

# **Basler public limited company**

## **Remuneration report for the financial year 2022**

### **I. Preliminary remarks**

Pursuant to Section 162 AktG, the management board and the supervisory board of Basler Aktiengesellschaft (hereinafter referred to as "**company**") and together with all (un)indirect subsidiaries hereinafter referred to as "**Basler group**") have to prepare an annual remuneration report which has to comply with certain requirements. The auditor<sup>1</sup> has to verify that the remuneration report contains all information required pursuant to Section 162 (1) and (2) AktG and to issue an audit opinion thereon. The remuneration report audited by the auditor in this respect shall be submitted to the Annual General Meeting for approval. This Remuneration Report explains the remuneration granted and owed to the current and former members of the management board and Supervisory Board of the Company in the fiscal year 2022 (hereinafter "**reporting year**").<sup>2</sup>

<sup>1</sup>For ease of reading, the masculine form is used in this report when referring to persons. It stands for persons of any gender.

<sup>2</sup>Due to rounding, individual figures in this report may not add up precisely to the totals provided and percentages presented may not accurately reflect the absolute values to which they relate.

The remuneration report for fiscal year 2021 was approved by a large majority of the Company's shareholders at the Annual General Meeting on May 23, 2022. The management board and supervisory board see this as confirmation of the format used for the remuneration report for the financial year 2021. It will therefore largely be retained for the present remuneration report for the reporting year.

There were no changes in the composition of the management board in the reporting year. Prof. Dr. Eckart Kottkamp stepped down from the supervisory board at the end of the Annual General Meeting on May 23, 2022; Mr. Lennart Schulenburg was elected as a member of the supervisory board with effect from the end of the aforementioned Annual General Meeting.

### **II. General Regulations on 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 resolved the remuneration system for the members of the management board described in more detail below with effect from January 1, 2021. The remuneration system was approved by the shareholders of the Company at the Annual General Meeting on May 19, 2021, with retroactive effect from January 1, 2021.

#### **2. General principles of the system for the remuneration of members of the Company's Management Board**

The system for the remuneration of the members of the management board of Basler AG is geared towards a sustainable and long-term corporate 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 a value-creating and long-term development of the company.

The remuneration system aims to remunerate the members of the management board appropriately in line with their duties and responsibilities, taking due account of both the performance of the management board members and the economic situation and success of the

Company. The remuneration system should enable the setting of remuneration that is competitive in national and international comparison and thus provide an incentive for dedicated and successful work. In setting the total remuneration, the Supervisory Board ensures that it is commensurate with the duties and responsibilities of the members of the Supervisory Board.

The remuneration of the Board of Management is based on the performance of the member of the Board of Management and the situation of the Company and does not exceed the customary remuneration without further ado.

The remuneration system of Basler AG provides on the one hand for a fixed remuneration, in addition to which there are additional fringe benefits. On the other hand, the remuneration system provides for a performance-related variable remuneration with a multi-year assessment basis.

The remuneration system provides for targets as part of the variable remuneration, which are agreed for each year for the members of the Board of Management. The target remuneration for the variable remuneration is derived from the definition of these targets in conjunction with the other relevant provisions for this remuneration component - assuming target achievement of 100%. Together with the fixed remuneration components, the target remuneration for the variable remuneration forms the target total remuneration of each management board member.

The target total remuneration depends on, among other things:

- Tasks and responsibilities
- Power
- Market conditions
- Economic situation of the company
- Success and future prospects of the company
- External comparison environment
- Internal remuneration structure

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

### **3. Remuneration system of the Board of Management in the reporting year at a glance**

In the reporting year, the remuneration granted and owed to the members of the Board of Management in accordance with the remuneration system consisted of fixed and variable remuneration components.

For all members of the management board of Basler AG, including the chairman of the management board, an equal percentage share of the target total remuneration was defined, which serves as a basis for the calculation of the variable remuneration. This share of the variable remuneration was set at 25% of the target total remuneration.

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

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

The above percentages may differ due to the granting of part of the target variable remuneration 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 remuneration and the variable remuneration are only granted on a pro rata temporis basis.

