitlement is not paid immediately. In order to do justice to the required sustainability and the multi-year assessment basis the bonus amounts are paid delayed by a bonus bank and are subject to the risk of a substantial decrease due to subsequent worsening of the situation. A separate account is kept for the bonus claims of each member of the management board.

The bonus or malus calculated for the elapsed fiscal year is booked to the individual account. Allowing for the previous balance this results in a current account balance. If this account balance is positive one third will be paid out. Two thirds will be forwarded to a new account and be considered in the next year. Negative balances must be compensated by positive balances or bonus deposits before payouts can be made by the bonus bank.

The payment amount is due for payment shortly after the approval of the consolidated financial statements, at the earliest with the payment of the salary for the month of March.

If the bonus bank shows a negative balance at the time of termination of office as member of the management board, it will be cleared by the company. In return, in the case of a positive balance the employment contracts provide that this balance remains in the bonus bank and thus is subject to the risk of decrease in the following years, analogous to the entitlement calculations of the remaining members of the management board in that year. However, after resigning from the management board no new positive claims will be transferred to the bonus bank. Payouts by the bonus bank to the remaining members of the management board are made at the scheduled regular dates. Thereby, one third each is paid out of the balance existing at the two scheduled regular dates subsequent to the resigning member of the management board and the remaining balance is paid out at the third regular date.

Granting of shares

In order to create a special performance incentive for the management board and to motivate its members to work in the long run on increasing the value of the company, the supervisory board decided to grant the members of the management board part of their bonus in shares of the company at a fixed issue price on the basis of a share plan. Subject to any adjustment on the basis of anti-dilution provisions, this corresponds to the mean value of the closing auction prices of the Company's shares in Xetra trading on the sixty (60) trading days in Frankfurt am Main prior to the date of the resolution by the supervisory board on the currently valid Stock Plan, but at least to the pro rata amount of capital stock represented by one share. According to the share plan, 50% of the variable compensation above 100% target achievement is to be granted in shares and placed in the bonus bank (in the form of a virtual share deposit account). The effective delivery and transfer of the shares takes place analogously to the payment of the variable compensation in cash at a rate of one third corresponding to the level of the virtual share deposit. The stock plan has a term for the years 2021 to 2024 inclusive. It is extended for a further financial year in each case unless the supervisory board resolves to terminate it before the end of the respective financial year. However, each management board member has the right to decide whether he or she will continue to participate in the current stock plan after the end of the term. If the management board member decides against further participation, he is not entitled to be reinstated in the stock plan in subsequent fiscal years. No further lock-up period with regard to holding the shares was provided for in view of the bonus bank.

Extraordinary Developments

In order to be able to adequately counter and take account of extraordinary developments (e.g. economic or corporate crises, pandemics, natural disasters, etc.), the supervisory board of the company has the following options:

- Delayed payout by the bonus bank (and the virtual share deposit account)
- Special allocations to the bonus bank (and the virtual share deposit account), limited to a maximum of 50 % of the yearly target total remuneration minus granted fringe benefits per year

4. Maximum Remuneration of Members of the Management Board

The total compensation to be granted for a fiscal year (maximum expense amount of all compensation amounts expended for the fiscal year in question, including fixed annual salary, fringe benefits, variable compensation components, any special allocations to the bonus bank, but excluding any termination benefits) of the Executive Board members - irrespective of whether it is paid out in this fiscal year or at a later date - is capped in absolute terms. The theoretical maximum remuneration for the chief executive officer amounts to € 1,100 thousand and for each ordinary member of the management board € 935 thousand. The target salary including fringe benefits is less than half of the mentioned maximum remuneration. The limitations are also valid for newly joining management board members.

Benefits in the Event of Termination of the Management Board Service Contract

The remuneration system provides for a so-called severance pay – cap. In the case of premature termination of office as member of the management board without good cause, it is agreed upon a limitation of payments to the value of two annual remunerations which are not allowed to exceed the total of claims resulting from the remaining term of the employment contract. The remuneration system does not provide for a special regulation for a severance pay in the event of a change of control.

