

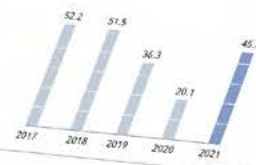
Digital Transformation



Remuneration Report 2021



EBIT in €m, multi-year comparison



Price performance of WashTec share (WASH) compared to the SDAX Index



EBIT by regions in €m*



*Consolidation effects are disregarded.

Remuneration Report for Fiscal Year 2021

This Remuneration Report pursuant to Section 162 of the German Stock Corporation Act (AktG) presents and explains in clear and comprehensible form the remuneration granted and owed in 2021 to each incumbent and former member of the Management Board and Supervisory Board of WashTec AG. Detailed information on the Management Board and Supervisory Board remuneration systems, the remuneration report in accordance with German stock corporation law and the auditor's report in accordance with Section 162 (3) sentence 3 AktG are available in the "Investor Relations" section of the Company website at <https://ir.washtec.de/websites/washtec/English/6000/corporate-governance.html>.



Note: Due to rounding, individual figures in this report may not add up to the stated totals and percentages may not precisely correspond to the absolute figures they relate to.

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1. Remuneration of members of the Management Board

1.1 Application of the remuneration system

At its meeting on March 24, 2021, the Supervisory Board, after due deliberation, adopted the system for the remuneration of the members of the Management Board of WashTec AG (the “Company”) in accordance with the requirements of the German Stock Corporation Act resulting from the German Act Implementing the Second Shareholder Rights Directive (ARUG II) and taking into account the revised German Corporate Governance Code dated December 16, 2019 (the “German Corporate Governance Code 2020”). With regard to the recommendations of the German Corporate Governance Code, reference is made to the Declaration of Conformity published in the Investor Relations section of the Company website at <https://ir.washtec.de/websites/washtec/English/6000/corporate-governance.html>.



This remuneration system (https://ir.washtec.de/washtec/pdf/WashTec_MB_remuneration_system.pdf) was approved by the 2021 Annual General Meeting pursuant to Section 120a (1) AktG and applies to all Management Board contracts entered into or renewed after the Annual General Meeting on May 18, 2021. In accordance with the German Corporate Governance Code 2020 and Section 26j of the Introductory Act to the Stock Corporation Act (EgAktG), all current Management Board contracts continue to be subject to the previous remuneration system (see also the Declaration of Conformity of December 16, 2021 submitted by the Management Board and Supervisory Board in accordance with Section 161 AktG). The applicable long-term variable remuneration in the form of the Long Term Incentive Program (LTIP) 2021-2023 for the Management Board was adopted effective January 1, 2021 and applies to all members of the Management Board. In all other respects, the current Management Board contracts with the incumbent members of the Management Board of WashTec AG will continue to end of their appointed term under the conditions specified therein.

A regular review by the Supervisory Board of the appropriateness and structure of the remuneration system is prepared by the Personnel Committee. Where necessary, the Personnel Committee submits to the Supervisory Board proposals for modifications, on which the Supervisory Board may then proceed to pass a resolution.

With regard to Management Board contracts entered into after the Annual General Meeting on May 18, 2021, the remuneration system approved by the 2021 Annual General Meeting permits the Supervisory Board to temporarily derogate from the remuneration system if this is necessary to serve the long-term interests of the Company. Examples include alignment of the remuneration system in order to ensure that incentives remain adequate in the event of a significant change in corporate strategy or in the event of a severe economic crisis. No departures from the Management Board remuneration system were made in fiscal year 2021.

1.2 Overview of the remuneration system and structure of Management Board remuneration

The Company’s remuneration system is geared to promoting the corporate strategy and the long-term development of the Company and its affiliates. This is achieved by means of a simple and clear incentive structure in Management Board remuneration. The remuneration system and the uniform remuneration structure for all Management Board functions are designed to prevent inappropriate incentives, both from outside and from within the Company. In particular, they aim to prevent Management Board decision-making that is calculated to maximize remuneration in the short term but is not conducive to the long-term success of the business.

The structure of the remuneration system takes into account the challenging responsibilities incumbent on Management Board members for implementing the Group strategy and leading a globally operating company with innovative, digital and flexible solutions in the face of global competition. At the same time, Management Board remuneration is intended to be in line with the market and be competitive so that the Company is able to attract capable and dynamic executive talent. Within specified bounds, the remuneration system is therefore also intended to give the Supervisory Board the latitude to respond flexibly to a changing market and competitive environment. The incentives are intended to be structured in a clear and comprehensible manner, not only for shareholders, but also of course most of all for the members of the Management Board and for employees, whose bonus systems are based on targets that are largely harmonized with Management Board remuneration.

