

# Information on agenda item 8 of the Annual General Meeting of LPKF Laser & Electronics SE on May 17, 2023

## Remuneration system 2023 for the members of the Supervisory Board

### 1. **Resolution regarding the remuneration of Supervisory Board members and corresponding amendment of the Articles of Incorporation**

Pursuant to Section 113, para. 3 AktG as reworded by the Act Implementing the Second Shareholders' Rights Directive (ARUG II), a resolution on the remuneration of Supervisory Board members must be adopted at least once every four years at exchange-listed companies. The remuneration of the Supervisory Board members of LPKF Laser & Electronics SE (then LPKF Laser & Electronics Aktiengesellschaft) was most recently amended by the Annual General Meeting of May 20, 2021, and is governed by Article 18 of the Company's Articles of Incorporation. Pursuant to this article, together with reimbursement of expenses, the members of the Supervisory Board also receive fixed remuneration (fixed basic remuneration plus additional remuneration for chairing a committee). The fixed basic remuneration for individual Supervisory Board members was most recently reduced from EUR 40,000 p.a. to EUR 32,000 p.a. by the Annual General Meeting of June 2, 2016, and has remained unchanged since then. The chair of the Supervisory Board receives double the amount of the fixed annual basic remuneration and the deputy chair receives one-and-a-half times the amount of the fixed annual basic remuneration. In addition, the chair of a Supervisory Board committee receives additional remuneration of EUR 5,000 p.a. (Audit Committee) or EUR 3,500 p.a. (Nomination Committee and Remuneration & ESG Committee).

The current remuneration system for the members of the Supervisory Board as well as the amount of Supervisory Board compensation has been reviewed in regard to market conformity and competitiveness with the assistance of an independent external expert. In consideration of the results of this review, the Management Board and Supervisory Board have concluded that an adjustment is necessary in order to ensure the appropriateness and competitiveness of Supervisory Board remuneration. Competitive Supervisory Board remuneration is essential in order to attract the most qualified candidates for membership on the Company's Supervisory Board, and thus contributes to the long-term and sustainable development of the company. For this reason, the following changes to the Supervisory Board's current remuneration system are proposed:

- The fixed basic remuneration, which has remained unchanged since 2016, should be raised from EUR 32,000 p.a. to EUR 35,000 p.a.

- The expected time commitment for committee membership should be taken into account appropriately for committee chairs as well as for the members of a committee, who currently receive no additional remuneration for their committee membership. In the future, members of the Audit Committee should receive additional remuneration of EUR 7,500 p.a., and members of other committees, i.e. currently the Nomination Committee and the Remuneration & ESG Committee, should receive additional remuneration of EUR 5,000 p.a. The chairs of the respective committees should each receive double the amount of the additional remuneration.
- In addition, the members of the Supervisory Board should receive a meeting fee of EUR 1,000 for each time they participate in a Supervisory Board meeting – whether in person, via telephone, or virtually – and a meeting fee of EUR 500 for each committee meeting. The meeting fee is paid only once in cases of multiple meetings that take place on the same day.

Remuneration element		Current remuneration system	Proposed remuneration system
Fixed remuneration		• €32,000 p.a.	• <b>€35,000</b> p.a.
Differentiation	Chairman	• 2 times fixed remuneration: €64,000 p.a.	• 2 times fixed remuneration: <b>€70,000</b> p.a.
	Deputy Chairman	• 1.5 times fixed remuneration: €48,000 p.a.	• 1.5 times fixed remuneration: <b>€52,500</b> p.a.
Committee remuneration	Audit and Risk Committee	• Chair: €5,000 p.a. • Members: -	• Chair: <b>€15,000</b> p.a. • Members: <b>€7,500</b> p.a.
	Other committees	• Chair: €3,500 p.a. • Members: -	• Chair: <b>€10,000</b> p.a. • Members: <b>€5,000</b> p.a.
Meeting fees		• -	• <b>€1,000</b> per Supervisory Board meeting • <b>€500</b> per committee meeting (Meeting fee for committee meetings shall only be paid if the respective meeting is not held on the same day as a Supervisory Board meeting)

The proposed remuneration system for the Supervisory Board corresponds to the recommendations and suggestions of the German Corporate Governance Code (GCGC) as amended as of April 28, 2022.

The Management Board and Supervisory Board propose the adoption of the following resolution:

a) Article 18 of the Articles of Incorporation shall be amended and reworded as follows:

"Article 18 Remuneration of the Supervisory Board

- (1) Each member of the Supervisory Board receives fixed basic remuneration of EUR 35,000.00 p.a. for each full financial year of membership of the Supervisory Board. The chair of the Supervisory Board receives double the amount of this fixed basic remuneration, and the deputy chair receives one-and-a-half times the amount of the fixed basic remuneration. Members of the Audit Committee receive additional remuneration of EUR 7,500.00 p.a. and members of other committees each receive additional remuneration of EUR 5,000 p.a. The chairs of the respective committees each receive double the amount of the additional remuneration.
- (2) Members of the Supervisory Board who have belonged to the Supervisory Board, served as the chair or deputy chair of the Supervisory Board, or served as a chair or member of a committee for less than a full financial year will receive one twelfth of the remuneration specified under para. 1 for each commenced month of their activities.
- (3) In addition, the members of the Supervisory Board receive a meeting fee of EUR 1,000.00 for each time they participate in a Supervisory Board meeting – whether in person, via telephone, or virtually – and a meeting fee of EUR 500.00 for each committee meeting. The meeting fee is paid only once in cases of multiple meetings that take place on the same day.