III. Individual Remuneration of Members of the Management Board in the Reporting ,Year

1. Determination of the Variable Remuneration

The variable remuneration granted and owed to the management board members in the reporting year refers to the payments from the bonus bank as at December 31, 2020 (after the allocation for the financial year 2020). However, the balance - as described above - does not only include the variable remuneration for the financial year 2020, but also those of earlier financial years. In view of the three-year period for setting the respective variable compensation in the bonus bank, the management board and supervisory board consider it appropriate to include a period of three years prior to the respective reporting year in the following presentation with regard to the achievement of the targets (performance criteria). On this basis, the following results with regard to the achievement of the targets:

Rated value	Calculation	Target	Tolerance specification	Actual values	Degree of fulfillment
2018					
Profitability	EBT / sales	15.0%	± 2.0%	17.1%	205.17%
Sales growth	(sales / previous year's sales) – 1	5.0%	± 8.0%	-3.39%	-4.9%
Total target achievement	(level of achievement sales growth x 50%) + (level of achievement profitability x 50%)				100.13%
2019					
Profitability	EBT / sales	11.0%	± 3.0%	10.45%	81.51%
Sales growth	(sales / previous year's sales) – 1	20.0%	± 10.0%	7.97%	-20.28%
Total target achievement	(level of achievement sales growth x 50%) + (level of achievement profitability x 50%)				30.61%
2020					
Profitability	EBT / sales	8.5%	± 2.0%	11.98%	273.79%
Sales growth	(sales / previous year's sales) – 1	4.3%	± 5.0%	5.25%	118.95%
Total target achievement	(level of achievement sales growth x 50%) + (level of achievement profitability x 50%)				196.37%

Based on these targets, the following variable remuneration was granted and owed to the (former) management board members in the reporting year:

	Dr. Dietmar Ley	John Jennings	Arndt Bake	Hardy Mehl
Target salary 2020	457,290.00 €	\$419,609.33	316,903.00 €	370,405.00 €
Variable portion	25%	25%	25%	25%
Variable absolute	224,497.74 €	\$205,999.14	155,577.44 €	181,843.22 €
Special allocation as overfulfillment	0.00 €	\$24,542.00	0.00 €	30,000.00 €
Overfulfillment	110,175.24 €	125,638.81 €	76,351.69 €	119,241.97 €
Share quota	50%	0%	50%	50%
Share price according to share program	56.51 €	56.51 €	56.51 €	56.51 €
Bonus bank cash 01/01/2020	405,328.36 €	\$428,970.01	279,221.05 €	311,444.61 €
Bonus bank shares in pieces 01/01/2020	0	0	0	0
Payment cash March 2020	-135,109.45 €	-\$142,990.00	-93,073.68 €	-103,814.87 €
Allocation pieces shares 2020	0	0	0	0
Addition variable 2020	224,497.74 €	\$230,541.14	155,577.44 €	211,843.22 €
of which cash	169,457.00 €	\$230,541.14	117,433.19 €	152,225.17 €
of which pieces shares	974	0	675	1,055
Bonus bank 12/31/2020	494,716.65 €	\$516,521.15	341,724.81 €	419,472.96 €
of which cash	439,675.91 €	\$516,521.15	303,580.56 €	359,854.91 €
of which pieces shares	974	0	675	1,055
Payment amounts March 2021	164,905.55 €	\$172,173.72	113,908.27 €	139,824.32 €
of which payment cash 2021	146,596.31 €	\$172,173.72	101,193.52 €	119,989.31 €
of which allocation pieces shares 2021	324	0	225	351

2. Grants in the Reporting Year

The following tables show the "benefits granted" by the company pursuant to section 4.2.5 para. 3 1st indent of the German Corporate Governance Code (hereinafter "GCGC") in the version dated February 7, 2017 in conjunction with sample table 1 as well as the "compensation granted and owed" within the meaning of Section 162 (1) Sentence 1 AktG and the "inflow" for the reporting year within the meaning of Section 4.2.5 (3) 2nd indent of the GCGC in the version dated February 7, 2017 in conjunction with sample table 2. The underlying recommendations for the disclosure of

such tables on "benefits granted" within the meaning of the GCGC old version ceased to apply when the revised GCGC came into force on March 20, 2020. The German Stock Corporation Act (AktG) as amended by ARUG II also does not require the inclusion of such information in the compensation report. In order to enable shareholders to make a better comparison with the information provided in previous years and to maintain the level of transparency achieved to date, the management board and supervisory board have decided to voluntarily include in the compensation report for the reporting year the information on "benefits granted" as defined in the old version of the GCGC. The "benefits granted" within the meaning of the GCGC old version are not synonymous with the "compensation granted and owed" within the meaning of Section 162 (1) sentence 1 AktG:

- "Granted benefits" within the meaning of the old version of the GCGC are - irrespective of the time of payment - all compensation components that were promised to a member of the management board in the financial year, at least in principle, and whose (future) amount can at least be estimated.
- By contrast, "compensation granted and owed" within the meaning of § 162 (1) sentence 1 AktG is only compensation actually received in the fiscal year or compensation which, according to the explanatory memorandum to the draft (BT-Drs. 19/9739, page 111), is "due according to legal categories but has not (yet) been received".