Remuneration for the Management Board of WashTec AG consists of non-performance-based and performance-based remuneration components. The non-performance-based remuneration components comprise the basic annual salary (fixed remuneration) and incidental benefits. Performance-based remuneration consists of short-term variable remuneration and long-term variable remuneration. The variable remuneration components are calculated in essentially the same way for all members of the Management Board. An exceptional performance bonus may also be granted. No retirement provision is granted to members of the Management Board. The remuneration system and the current Management Board contracts also provide for customary benefits on termination of Management Board office. Any severance payments agreed on early termination of Management Board office other than for cause warranting termination of the Management Board contract may not exceed the remuneration entitlements for the remaining term of the contract and must be limited to a maximum of two years' remuneration (severance cap). Where members of the Management Board are subject to a post-contractual non-compete covenant, they are entitled to remuneration amounting to 50% of the monthly pro rata portion of their fixed annual salary (compensation) for the duration of the non-compete covenant. In addition, for Management Board contracts entered into after the Annual General Meeting on May 18, 2021, the remuneration system approved by the Annual General Meeting on May 18, 2021 specifies that any severance payments are deducted from the non-compete compensation.

The **non-performance-based remuneration** consists of fixed remuneration and incidental benefits. Incidental benefits generally include contributions to insurance policies, company cars with private use and reimbursement of, for example, the cost of preventive medical checkups. The fixed remuneration is paid retroactively at the end of each month in twelve equal monthly installments with retention of statutory deductions.

The **short-term variable remuneration** is based in equal parts on Company targets and individual performance targets. The Company targets relate to the WashTec Group's key financial performance indicators. These are revenue, EBIT, free cash flow and ROCE. The individual performance targets comprise operational or strategic targets, including non-

financial targets, primarily from the areas of product innovation, sustainability, process optimization, digitalization and customer benefit. Specific strategic objectives can also be furthered by including them in the individual performance targets for each Management Board role. For example, individual performance targets are specified so that each Management Board role contributes to implementation of the sustainability strategy. The specific targets and their respective weightings within the short-term variable remuneration are set by the Supervisory Board in the annual target agreement.

For the short-term variable remuneration, an amount corresponding to 100% target achievement (target amount) is individually agreed with each Management Board member. The short-term variable remuneration may be reduced to as little as 0% of the agreed amount if the Company targets are not met and increased to up to 115% of the agreed target amount for those targets if they are exceeded. The payout amount for short-term variable remuneration is therefore capped at 130% of the target amount for the Company targets and 100% of the target amount for the individual performance targets. If a Management Board member is appointed part-way through the year, the short-term variable remuneration may be granted in the first year of service pro rata temporis from the commencement of service.

Short-term variable remuneration for one fiscal year

Performance criterion	Weighting	Target achievement	
		Minimum	Maximum
Business targets	50%	0%	130%
Individual performance targets	50%	0%	100%
Short-term variable remuneration	100%	0%	115%

Target achievement for short-term variable remuneration is determined after approval of the consolidated financial statements for the respective fiscal year. The short-term variable remuneration falls due for payment in cash together with the next monthly salary payment.

The Company's long-term development is promoted in particular by supplementing the short-term variable remuneration with an additional variable remuneration component comprising **long-term variable remuneration** in the form of a Long Term Incentive Program (LTIP) with a one-time cash award. The program has a three-year term (incentive period). The current LTIP has an incentive period from January 1, 2021 to December 31, 2023 and was adopted by resolution of the Supervisory Board on March 2, 2021. Target achievement is determined at the end of the incentive period. If the targets are met, payment is made in the fiscal year following adoption of the annual financial statements for the relevant year (due date).

The LTIP includes a "non-personal-investment component", under which a Management Board member can obtain a maximum cash award, at 100% target achievement, of 100% of their respective short-term variable annual target remuneration for each year of the LTIP.

An additional "personal investment component" provides a Management Board member with the opportunity to increase – up to a maximum of double (cash award multiplier = 2) – their cash award under the "non-personal-investment component" by personal investment in WashTec AG shares. Doubling the cash award requires a personal investment in the amount of 100% of the short-term variable target remuneration in euros by a specified cut-off date. If the personal investment is lower, the personal investment component is proportionately smaller (cash award multiplier < 2). Personal investment for the purposes of the LTIP means (euro) amounts invested in shares in the Company held personally by the Management Board member on the cut-off date. This includes any shares that the Management Board member acquired under previous LTIP programs and still holds. Management Board members are only entitled to a cash award for the personal investment component if they continue to hold at least the number of shares invested at the cut-off date through to the end of the incentive period.