### 3.1. Fixed Remuneration Components

#### 3.1.1. Fixed Remuneration - amount; target and relation to corporate strategy

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

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

The remuneration shall be commensurate with the skills, experience and duties of the individual member of the board of management. In determining the fixed remuneration, the supervisory board shall take particular account of the aforementioned general principles.

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

Management Board Member	Fixed Remuneration (in € thousand)
Dr. Dietmar Ley	268 <sup>3</sup>
Alexander Temme	285
Arndt Bake	285
Hardy Mehl	310

#### 3.1.2. Ancillary Services

In addition, the management board members receive fringe benefits. In addition to the reimbursement of reasonable expenses, these mainly comprise the provision of a company car for private use in accordance with the 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 remuneration 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 management board is taken into account as a fringe benefit within the framework of the maximum remuneration presented below.

### 3.2. Variable Remuneration Components

#### 3.2.1. Goal and reference to corporate strategy; general procedure

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

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<sup>3</sup> Dr. Ley took a sabbatical leave of several months in the year under review; otherwise, his fixed remuneration would have amounted to € 357 thousand.

The variable remuneration components are designed to motivate the members of the management board to achieve demanding and challenging financial, operational and strategic targets during a financial year. The targets reflect the corporate strategy and are aimed at sustainably increasing the value of the company. This is achieved in particular by linking them to the key performance indicators presented below.

### 3.2.2. Key figures for measuring success

The strategic objective of a profitable growth company and the fundamental decision in favor of equity-strong corporate financing lead to the measurement of corporate success according to profitability and growth.

The Company considers earnings before taxes (EBT) in relation to sales to be a suitable indicator for measuring profitability.

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

The Company considers the percentage increase in sales compared with the previous year to be a suitable indicator of 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 agrees expected values as targets with the members of the management board for both key performance indicators (profitability and sales growth). The profitability target is based on the long-term profitability expectation and is intended to be very consistent over the years. The sales expectation also takes into account medium- and short-term influences and will therefore fluctuate more strongly from year to year. What both indicators have in common is that they serve to ensure the ongoing implementation of operational and strategic objectives, the achievement of which is essential as a basis for the long-term development of the company.

Before the beginning of each fiscal year, tolerance ranges are agreed for both indicators, describing the range of the normal course of business. The tolerance should be measured in such a way that its lower benchmark marks the transition from a fundamentally satisfactory to an unsatisfactory result. Conversely, the upper benchmark describes the boundary between good and very good performance.

Linear functions relating to profitability and growth are used as a measure of target achievement: These functions show 100% target achievement if the values for profitability and growth determined according to the consolidated financial statements just match the expected values. They show 0% target achievement if the expected values are fallen short of by the tolerance range. They become negative if the downward deviations are even greater.

Profitability and growth are equally important objectives. In case of doubt, the demand for profitability outweighs steady growth. It should therefore not be possible to compensate for a lack of profitability indefinitely with growth, so that the degree of fulfillment for the growth target is capped at 400%. The degrees of fulfillment are weighted 50% to 50% equally. The addition of the two weighted degrees of achievement for profitability and growth gives the measure of overall target achievement in the respective fiscal year.

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

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 portion of the target total remuneration defined above (25% of the agreed target total remuneration) to give the bonus entitlement of the respective management board member for the past fiscal year, measured in euros. Accordingly, the bonus entitlement can be between -25% of the target total remuneration (malus) and 75% of the target total remuneration.

If the agreed profitability and growth targets are met on average over several years, the actual total remuneration will be equal to the target total remuneration. If the targets are significantly missed on a sustained basis, only the fixed salary will be paid out in the long term (75% of the target total remuneration). In the event of significant overachievement of the profitability and growth targets over several years, total remuneration will gradually rise to a maximum of 175% of target total remuneration.

The bonus entitlement calculated in this way is not paid out immediately. In order to ensure the required sustainability and long-term nature of the bonus and to provide a basis for assessment over several years, the entitlements are paid out in arrears by means of a bonus bank and are subject to the interim risk of a reduction - even substantial - due to a subsequent deterioration in performance. A separate account is kept for each management board member's bonus entitlements.