2.1. Granted benefits pursuant to the old Version of GCGC

The table of "granted benefits" according to GCGC old shows the amount allocated to a member of the Executive Board in the respective fiscal year.

Dr. Dietmar Ley
Chief Executive Officer (CEO)
Entry Date: 1998

Type of grant	2021 (in € thousand)	2020 (in € thousand)
Fixed remuneration	346	343
Fringe benefits	19	20
Total	365	363
one-year variable remuneration	0	0
multi-year variable remuneration / Addition to bonus bank	419	225
of which in shares:	2.662 shares à € 57.03	974 shares à € 56.51
Total	784	558
Pension expense ¹	1	1
Total remuneration	785	589
Possible minimal amount - Reduction bonus bank	-115	-114
Possible maximum amount - Addition bonus bank	692	686

Alexander Temme
Chief Commercial Officer (CCO)
Entry Date: 2021

Type of grant	2021 (in € thousand)	2020 (in € thousand)
Fixed remuneration	221	n/a
Fringe benefits	17	n/a
Total	238	n/a
one-year variable remuneration	0	n/a
multi-year variable remuneration / Addition to bonus bank	268	n/a
of which in shares:	1,700 shares à € 57.03	n/a
Total	506	n/a
Pension expense ²	1	n/a
Total remuneration	507	n/a

¹ These are payments under the company pension plan. The same applies to the other members of the management board.

² These are payments under the company pension plan. The same applies to the other members of the management board.

Possible minimal amount - Reduction bonus bank	-74	n/a
Possible maximum amount - Addition bonus bank	442	n/a

Arndt Bake
Chief Marketing Officer (CMO)
Entry Date: 2011

Type of grant	2021 (in € thousand)	2020 (in € thousand)
Fixed remuneration	277	238
Fringe benefits	22	21
Total	299	259
one-year variable remuneration	0	0
multi-year variable remuneration / Addition to bonus bank	335	156
of which in shares:	2,130 shares à € 57.03	675 shares à € 56.51
Total	634	415
Pension expense ³	1	1
Total remuneration	635	416
Possible minimal amount - Reduction bonus bank	-92	-79
Possible maximum amount - Addition bonus bank	554	475

Hardy Mehl
Chief Financial Officer (CFO) and Operations (COO)
Entry Date: 2014

Type of grant	2021 (in € thousand)	2020 (in € thousand)
Fixed remuneration	288	278
Fringe benefits	22	22
Total	310	300
one-year variable remuneration	0	0
multi-year variable remuneration / Addition to bonus bank	348	213
of which in shares:	2,210 shares à € 57.03	1,055 shares à € 56.51
Total	658	513

³ These are payments under the company pension plan. The same applies to the other members of the management board.

Pension expense ⁴	1	1
Total remuneration	659	514
Possible minimal amount - Reduction bonus bank	-96	-93
Possible maximum amount - Addition bonus bank	576	565

2.2. "Compensation granted and owed" within the meaning of Sec. 162 (1) Sentence 1 AktG and inflow pursuant to the old version of GCGC

In accordance with § 162 (1) sentence 1, sentence 2 no. 1 of the German Stock Corporation Act (AktG), all fixed and variable compensation components "granted and owed" to the individual members of the management board in the reporting year must also be disclosed. Essentially, this information corresponds to the information previously to be reported as "inflow" within the meaning of Section 4.2.5 Paragraph 3 2nd indent GCGC (old version) in conjunction with sample table 2.