The LTIP accounts for long-term performance and sustainability under the corporate strategy with the two performance targets return on capital employed (ROCE) and total share-

holder return (TSR). Subject to certain requirements and on a case-by-case basis, one-off items may be neutralized in the calculation of the profit figure relevant to the ROCE target.

Long-term variable remuneration (LTIP) for the three-year incentive period

		Component I without personal investment		Component II with personal investment		
		ROCE ¹	TSR ²	Total target amount	Personal investment amount	Cash award multiplier on component I
Weighting		70%	30%	3 x annual short-term variable remuneration	No personal investment	0
	< 81%	0%	0%			
	81%–99%	5%–95%	5%–95%			
Target achievement	100%	100%	100%		Maximum personal investment in the amount of 100% of short-term variable remuneration	x2

¹ Average ROCE of more than 25% during the incentive period (ROCE target)

² At least 75% total shareholder return before taxes (TSR target)

The two performance targets must each reach the minimum threshold of 81% set by the Supervisory Board in order to count. The Supervisory Board determines the degree of target achievement for each target at the end of the incentive period. If both performance targets are fully met or exceeded, the cash award reaches its maximum amount and 100% is paid out. If target achievement on either target is less than 100% but at least equal to the threshold, proportionately less is paid out for that target for each percentage point below 100%. If target achievement on either target is less than the threshold, there is no payout for the target concerned. If target achievement on both performance targets is not at least equal to the threshold, no cash award is paid. The ROCE target has a weighting of 70% and the TSR target has a weighting of 30% in determination of the cash award.

Payment of the LTIP cash award falls due on the date on which the Supervisory Board adopts the annual financial statements for the final year of the incentive period (payout date).

If the Management Board member makes use of the personal investment component, payment is subject to the resolutive condition that one-sixth of the gross cash award under the LTIP with personal investment is reinvested in shares in the Company by the Management Board member within three months of the cash award falling due and that the Management Board member remains invested with that quantity of shares for at least three years after acquiring them. There are exemptions to the reinvestment requirement and the holding period in the event of the Management Board member leaving office.

Additionally, in exceptional cases, the Supervisory Board may at its due discretion decide an **exceptional performance bonus** for individual or all members of the Management Board.

In future programs, the performance targets may be replaced or supplemented with other targets according to the strategic assessment at the time. The fact that the long-term variable remuneration – when use is made of the personal investment component – is over-weighted relative to the short-term variable remuneration aligns the remuneration structure with the sustainable development and long-term growth in the value of the company.

1.3 Target remuneration

For Management Board contracts entered into after the Annual General Meeting on May 18, 2021, on the basis of the remuneration system approved by the 2021 Annual General Meeting and within maximum remuneration limits set by the Annual General Meeting, the Supervisory Board determines total target remuneration for each Management Board member at the beginning of the fiscal year, comprising fixed remuneration, incidental benefits and target amounts for the short-term and long-term variable remuneration assuming 100% target achievement.

The remuneration system enables the Supervisory Board to take into account the function and responsibilities of each individual Management Board member when setting the total target remuneration. At the Supervisory Board's due discretion, function-specific variation is permissible to take account of criteria such as experience, length of Management Board service and Management Board position. In view of the aforementioned scope for variation, the figures stated for the individual remuneration components as a percentage of total target remuneration are given as a percentage range. The actual percentages therefore vary according to function and as a result of any adjustments made in regular remuneration reviews.

For Management Board contracts entered into after the Annual General Meeting on May 18, 2021, under the remuneration system approved by the 2021 Annual General Meeting, any exceptional performance bonus granted in individual instances is structured in such a way that the long-term variable remuneration continues to exceed the percentage accounted for by the short-term variable remuneration.

In determining the target total remuneration for fiscal year 2021, the Supervisory Board took into account the LTIP on a pro rata basis for the year at one-third of the total amount and the maximum permissible personal investment.