The bonus or malus calculated for the past fiscal year is posted to the individual account. Taking into account an old balance, this results in a current account balance. If this account balance is positive, one third of the balance is paid out. Two thirds are carried forward and taken into account in the next year. Negative balances must be compensated by positive balances or bonus deposits before payments can be made from 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 management board appointment ends with a negative balance in the bonus bank of the respective management board member, this is settled by the Company. In return, in the event of a positive balance, the employment contracts provide that this initially remains in the bonus bank and is therefore subject to the reduction risk in subsequent years, analogous to the entitlement calculations of the remaining management board members in these years. However, no new positive entitlements are added to the bonus bank after the departure of the management board member. Payments from the bonus bank are made on the regular dates applicable to the remaining management board members. On each of the two regular dates following the departure of the management board member, one third of the balance existing at the time of payment is paid out, and on the third regular date the remaining balance is paid out.

### **3.2.5. Granting of Shares**

In order to create a special performance incentive for the members of the management board and motivate them to work on increasing the value of the Company over the long term, the supervisory board has 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. This corresponds - subject to any adjustment on the basis of anti-dilution provisions - to the average 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. Under the Stock Plan, 50% of the variable remuneration above 100% target achievement is to be granted in shares and transferred to 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 remuneration in cash at a rate of one-third corresponding to the level of the virtual share deposit account. The stock plan has a term for the years 2021 to 2024 inclusive and will be extended for a further fiscal year in each case unless the supervisory board resolves to terminate it before the end of the respective fiscal 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 vesting period with regard to holding the shares has been provided for in view of the bonus bank.

### **3.2.6. Exceptional 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 from the bonus bank (and virtual share deposit account)
- Special allocations to the bonus bank (and virtual share deposit account), limited to a maximum of 50% of the total annual target remuneration less fringe benefits granted per year

## **4. Maximum Remuneration for Members of the Management Board**

The total remuneration to be granted for a fiscal year (maximum expense amount of all remuneration amounts spent for the fiscal year in question, including fixed annual salary, fringe benefits, variable remuneration components, any special allocations to the bonus bank, but excluding any termination benefits) of the management board members - regardless 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 chairman of the management board is €1,100 thousand and for the ordinary members of the management board €935 thousand each. The target salary including fringe benefits is less than half of the above-mentioned maximum remuneration. The limits also apply to new management board members.

## **5. Benefits in the Event of termination of the Management Board Service Contract**

The remuneration system provides for a so-called severance payment cap. Under this cap, payments in the event of premature termination of a board of management member's contract without serious cause are limited to the value of two years' remuneration and may not exceed the sum of the entitlements during the remaining term of the contract. The remuneration system does not contain any special provisions for severance payments in the event of a change of control.

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

#### 1. Determination of Variable Remuneration

The variable remuneration granted and owed to members of the board of management in the reporting year relates to payments from the bonus bank as of December 31, 2021 (after allocations for the 2021 financial year). However, as explained above, the balance includes not only the variable remuneration for the 2021 financial year but also that for previous financial years. In view of the three-year period for the inclusion of the respective variable remuneration 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 Specific.	Actual Values	Fulfillment Level
<b>2019</b>					
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%
<b>Total Fulfillment Level</b>	(Fulfillment Level Sales Growth x 50%) + (Fulfillment Level Profitability x 50%)				<b>30.61%</b>
<b>2020</b>					
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%
<b>Total Fulfillment Level</b>	(Fulfillment Level Sales Growth x 50%) + (Fulfillment Level Profitability x 50%)				<b>196.37%</b>
<b>2021</b>					
Profitability	EBT / Umsatz	8.5%	± 2.0%	13.02%	325.97%
Sales Growth	(Sales / Previous year's sales) – 1	4.0%	± 5.0%	25.97%	400% (Cut)
<b>Total Fulfillment Level</b>	(Fulfillment Level Sales Growth x 50%) + (Fulfillment Level Profitability x 50%)				<b>362.99%</b>