Dr. Dietmar Ley Chief Executive Officer (CEO) Entry Date: 1998

Type of grant	2021 (in € thousand)	2021 (in %)	2020 (in € thousand)	2020 (in %)
Fixed remuneration	346	65.2	343	68.7
Fringe benefits	19	3.6	20	4.0
Total	365	68.7	363	72.7
one-year variable remuneration	0	0.0	0	0.0
multi-year variable remuneration / Addition to bonus bank	165	31.1	135	27.1
of which in shares:	324 shares à € 56.51		no shares	
Total	530	99.8	498	99.8
Pension expense	1	0.2	1	0.2
Total remuneration	531	100.0	499	100.0

Alexander Temme Chief Commercial Officer (CCO) Entry Date: 2021

Type of grant	2021 (in € thousand)	2021 (in %)	2020 (in € thousand)	2020 (in %)
Fixed remuneration	221	69.3	n/a	n/a
Fringe benefits	17	5.3	n/a	n/a
Total	238	74.6	n/a	n/a

⁴ These are payments under the company pension plan. The same applies to the other members of the management board.

one-year variable remuneration	0	0.0	n/a	n/a
multi-year variable remuneration / Addition to bonus bank	0 ⁵	25.1	n/a	n/a
of which in shares:	n/a	n/a	n/a	n/a
Total	318	99.7	n/a	n/a
Pension expense	1	0,3	n/a	n/a
Total remuneration	319	100.0	n/a	n/a

⁵ Not for his activity on the management board, but still due to his activity preceding the year under review as a senior executive with the function of "General Manager Modul Business" Mr. Temme received a variable remuneration of € 80 thousand in the reporting year.

Arndt Bake
Chief Marketing Officer (CMO)
Entry Date: 2011

Type of grant	2021 (in € thousand)	2021 (in %)	2020 (in € thousand)	2020 (in %)
Fixed remuneration	277	66.9	238	67.4
Fringe benefits	22	5.3	21	5.9
Total	299	72.2	259	73.4
one-year variable remuneration	0	0.0	0	0.0
multi-year variable remuneration / Addition to bonus bank	114	27.5	93	26.3
of which in shares:	225 shares à € 56.51		no shares	
Total	413	99.8	352	99.7
Pension expense	1	0.2	1	0.3
Total remuneration	414	100.0	353	100.0

Hardy Mehl
Chief Financial Officer (CFO) and Operations (COO)
Entry Date: 2014

Type of grant	2021 (in € thousand)	2021 (in %)	2020 (in € thousand)	2020 (in %)
Fixed remuneration	288	63.9	278	63.9
Fringe benefits	22	4.9	22	5.1
Total	310	68.7	300	69.0
one-year variable remuneration	0	0.0	0	0.0
multi-year variable remuneration / Addition to bonus bank	140	31.0	134	30.8
of which in shares:	351 shares à € 56.51		no shares	
Total	450	99.8	434	99.8
Pension expense	1	0,2	1	0.2
Total remuneration	451	100.0	435	100.0

Beside this, the on Dec. 31, 2020, resigned member of the management board John P. Jennings, received a payment from the bonus bank amounting to \$ 172 thousand (exclusively in cash) due to his previous management board work during the reporting year.

2.3. Clawback of Variable Remuneration Components / Compliance with Maximum Remuneration

No use was made of the option to reclaim variable compensation components in the reporting period. As can be seen from the above presentation of the individual compensation of the members of the management board, the maximum compensation specified in the compensation system was complied with in each case in relation to the compensation granted and owed in the reporting year.

2.4. Comparative Presentation of the Development of Remuneration and Earnings for the Members of the Management Board

	Remuneration granted and owed 2021	Remuneration granted and owed 2020	Change 2021 vs. 2020	
	in € thousand	in € thousand	in € thousand	in %
Members of the management board				
Dr. Dietmar Ley	531	499	32	6.4
Alexander Temme	319	0 ⁶	319	n/a
Arndt Bake	414	353	61	17.3
Hardy Mehl	451	435	16	3.7
Employees	in T€	in T€	in T€	in %
Ø Employee of Basler AG ⁷	73.5	74.9 ⁸	-1.4	-1.9
Earnings development	in T€	in T€	in T€	in %
Pre-tax result Basler AG	2,678	4,759	-2,081	-43.7
Pre-tax result Basler Group	27,956	20,414	7,542	36.9

IV. General Regulations on the Remuneration of the Supervisory Board

1. Approval of the Remuneration System for the Members of the Supervisory Board by the Shareholders

At the company's annual general meeting on May 19, 2021, the system for the remuneration of supervisory board members set out in Section 12 of the Company's Articles of Association and described in more detail below was confirmed by resolution of the annual general meeting in accordance with Section 113 (3) AktG.