The Supervisory Board set the total target remuneration for the Management Board for fiscal year 2021 as follows:

Management Board member	Non-performance-based remuneration components (fixed remuneration)		Performance-based variable remuneration components (variable remuneration)		Total target remuneration	Ratio of the remuneration components to total target remuneration			
	Fixed remuneration	Incidental benefits ¹	Short-term variable remuneration	Long-term variable remuneration (LTIP) ²		Fixed remuneration	Incidental benefits	Short-term variable remuneration	Long-term variable remuneration (LTIP)
Dr. Ralf Koeppel	€290,000	€48,000	€210,000	€420,000	€968,000	30.0%	5.0%	21.7%	43.3%
Dr. Kerstin Reden	€300,000	€44,000	€180,000	€360,000	€884,000	33.9%	5.0%	20.4%	40.7%
Stephan Weber	€300,000	€44,000	€180,000	€360,000	€884,000	33.9%	5.0%	20.4%	40.7%
Total	€890,000	€136,000	€570,000	€1,140,000	€2,736,000	32.5%	5.0%	20.8%	41.7%

¹ The Management Board is granted incidental benefits of up to approximately 5% of the total target remuneration. This figure given here also corresponds to the maximum amount.

² The LTIP 2021–2023 is taken into account on a pro rata basis for the year at one-third of the total amount and the maximum permissible personal investment.

The long-term variable remuneration (LTIP) is not payable unless the underlying performance targets for the three-year incentive period (2021–2023) have been completely met. If the performance targets are met, the determination of target achievement and payment of the LTIP take place in the fiscal year following the end of the incentive period. Because target achievement is determined and payment made after the end of the incentive period, the above-stated total target remuneration is a guideline figure only.

The table below shows the target amounts for the LTIP incentive period January 1, 2021 to December 31, 2023 on 100% target achievement at the end of one year and at the end of the incentive period.

Management Board member	Performance criterion	Weighting	Target amount p. a. (at 100% target achievement)	Target amount at end of incentive period (at 100% target achievement)
Dr. Ralf Koeppe	Return on capital employed (ROCE)	70%	€147,000	€441,000
	Total shareholder return (TSR)	30%	€63,000	€189,000
	Total component I without personal investment	100%	€210,000	€630,000
	Component II with personal investment	Double of component I	€210,000	€630,000
	LTIP total		€420,000	€1,260,000
Dr. Kerstin Reden	Return on capital employed (ROCE)	70%	€126,000	€378,000
	Total shareholder return (TSR)	30%	€54,000	€162,000
	Total component I without personal investment	100%	€180,000	€540,000
	Component II with personal investment	Double of component I	€180,000	€540,000
	LTIP total		€360,000	€1,080,000
Stephan Weber	Return on capital employed (ROCE)	70%	€126,000	€378,000
	Total shareholder return (TSR)	30%	€54,000	€162,000
	Total component I without personal investment	100%	€180,000	€540,000
	Component II with personal investment	Double of component I	€180,000	€540,000
	LTIP total		€360,000	€1,080,000

The LTIP with the incentive period January 1, 2021 to December 31, 2023 described in section 1.2 comprises a “non-personal-investment component” and an additional “personal investment component”. If the Management Board member makes use of the personal investment component, payment is subject to the resolutive condition that one-sixth of the gross cash award under the LTIP with personal investment is reinvested in shares in the Company by the Management Board member within three months of the cash award falling due and that the Management Board member remains invested with that quantity of shares for at least three years after acquiring them. The reinvestment is granted as equity-settled share-based payment. The grant date fair value is measured in accordance with IFRS 2. The reinvestment target amounts shown in the table below are part of the total target amount of long-term variable remuneration (LTIP).

Management Board member	Long-term variable remuneration (LTIP) target amounts (at 100% target achievement)			
	Component I without personal investment	Component II with personal investment	Long-term variable remuneration (LTIP)	Of which reinvestment
Dr. Ralf Koeppel	€630,000	€630,000	€1,260,000	€105,000
Dr. Kerstin Reden	€540,000	€540,000	€1,080,000	€90,000
Stephan Weber	€540,000	€540,000	€1,080,000	€90,000
Total	€1,710,000	€1,710,000	€3,420,000	€285,000

1.4 Remuneration in fiscal year 2021

The tables below show all amounts actually paid to the Management Board in the reporting period (“remuneration granted”) and all remuneration legally due but not yet paid (“remuneration owed”). It is assumed for this purpose that the disclosure of remuneration pursuant to Section 162 (1) sentence 2 no. 1 AktG in the Remuneration Report is made for the fiscal year in which performance of the (one-year or multiple-year) service on which the remuneration is based was completed. Short-term variable remuneration is therefore included in “remuneration owed” as performance of the service on which it is based was completed by the respective reporting date. Cash award payout amounts are therefore stated for each reporting year even if payment is not made until after the end of the reporting year. This ensures transparent and comprehensible reporting and maintains the link between performance and remuneration in the reporting period.