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

	Dr. Dietmar Ley	Alexander Temme	Arndt Bake	Hardy Mehl
Target salary 2021	461,863.00 €	295,000.00 €	369,490.00 €	383,347.00 €
Proportion Variable	25%	25%	25%	25%
Variable Absolute	419,124.73 €	267,702.32 €	335,299.42 €	347,874.17 €
Special allocation as overachievement	0.00 €	0.00 €	0.00 €	0.00 €
Overachievement	303,658.98 €	193,952.32 €	242,926.92 €	252,037.42 €
Share quota	50%	50%	50%	50%
Share price according to share program <sup>4</sup>	57.03 €	57.03 €	57.03 €	57.03 €
Bonus bank cash 01/01/2021	439,675.91 €	0.00 €	303,580.56 €	359,854.91 €
Bonusbank shares 01/01/2021	974	0	675	1,055
Payment cash March 2021	-146,596.31 €	0.00 €	-101,193.52 €	-119,989.31 €
Allocation piece shares 2021	-324	0	-225	-351
Allocation variable 2021	419,124.73 €	267,702.32 €	335,299.42 €	347,874.17 €
thereof cash	267,310.87 €	170,751.32 €	213,825.52 €	221,837.87 €
of which number of shares	2,662	1,700	2,130	2,210
Bonus bank 12/31/2021	749,273.83 €	267,702.32 €	563,349.96 €	627,888.89 €
thereof cash	560,390.47 €	170,751.32 €	416,212.56 €	461,703.47 €
of which shares	3,312	1,700	2,580	2,914
Payment amounts March 2022	249,757.94 €	89,234.11 €	187,783.32 €	209,296.30 €
thereof cash payment 2022	186,796.82 €	56,898.10 €	138,737.52 €	153,920.17 €
thereof allotment of shares 2022	1,104	567	860	971

<sup>4</sup> Prior to the resolution of the Annual General Meeting of May 23, 2022 on the capital increase from company funds and the issue of new shares to the Company's shareholders at a ratio of 1:2.



## 2. Remuneration granted and owed

### 2.1. Tabular Representation

The following tables show the remuneration granted and owed within the meaning of § 162 (1) sentence 1 AktG for the reporting year. This includes the remuneration received in the reporting year as well as remuneration due according to legal categories but not (yet) received.

<b>Dr. Dietmar Ley</b> <b>Chief Executive Officer</b> <b>Date of entry: 1998</b>				
Type of grant	2022 (in € thousand)	2022 (in %)	2021 (in € thousand)	2021 (in %)
Fixed remuneration	268 <sup>5</sup>	50.3	346	65.2
Fringe benefits	14	2.6	19	3.6
<b>Total</b>	<b>282</b>	<b>52.9</b>	<b>365</b>	<b>68.7</b>
variable compensation / Payment from bonus bank	250	46.9	165	31.1
of which in shares <sup>6</sup> :	1,104 shares à € 57.03		324 shares à € 56.51	
<b>Total</b>	<b>532</b>	<b>99.8</b>	<b>530</b>	<b>99.8</b>
Pension expense <sup>7</sup>	1	0.2	1	0.2
<b>Total compensation</b>	<b>533</b>	<b>100.0</b>	<b>531</b>	<b>100.0</b>

<b>Alexander Temme</b> <b>Chief Commercial Officer</b> <b>Date of entry: 2021</b>				
Type of grant	2022 (in € thousand)	2022 (in %)	2021 (in € thousand)	2021 (in %)
Fixed remuneration	285	73.3	221	69.3
Fringe benefits	14	3.6	17	5.3
<b>Total</b>	<b>299</b>	<b>76.9</b>	<b>238</b>	<b>74.6</b>
variable compensation / Payment from bonus bank	89	22.9	0 <sup>8</sup>	25.1
of which in shares:	567 shares à 57.03		n/a	
<b>Total</b>	<b>388</b>	<b>99.8</b>	<b>318</b>	<b>99.7</b>
Pension expense	1	0.3	1	0.3
<b>Total compensation</b>	<b>389</b>	<b>100.0</b>	<b>319</b>	<b>100.0</b>

<sup>5</sup>See the comments in footnote 3.