2. General Principles of the System for the Remuneration of the Members of the Supervisory Board of the Company

In accordance with § 12 of the Company's Articles of Association, the amount of the annual compensation of the members of the supervisory board is determined by the annual general meeting. Due to its market-oriented structure, the supervisory board compensation enables a recruiting of suitable candidates for the office of a supervisory board member. In this way, the supervisory board compensation contributes to the supervisory board as a whole being able to perform its duties of monitoring and advising the management board in a proper and competent manner and thus promotes the business strategy and long-term development of the company. In accordance with the suggestion in G.18 sentence 1 GCGC, only fixed compensation components, i.e. 100 %, are provided for, together with reimbursement of expenses, but not variable compensation elements. The fixed compensation strengthens the independence of the supervisory board members in the performance of their supervisory duties and thus also contributes to the long-term development of the company. In determining the fixed remuneration, the time expected to be

⁶ Mr. Temme only joined the management board on January 1, 2021.

⁷ Calculated on the basis of all FTEs, excluding members of the management board, senior executives and sales employees with variable compensation components

⁸ Including different special payments to mitigate impacts of the COVID-19 pandemic.

spent on the exercise of the office and the practice in companies of comparable size, industry and complexity are taken into account.

Goal and Reference to the Company Strategy

The aim is to attract and retain highly qualified members of the supervisory board. This will promote the efficiency of the supervisory board's work and the long-term development of the company. The compensation described below strengthens the independence of supervisory board members in the performance of their supervisory duties and thus makes an indirect contribution "to the long-term development of the Company" (cf. Section 87a (1) sentence 2 no. 2 AktG). At the same time, it incentivizes supervisory board members to work proactively to "promote business strategy" (cf. Section 87a (1) Sentence 2 No. 2 AktG) by taking appropriate account, in accordance with G.17 of the German Corporate Governance Code, of the greater time commitment of the chairman, who is particularly closely involved in discussing strategic issues (D.6 of the German Corporate Governance Code), and of the vice chairman of the supervisory board, as well as of the chairman and members of committees.

Remuneration Components

Until otherwise resolved by the annual general meeting, the members of the supervisory board shall be remunerated for their activities in accordance with the following provisions:

Each member of the supervisory board receives a fixed remuneration of € 16.5 thousand after the end of a financial year, the chairman of the supervisory board receives an annual fixed remuneration of € 249.5 thousand, the vice chairman of the supervisory board receives an annual fixed remuneration of € 24.5 thousand. The members of the supervisory board receive additional remuneration for their activities in the committees of the supervisory board:

- The additional remuneration for the chairman of the audit committee is € 19.8 thousand and for each other member of the audit committee € 6.6 thousand.
- The additional remuneration for the chairman of the nomination committee is rounded € 7.4 thousand and for each other member of the nomination committee € 2.5 thousand.
- The additional remuneration for the chairman of another committee is rounded € 7.4 thousand and for each other member of such a committee rounded € 2.0 thousand.
- Any value-added tax incurred shall be reimbursed separately insofar as the members of the supervisory board are entitled to invoice the company separately for the value-added tax and exercise this right.
- In addition, the members of the supervisory board are reimbursed their expenses.

If a supervisory board member is a member or chairman of more than one committee at the same time, he or she shall receive additional compensation for each committee activity.

Supervisory board members who do not belong to the supervisory board or a committee for a full financial year or who have not held its (deputy) chair for a full financial year shall receive pro rata remuneration for each calendar month or part thereof of the relevant activity; in the case of committee activities, this shall require that the committee has met during the relevant period.

V. Remuneration of the Supervisory Board in the Reporting Year

1. Total Remuneration granted and owed to the Supervisory Board

in € thousand (rounded)	2021	2020
Basic remuneration	140.0	140.0
Remuneration for committee work	45.4	29.9
Total	185.4	169.9

2. Individual Remuneration granted and owed to the Supervisory Board

Supervisory Board Member	Basic Remuneration		Remuneration for Committee Work		Total in € thousand (rounded)
	in € thousand	in %	in T€ (gerundet)	in %	
Norbert Basler	49.5	78.0	14.0	22.0	63.5
Prof. Dr. Eckart Kottkamp	24.5	71.4	9.8	28.6	34.3
Horst W. Garbrecht	16.5	86.8	2.5	13.2	19.0
Prof. Dr. Mirja Steinkamp	16.5	45.5	19.8	54.5	36.3
Dorothea Brandes	16.5	100	0	0	16.5
Dr. Marco Grimm	16.5	100	0	0	16.5