The LTIP, on the other hand, does not constitute remuneration “granted” or “owed” as the cash award depends on achievement of the specified performance targets at the end of the incentive period. As the incentive period runs to December 31, 2023, any remuneration under LTIP 2021–2023 will be disclosed, as specified above, in the remuneration report pursuant to Section 162 AktG for fiscal year 2023.

Remuneration granted and owed to incumbent members of the Management Board in fiscal year 2021:

Management Board member	Non-performance-based remuneration components (fixed remuneration)		Performance-based remuneration components (variable remuneration)		Exceptional performance bonus	Total remuneration granted	Ratio of fixed and variable remuneration to total remuneration granted			Exceptional performance bonus
	Fixed remuneration	Incidental benefits	Short-term variable remuneration	Long-term variable remuneration (LTIP) ¹			Fixed remuneration	Short-term variable remuneration	Long-term variable remuneration (LTIP) ¹	
Dr. Ralf Koeppel	€290,000	€14,472	€199,500	–	€42,000	€545,972	55.8%	36.5%	–	7.7%
Dr. Kerstin Reden	€300,000	€11,009	€207,000	–	€0	€518,009	60.0%	40.0%	–	0%
Stephan Weber	€300,000	€18,323	€207,000	–	€0	€525,323	60.6%	39.4%	–	0%
Total	€890,000	€43,804	€613,500	–	€42,000	€1,589,304	58.8%	38.6%	–	2.6%

¹ LTIP with incentive period 2021–2023

Former member of the Management Board Dr. Volker Zimmermann left the Management Board effective February 28, 2019. He was granted €28,000 in compensation for a post-contractual non-compete covenant in fiscal year 2021. This constitutes the total remuneration granted and owed to him in fiscal year 2021. Thus, the relative share of the fixed remuneration is 100%. The non-compete compensation expired in fiscal year 2021.

The remuneration granted and owed in fiscal year 2021 complies with the requirements of the remuneration system on which it is based. Fixed remuneration accounts for a larger percentage than it does in total target remuneration because the LTIP is not included in remuneration granted and owed in 2021.

Fulfillment of performance criteria for short-term variable remuneration in fiscal year 2021:

Management Board member	Performance criterion	Weighting	Target amount (at 100% target achievement)	Actual target achievement	Cash award
Dr. Ralf Koeppel	Business targets	50%	€105,000	130%	€136,500
	Individual performance targets	50%	€105,000	60%	€63,000
Dr. Kerstin Reden	Business targets	50%	€90,000	130%	€117,000
	Individual performance targets	50%	€90,000	100%	€90,000
Stephan Weber	Business targets	50%	€90,000	130%	€117,000
	Individual performance targets	50%	€90,000	100%	€90,000

The WashTec Group increased revenue by 13.7% and EBIT by 127.4% in fiscal year 2021. With this return to pre-crisis level, the Group also generated a double-digit EBIT margin. The financial performance thus exceeded the internal corporate planning figures. In addition to an upgrade in the Company's guidance part-way through the year, this also resulted in overachievement of the Company targets.

Development of long-term variable remuneration performance targets (LTIP 2021–2023):

The two performance targets for the long-term variable remuneration (LTIP) are an increase in "return on capital employed" (ROCE) by more than 25% on average during the incentive period (ROCE target) and a pre-tax "total shareholder return" of at least 75% (TSR target).

By making use of the additional "personal investment component" of the long-term variable remuneration (LTIP), a Management Board member has the opportunity to increase – up to a maximum of double (cash award multiplier = 2) – their cash award under the "non-personal-investment component" by personal investment in WashTec AG shares in the amount of 100% of the short-term variable target remuneration for 2021.

The personal investment can be made up to or including June 30, 2023. The Management Board's personal investment was as follows as of December 31, 2021:

Management Board member	Personal investment made	Maximum personal investment	Personal investment made
Dr. Ralf Koeppel	€160,346	€210,000	76.4%
Dr. Kerstin Reden	€21,090	€180,000	11.7%
Stephan Weber	€164,020	€180,000	91.1%

After the first year of the three-year incentive period, there is a positive trend towards the achievement of both performance targets. ROCE reached 25.8% as of December 31, 2021. TSR for fiscal year 2021 is 31.4%. In reporting year 2021, €966,585 was recognized in accordance with IFRS 2 for obligations under the LTIP.