<sup>6</sup> See the comments in footnote 4. The same applies to the other members of the Board of Management.

<sup>7</sup>These are payments under the company pension plan. The same applies to the other members of the Executive Board.

<sup>8</sup>Mr. Temme did not receive variable compensation of €80 thousand in the 2021 financial year for his work on the Board of Management, but on account of his previous work as a senior executive with the function of "General Manager Modul Business".

<b>Arndt Bake</b> <b>Chief Marketing Officer</b> <b>Date of entry: 2011</b>				
Type of grant	2022 (in € thousand)	2022 (in %)	2021 (in € thousand)	2021 (in %)
Fixed remuneration	285	56.7	277	66.9
Fringe benefits	29	5.8	22	5.3
<b>Total</b>	<b>314</b>	<b>62.4</b>	<b>299</b>	<b>72.2</b>
variable compensation / Payment from bonus bank	188	37.4	114	27.5
of which in shares:	860 shares à € 57.03		225 shares à € 56.51	
<b>Total</b>	<b>502</b>	<b>99.8</b>	<b>413</b>	<b>99.8</b>
Pension expense <sup>3</sup>	1	0.2	1	0.2
<b>Total compensation</b>	<b>503</b>	<b>100.0</b>	<b>414</b>	<b>100.0</b>

**Hardy Mehl**  
**Chief Financial Officer and Chief Operations Officer**  
**Date of entry: 2014**

Type of grant	2022 (in € thousand)	2022 (in %)	2021 (in € thousand)	2021 (in %)
Fixed remuneration	310	56.5	288	63.9
Fringe benefits	29	5.3	22	4.9
<b>Total</b>	<b>339</b>	<b>61.7</b>	<b>310</b>	<b>68.7</b>
variable compensation / Payment from bonus bank	209	38.1	140	31.0
of which in shares: <sup>1</sup>	971 shares à € 57.03		351 shares à € 56.51	
<b>Total</b>	<b>548</b>	<b>99.8</b>	<b>450</b>	<b>99.8</b>
Pension expense <sup>3</sup>	1	0.2	1	0.2
<b>Total compensation</b>	<b>549</b>	<b>100.0</b>	<b>451</b>	<b>100.0</b>

In addition, John P. Jennings, who had already left the Company's management board as of December 31, 2020, received a payment from the bonus bank of \$172 thousand (exclusively cash) in the reporting year due to his previous management board activities.

## 2.2. Clawback of Variable Remuneration Components / Compliance with Maximum Remuneration

No use was made of the option to reclaim variable remuneration components in the reporting period. As can be seen from the above presentation of the individual remuneration of the members of the board of management, the maximum remuneration set out in the remuneration system (cf. above No. II.4) was complied with in respect of the remuneration granted and owed in the reporting year.

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

	Compensation granted and owed 2022		Compensation granted and owed 2021		Change 2022 vs. 2021		Change 2021 vs. 2020	
	in € thousand	in € thousand	in € thousand	in € thousand	in € thousand	in %	in € thousand	in %
<b>Management Board Members</b>								
Dr. Dietmar Ley	533	531	2	0.4	32	6.4		
Alexander Temme	389	319	70	21.9	319	n/a <sup>9</sup>		
Arndt Bake	503	414	89	21.5	61	17.3		
Hardy Mehl	549	451	98	21.7	16	3.7		
<b>Employees</b>								
	in € thousand	in € thousand	in € thousand	in %	in € thousand	in %		
Ø Employees of Basler AG <sup>10</sup>	75.9	73.5	2.4	3.3	-1.4	-1.9		

<b>Earnings development</b>	in € thousand	in € thousand	in € thousand	in %	in € thousand	in %
Pre-tax result Basler AG	28,661	2,678	25,983	970.2	-2,081	-43.7
Pre-tax result Basler Group	28,331	27,956	375	1,3	7,542	36.9

<sup>9</sup>Mr. Temme did not join the Executive Board until January 1, 2021.