3. Comparative Presentation of the Development of Compensation and Earnings for the Members of the Supervisory Board

Supervisory Board Member	Remuneration granted and owed 2021	Remuneration granted and owed 2020	Change 2021 vs. 2020	
	in € thousand	in € thousand	in € thousand	in € thousand
Norbert Basler	63.5	58.8	4.7	8.0
Prof. Dr. Eckart Kottkamp	34.3	30.8	3.5	11.4
Horst W. Garbrecht	19.0	17.8	1.2	6.7
Prof. Dr. Mirja Steinkamp	36.3	31.5	4.8	15.2
Dorothea Brandes	16.5	15.5	1.0	6.5
Dr. Marco Grimm	16.5	15.5	1.0	6.5
Employees	in T€	in T€	in T€	in %
Ø Employee of Basler AG ⁹	73.5	74.9 ¹⁰	-1.4	-1.9
Earnings development	in T€	in T€	in T€	in %

⁹ Calculated on the basis of all FTEs, excluding members of the management board, senior executives and sales employees with variable compensation components.

¹⁰ Including different special payments to mitigate impacts of the COVID-19 pandemic.

Pre-tax result Basler AG	2,678	4,759	-2,081	-43.7
Pre-tax result Basler Group	27,956	20,414	7,542	36.9

***Report of the Auditor on the Audit of the
Compensation Report for the Fiscal Year 2021
in accordance with § 162 (3) AktG***

REPORT ON THE FORMAL AUDIT OF THE COMPENSATION REPORT PURSUANT TO SECTION 162 PARA. 3 AKTG

Independent Auditor's Report on the Audit of the Compensation Report Pursuant to Section 162 (3) of the German Stock Corporation Act (AktG)

To Basler Stock Corporation, Ahrensburg

Audit Opinion

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

In our opinion, the accompanying compensation report complies, in all material respects, with the disclosures pursuant to § 162 (1) and (2) AktG. Our audit opinion does not cover the content of the compensation report.

Basis for the Audit Opinion

We conducted our audit of the compensation report in accordance with Section 162 (3) AktG and IDW Auditing Standard: The Audit of the Compensation Report in Accordance with Section 162 (3) AktG (IDW PS 870(08.2021)). Our responsibility under this provision and this standard is further described in the Auditor's Responsibility section of our report. As an auditing practice, we have complied with the requirements of the IDW Quality Assurance Standard: Requirements for Quality Assurance in the Practice of Public Accountants (IDW QS 1). We have complied with the professional duties pursuant to the German Auditors' Code and the professional statutes for auditors/sworn accountants, including the requirements for independence.

Responsibility of the Board of Management and the Supervisory Board

The Management Board and the Supervisory Board are responsible for the preparation of the compensation report, including the related disclosures, that complies with the requirements of Section 162 AktG. They are further responsible for such internal control that they

determine is necessary to enable the preparation of the compensation report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Responsibility of the Auditor

Our objective is to obtain reasonable assurance about whether the disclosures required by section 162 (1) and (2) of the German Stock Corporation Act (AktG) have been made in all material respects in the compensation report and to express an opinion thereon in an auditor's report.

We planned and performed our audit to obtain evidence about the formal completeness of the compensation report by comparing the disclosures made in the compensation report with the disclosures required by Section 162 (1) and (2) AktG. In accordance with Section 162 (3) AktG, we did not verify the accuracy of the disclosures, the completeness of the individual disclosures or the fair presentation of the compensation report.

Dealing with any misleading Representations

In connection with our audit, we have a responsibility to read the remuneration report, taking into account the knowledge gained from the audit of the financial statements, and to remain alert for indications of whether the remuneration report contains misleading representations as to the accuracy of the content of the disclosures, the completeness of the content of the individual disclosures, or the fair presentation of the remuneration report.

If, based on the work we have performed, we conclude that such misleading presentation exists, we are required to report that fact. We have nothing to report in this context.

Lübeck, March 25, 2022

BDO AG
Auditing Company

signed Dirks
Auditor

signed Dr. Wißmann
Auditor