As the Supervisory Board determines target achievement in 2023 at the end of the incentive period, the LTIP currently constitutes remuneration awarded. If the targets are met, the LTIP in this report will constitute remuneration owed in the third year of the incentive period.

By temporarily assuming duties from other Management Board roles, with considerable additional time and effort, Dr. Ralf Koeppel has contributed significantly to the Company's success in the current challenging times. In the exercise of its due judgment, the Supervisory

Board therefore decided, on the basis of the Management Board contract in force, to grant Dr. Ralf Koeppel an **exceptional performance bonus** of €42,000 for fiscal year 2021. This is intended, in line with the Company's interests, to create a future-focused incentive for the Management Board and senior management with the aim of promoting the Company's development on a long-term basis.

1.5 Maximum remuneration

For Management Board contracts entered into after the Annual General Meeting on May 18, 2021, under the remuneration system adopted by the 2021 Annual General Meeting and pursuant to Section 87a (1) sentence 2 no. 1 AktG, the Supervisory Board has set a maximum amount for the total of all remuneration components for members of the Management Board. This maximum remuneration relates in each case to the total of all payments that could result from the remuneration arrangements for one fiscal year. The maximum remuneration is €2,000,000 for the Chief Executive Officer and €1,500,000 for ordinary members of the Management Board (taking into account the LTIP on a pro rata basis for the year at one-third of the total amount and the maximum permissible personal investment).

As remuneration under LTIP 2021–2023 is not paid out until after the end of the incentive period, the total amount of the payments for fiscal year 2021 will not be finally known until the end of fiscal year 2023. Notwithstanding this, the maximum remuneration for 2021 under the remuneration system adopted by the 2021 Annual General Meeting will not be exceeded on the basis of the pro rata LTIP target amount for the year and the maximum permissible personal investment for each member of the Management Board. Please refer to section 1.3 for total target remuneration and to the remuneration table in section 1.4 for remuneration granted and owed.

Remuneration granted and owed in fiscal year 2021 and maximum remuneration as specified in the remuneration system approved by the 2021 Annual General Meeting:

Management Board member	Non-performance-based remuneration components (fixed remuneration)		Performance-based remuneration components (variable remuneration)		Exceptional performance bonus	Total remuneration granted	Maximum remuneration under the remuneration system
	Fixed remuneration	Incidental benefits	Short-term variable remuneration	Long-term variable remuneration (LTIP) ¹			
Dr. Ralf Koeppel	€290,000	€14,472	€199,500	–	€42,000	€545,972	€2,000,000
Dr. Kerstin Reden	€300,000	€11,009	€207,000	–	€0	€518,009	€1,500,000
Stephan Weber	€300,000	€18,323	€207,000	–	€0	€525,323	€1,500,000
Total	€890,000	€43,804	€613,500	–	€42,000	€1,589,304	€5,000,000

¹ LTIP with incentive period 2021–2023

1.6 Negative bonus and clawback arrangements

Negative bonus/clawback arrangements are implemented in the LTIP conditions. Under these arrangements, a serious breach of duty by a Management Board member during the incentive period can result in a total or partial reduction in the LTIP payout amount. Amounts already paid out under the LTIP may be clawed back for up to one year after the end of the incentive period. The Supervisory Board decides on any reduction or clawback at its due discretion. On the basis of the remuneration system approved by the 2021 Annual General Meeting, Management Board contracts entered into after the Annual General Meeting on May 18, 2021 feature a corresponding arrangement for short-term variable remuneration. The Supervisory Board did not determine any circumstances in fiscal year 2021 to which the above-mentioned reverse bonus or clawback arrangements apply and did not make use of the possibility of reducing or reclaiming variable remuneration.

1.7 Peer group comparison

In order to assess whether the specific total remuneration of Management Board members is appropriate and in line with usual levels compared to other enterprises, the Supervisory Board selects a peer group of other third-party entities that is suitable with regard to the WashTec Group's market position (see Recommendation G.3 of the German Corporate Governance Code as amended December 16, 2019). The peer group comparison is a horizontal benchmarking assessment to ensure that Management Board remuneration is appropriate and in line with usual levels.

The peer group comprises companies that are comparable with the WashTec Group in terms of being listed in the S-DAX index or Frankfurt Stock Exchange Prime Standard, mechanical engineering sector classification, revenue and size of workforce.

Benchmarking is performed on the basis of fixed and variable remuneration components excluding pension expenses (this is not identical with remuneration received).

The benchmarking is applied in relation to both the absolute amount of Management Board remuneration and the development of Management Board remuneration relative to revenue and personnel expenses at peer entities.