<sup>10</sup>Calculated on the basis of all FTEs, excluding members of the Board of Management, senior executives and sales employees with variable compensation components.

#### **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**

The system for the remuneration of supervisory board members pursuant to Section 113 (3) of the German Stock Corporation Act (AktG) 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 on May 19, 2021. By resolution of the Annual General Meeting on May 23, 2022, Section 12 of the Company's Articles of Association was supplemented by a paragraph 4 and the remuneration of the members of the supervisory board was supplemented by an attendance fee of €1.0 thousand per supervisory board and committee meeting, starting with the reporting year; all other provisions in Section 12 of the Articles of Association were confirmed.

##### **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 remuneration of the members of the supervisory board is determined by the Annual General Meeting. Due to its market-oriented structure, supervisory board remuneration makes it possible to recruit suitable candidates for the office of supervisory board member. In this way, the supervisory board remuneration 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 remuneration components, i.e. 100%, are provided for, together with reimbursement of expenses, but not variable remuneration elements. The fixed remuneration 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. When calculating the fixed remuneration, the time expected to be spent on the exercise of the office and the practice in companies of comparable size, sector and complexity are taken into account.

##### **3. Goal and reference to corporate strategy**

The aim is to attract and retain highly qualified members of the supervisory board. This promotes the efficiency of the supervisory board's work and the long-term development of the Company. The remuneration 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 the business strategy" (cf. Section 87a (1) Sentence 2 No. 2 AktG) by appropriately taking into account, in line with the recommendation in G.17 DCGK, the higher time commitment of the chairman, who is particularly closely involved in discussing strategic issues (cf. D.5 DCGK), and the deputy chairman of the supervisory board, as well as the chairman and members of committees.

#### 4. Remuneration components

Until otherwise resolved by the Annual General Meeting, the members of the supervisory board shall be paid remuneration for their activities in accordance with the following provisions:

Each member of the supervisory board receives fixed remuneration of € 16.5 thousand after the end of a financial year, the chairman of the supervisory board receives annual fixed remuneration of € 49.5 thousand, the deputy chairman of the supervisory board receives annual fixed remuneration of € 24.5 thousand. The members of the supervisory board receive additional remuneration for their work in the committees of the supervisory board:

- The additional remuneration for the chairman of the audit committee amounts to € 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 amounts to rounded €7.4 thousand and for each other member of the Nomination Committee to rounded €2.5 thousand.
- The additional remuneration for the chairman of another committee amounts to a rounded € 7.4 thousand and for each other member of such a committee to a rounded €2.5 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 receive (since the beginning of the reporting year) an attendance fee of € 1.0 thousand per supervisory board and committee meeting; the members of the supervisory board are also reimbursed for 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 remuneration for each committee activity.

Supervisory board members who have not been members of the supervisory board or a committee for a full financial year or 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 corresponding activity; in the case of committee activities, this shall require that the committee has met during the corresponding period.

#### V. Remuneration of the Supervisory Board in the Year under Review

##### 1. Total remuneration granted and owed to the Supervisory Board

in € thousand (rounded)	2022	2021
Basic remuneration	140	140.0
Remuneration for committee activity	45.4	45.4
Meeting fees	45	n/a
<b>Total</b>	<b>230.4</b>	<b>185.4</b>

The aforementioned remuneration granted and owed to the members of the supervisory board as a whole was earned through their activities in the reporting year. As there can be no further changes

in this respect, it is to be regarded as remuneration within the meaning of section 162 (1) sentence 1 AktG, irrespective of the fact that it will not be paid out until 2023.