- (4) The remuneration in accordance with paras. 1 and 2 is payable in two equal installments, one six months after the start of the financial year and one six months after the end of the financial year. The remuneration specified under para. 3 is payable after the end of the financial year.
- (5) In addition, members of the Supervisory Board shall have all expenses and any VAT payable on their remuneration and expenses reimbursed. Liability insurance can be taken out to protect Supervisory Board members from risks arising in connection with the performance of their duties as members of the Supervisory Board (directors' and officers' liability insurance – D&O insurance) with a total premium of up to EUR 30,000.00."
- b) This provision on the remuneration of Supervisory Board members will first apply from the entry of the amendment of the Articles of Incorporation into force on May 18, 2023, onwards.
- c) The underlying remuneration system for Supervisory Board members defined under a) and presented in the following is adopted.

#### **Remuneration system for members of the Supervisory Board of LPKF Laser & Electronics SE**

Remuneration for members of the Supervisory Board of LPKF Laser & Electronics SE is defined under Article 18 of the Articles of Incorporation. Remuneration and the remuneration system for the Supervisory Board are reviewed on a regular basis. The decisive factors in this context particularly include the time commitment and responsibilities of the members of the Supervisory Board and the Supervisory Board compensation granted by other comparable companies. The provision of appropriate and competitive Supervisory Board remuneration is intended to ensure that the Company can attract the most qualified candidates for membership on its Supervisory Board.

The remuneration system takes the responsibilities and scope of activities of the members of the Supervisory Board into account. In line with its duties, the Supervisory Board helps to promote the company's business strategy and long-term development by advising the Management Board and monitoring its management of the Company.

As well as having all expenses and any VAT payable on remuneration and expenses reimbursed, members of the Supervisory Board each receive fixed annual remuneration. There is no provision for variable remuneration or financial or non-financial performance criteria. This takes account of the Supervisory Board's independent control and advisory function, which is geared not towards short-term business success but towards the long-term development of the company.

The respective level of fixed basic remuneration takes the specific roles and responsibilities of members of the Supervisory Board into account. The greater

time commitment for the chair and deputy chair of the Supervisory Board are taken into account appropriately by means of greater basic remuneration.

In addition, the greater time commitment for members of Supervisory Board committees is also taken into account appropriately by means of additional remuneration. The chair of a committee receives greater additional remuneration due to the greater time commitment and additional responsibilities involved.

The members of the Supervisory Board receive a meeting fee for each time they participate in a Supervisory Board meeting or a meeting for one of its committees – whether in person, via telephone, or virtually. The meeting fee is paid only once in cases of multiple meetings that take place on the same day.

Remuneration element		Remuneration of the Supervisory Board
Fixed remuneration		• €35,000 p.a.
Differentiation	Chairman	• 2 times fixed remuneration: €70,000 p.a.
	Deputy Chairman	• 1.5 times fixed remuneration: €52,500 p.a.
Committee remuneration	Audit and Risk Committee	• Chair: €15,000 p.a. • Members: €7,500 p.a.
	Other committees	• Chair: €10,000 p.a. • Members: €5,000 p.a.
Meeting fees		• €1,000 per Supervisory Board meeting • €500 per committee meeting (Meeting fee for committee meetings shall only be paid if the respective meeting is not held on the same day as a Supervisory Board meeting)

The fixed basic remuneration and committee remuneration are both payable in two equal installments, one six months after the start of the financial year and one six months after the end of the financial year. Meeting fees are paid after the end of the financial year. Members of the Supervisory Board who have belonged to the Supervisory Board, served as the chair or deputy chair of the Supervisory Board, or served as a chair or member of a committee for less than a full financial year will receive remuneration on a prorated basis, namely in an amount of one twelfth of the full-year amount for each commenced month of their activities.

In the event that the Management Board and Supervisory Board perceive a need to adjust remuneration or the remuneration system, they will propose a corresponding resolution to the Annual General Meeting; regardless of the circumstances, a resolution regarding the remuneration and the underlying remuneration system will be proposed to the Annual General Meeting at least once every four years. The remuneration for members of the Supervisory Board described here has been discussed thoroughly by the Management Board and Supervisory Board.

The applicable provisions for preventing and handling conflicts of interest are also observed in the procedure for the definition and implementation of the remuneration system.