The following companies meet the specified characteristics and were used as peers for the peer group comparison:

- Pfeiffer Vacuum Technology AG
- GESCO AG
- MAX Automotion SE
- MBB SE
- Schaltbau Holding AG

The peer group comparison showed that Management Board remuneration at WashTec AG is appropriate and in line with usual levels in relation to both the absolute amount and the development of Management Board remuneration relative to revenue and personnel expenses.

2. Remuneration of members of the Supervisory Board

2.1 Application of the remuneration system

Under Section 113 (3) AktG, as amended by the German Act Implementing the Second Shareholder Rights Directive (ARUG II), the annual general meeting of a listed company must adopt a resolution on the remuneration of Supervisory Board members at least once every four years and when changes to the remuneration rules are proposed. The resolution relates both to the system of remuneration for Supervisory Board members presented to the Annual General Meeting and to the setting of the remuneration for Supervisory Board members. The first resolution must be passed by the end of the first Annual General Meeting following December 31, 2020.



The 2021 Annual General Meeting on May 18, 2021 adopted the remuneration system (https://ir.washtec.de/washtec/pdf/WashTec_remuneration_supervisoryboard.pdf) for the Supervisory Board and confirmed the remuneration for the Supervisory Board as set out in Section 8.16 of the Articles of Association and in the Long Term Incentive Program for the Supervisory Board adopted by resolution of the Annual General Meeting on April 30, 2018.

The remuneration system for the Supervisory Board, which was unchanged from previous years, was applied in full in fiscal year 2021 in the form resolved by the Annual General Meeting.

2.2 Overview of the remuneration system and structure of Supervisory Board remuneration

The remuneration of members of the Supervisory Board is required to be commensurate with the responsibilities and tasks of Supervisory Board members and the situation of the Company. At the same time, Supervisory Board remuneration is intended to be appropriate with a view to competing for suitable candidates for future appointments to the Supervisory Board.

As recommended in the German Corporate Governance Code, remuneration for Supervisory Board membership takes appropriate account, with commensurate function-related remuneration,

of the larger time commitment of the Chairperson and the Deputy Chairperson of the Supervisory Board and of the chairpersons and the members of committees. In addition, with a view of the Supervisory Board's supervisory and advisory responsibilities, the Supervisory Board's remuneration contributes to the successful implementation of the business strategy and to the Company's long-term success.

Long-term performance and sustainability under the corporate strategy were also taken into account when determining the performance targets for the long-term variable remuneration in the form of a Long Term Incentive Program with a three-year term.

Under Section 8.16 of the Articles of Association, the remuneration of members of the Supervisory Board comprises fixed remuneration, attendance fees and performance-based remuneration, together with reimbursement of expenses and of value added tax payable on Supervisory Board remuneration. The remuneration system also provides for a long-term variable remuneration component in the form of a Long Term Incentive Program for the Supervisory Board, which is provided in addition to the remuneration under the Articles of Association. The Long Term Incentive Program for the Supervisory Board was adopted by resolution of the Annual General Meeting in 2018 with a term from January 1, 2019 to December 31, 2021. In variable remuneration for any one fiscal year, the maximum possible cash award (pro rata temporis) from the Long Term Incentive Program generally exceeds the maximum possible performance-based remuneration under the Articles of Association.

The current **remuneration arrangements under Section 8.16 of the Articles of Association, as amended on August 5, 2020**, read as follows:

"Beginning in fiscal year 2015 and for subsequent fiscal years, in addition to reimbursement for expenses, each member of the Supervisory Board is paid fixed remuneration in the amount of EUR 35,000.00 for each full fiscal year of membership of the Supervisory Board. The fixed remuneration is EUR 70,000.00 for the Deputy Chairperson of the Supervisory Board and EUR 100,000.00 for the Chairperson of the Supervisory Board.

Each member of a committee (with the exception of the Audit Committee) receives additional fixed remuneration of EUR 2,500.00. The chairperson of a committee (with the excep-

tion of the Audit Committee) receives additional fixed remuneration of EUR 5,000.00. Each member of the Audit Committee receives an additional fixed remuneration of EUR 5,000.00 and the Chairperson receives such remuneration of 10,000.00.

In addition, each member of the Supervisory Board receives an attendance fee of EUR 1,500.00 for each meeting of the Supervisory Board and its committees that they attend. Only one attendance fee is paid for multiple meetings held on a single day. The Chairperson of the Supervisory Board receives double the attendance fee stipulated in this subsection.