## 2. Remuneration of the Supervisory Board granted and owed individually

Member of the supervisory board	Basic remuneration		Remuneration for committee activity		Meeting fees		Total in € thousand (rounded)
	in € thousand	in %	in € thousand (rounded)	in %	in € thousand	in %	
Norbert Basler	49.5	68.3	14.0	19.3	9.0	12.4	<b>72.5</b>
Prof. Dr. Eckart Kottkamp (until May 23, 2022)	9.6	63.2	3.6	23.7	2.0	13.2	<b>15.2</b>
Horst W. Garbrecht	21.3	69.2	2.5	8.1	7.0	22.7	<b>30.8</b>
Prof. Dr. Mirja Steinkamp	16.5	35.3	21.3	45.5	9.0	19.2	<b>46.8</b>
Lennart Schulenburg (from May 23, 2022)	10.0	50.0	4.0	20.0	6.0	30.0	<b>20.0</b>
Dorothea Brandes	16.5	73.3	0	0	6.0	26.7	<b>22.5</b>
Dr. Marco Grimm	16.5	73.3	0	0	6.0	26.7	<b>22.5</b>

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

	Compensation granted and owed 2022	Compensation granted and owed 2021	Change 2022 vs. 2021		Change 2021 vs. 2020	
	in € thousand	in € thousand	in € thousand	in %		in € thousand
<b>Supervisory Board Members</b>						
Norbert Basler	72.5	63.5	9	14.2	4.7	8.0
Prof. Dr. Eckart Kottkamp (until May 23, 2022)	15.2	34.3	-19.1	-55.7	3.5	11.4
Horst W. Garbrecht	30.8	19.0	11.8	62.1	1.2	6.7
Prof. Dr. Mirja Steinkamp	46.8	36.3	10.5	28.9	4.8	15.2
Lennart Schulenburg (from May 23, 2022)	20.0	n/a	20.0	n/a	n/a	n/a

Dorothea Brandes	22.5	16.5	6.0	36.4	1.0	6.5
Dr. Marco Grimm	22.5	16.5	6.0	36.4	1.0	6.5
<b>Employees</b>	in T€	in T€	in T€	in %	in T€	in %
Ø Employees of Basler AG <sup>11</sup>	75.9	73.5	2.4	3.3	-1.4	-1.9
<b>Earnings development</b>	in T€	in T€	in T€	in %	in T€	in %
Pre-tax result Basler AG	28,661	2,678	25,983	970.2	-2,081	-43.7
Pre-tax result Basler Group	28,331	27,956	375	1.3	7,542	36.9

<sup>11</sup>Calculated on the basis of all FTEs, excluding members of the Board of Management, senior executives and sales employees with variable compensation components.

## REPORT OF THE INDEPENDENT AUDITOR ON THE AUDIT OF THE REMUNERATION REPORT PURSUANT TO § 162 PARA. 3 AKTG FOR THE FISCAL YEAR FROM JANUARY 1, 2022 TO DECEMBER 31, 2022

### To Basler Aktiengesellschaft, Ahrensburg

#### Audit opinion

We have formally audited the remuneration report of Basler Aktiengesellschaft, Ahrensburg, for the fiscal year from January 1, 2022 to December 31, 2022, to determine whether the disclosures pursuant to Section 162 (1) and (2) 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 accompanying remuneration 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 remuneration report.

#### Basis for the audit opinion

We conducted our audit of the remuneration report in accordance with Section 162 (3) AktG and IDW Auditing Standard: The Audit of the Remuneration 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 Wirtschaftsprüferordnung (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 remuneration report, including the related disclosures, which complies with the requirements of Section 162 AktG. They are further responsible for such internal control as they determine is necessary to enable the preparation of the remuneration 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 pursuant to section 162 (1) and (2) of the German Stock Corporation Act (AktG) have been made in the remuneration report in all material respects, and to issue an audit opinion on this in a note.

We planned and performed our audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

Remuneration Report with the information required by Section 162 (1) and (2) AktG.

be able to determine the formal completeness of the remuneration report. In accordance with § 162 (3) of the German Stock Corporation Act (AktG), we have verified the accuracy of the information, the completeness of the individual disclosures or the fair presentation of the remuneration report.

**Dealing with any misleading representations**

In connection with our audit, we have a responsibility to read the remuneration report in the light of knowledge obtained in the audit of the financial statements, and to remain alert for indications as to 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 a misleading representation exists, we are required to report that fact.

We have nothing to report in this context.

Lübeck, March 29, 2023  
BDO AG, auditing company

gez. Dirks  
Certified Public Accountant

gez. Heesch  
Certified Public Accountant