The fixed remuneration and the attendance fee are payable following completion of the fiscal year.

In addition, for membership of the Supervisory Board during the preceding fiscal year, each member of the Supervisory Board receives, after adoption of the resolution on the appropriation of profit, performance-based remuneration of EUR 500.00 for each cent by which IFRS-basis consolidated profit per share exceeds the equivalent amount for the prior fiscal year.

Total annual remuneration under the Articles of Association (fixed and performance-based remuneration plus attendance fees) is limited to a maximum of EUR 75,000.00 for an ordinary member of the Supervisory Board, EUR 100,000.00 for the Chairperson of the Audit Committee, EUR 150,000.00 for the Deputy Chairperson of the Supervisory Board and EUR 200,000.00 for the Chairperson of the Supervisory Board. Where offices coincide, the maximum relates to the greater amount.

Any Supervisory Board members who have served on the Supervisory Board or a Supervisory Board committee for only part of a fiscal year receive proportionately reduced fixed and performance-based remuneration. The Supervisory Board reimburses each Supervisory Board member the value-added tax payable on their remuneration.

The General Meeting may resolve to establish one or more **long-term variable remuneration components** for the Supervisory Board that are added to the remuneration under the Articles of Association."

The **Long Term Incentive Program** for the Supervisory Board was adopted by resolution of the Annual General Meeting in 2018 with a **term from January 1, 2019 to December 31, 2021**.

The Long Term Incentive Program (LTIP) for the Supervisory Board has a three-year term (incentive period) and provides for a one-time cash award at the end of the incentive period. As a condition for participation in the LTIP, the program stipulates that Supervisory Board members must make a personal investment in WashTec shares on or before July 31, 2019. The Chairperson may participate with a personal investment of up to 4,000 shares and the remaining Supervisory Board members with a personal investment of up to 2,000 shares. A Supervisory Board member can also participate in the LTIP with shares already purchased prior to the Company's Annual General Meeting which passed the resolution adopting the LTIP.

The cash award is calculated by multiplying the number of invested shares by the reference share price and a multiplier determined on the basis of target achievement. For calculation of the cash award, the maximum possible reference share price is limited to EUR 100.00 (cap).

Performance targets are set for earnings per share (EPS), ROCE and free cash flow. The performance targets are geared to long-term performance and sustainability under the corporate strategy. The reference base for the LTIP targets comprises the key performance indicators for fiscal year 2018 as of December 31, 2018. Depending on whether one, several or all of the targets are fulfilled, a different multiplier applies for the cash award. If the EPS target is exceeded, the multiplier can increase up to a maximum of 1.2.

Due to the impact of the COVID-19 pandemic, the performance targets agreed for the LTIP from January 1, 2019 to December 31, 2021 were not met. Accordingly, the long-term variable remuneration component has not been granted. If the agreed performance targets had been met, the cash award would have been due for payment on the day following the Annual General Meeting in fiscal year 2022.



For details of the Long Term Incentive Program for the period January 1, 2018 to December 31, 2021, reference is made to the Long Term Incentive Program for the Supervisory Board adopted by resolution of the Annual General Meeting on April 30, 2018, which is additionally reproduced in the invitation to the Annual General Meeting of April 30, 2018 under “Information on Agenda Item 7” and available on the Company website at https://ir.washtec.de/washtec/pdf/hv_archiv/Supplement_to_the_Agenda_for_the_AGM_on04302018.pdf

The Long Term Incentive Program adopted by resolution of the Annual General Meeting on April 30, 2018 expired on December 31, 2021. The Annual General Meeting 2021 resolved a new **Long Term Incentive Program** for the Supervisory Board with a **term from January 1, 2022 to December 31, 2024**.

The Long Term Incentive Program (LTIP) for the Supervisory Board has a three-year term (incentive period) and provides for a one-time cash award at the end of the incentive period. As a condition for participation in the LTIP, the program stipulates that Supervisory Board members must make a personal investment in WashTec shares on or before July 31, 2022. The Chairperson may participate with a personal investment of up to 4,000 shares and the remaining Supervisory Board members with a personal investment of up to 2,000 shares. A Supervisory Board member can also participate in LTIP with shares already purchased prior to the Company’s Annual General Meeting in fiscal year 2021. In such a case, invested shares may also include those acquired by a Supervisory Board Member under LTIP 2018.

The cash award is calculated by multiplying the number of invested shares by the reference share price and a multiplier determined on the basis of target achievement. For calculation of the cash award, the maximum possible reference share price is limited to EUR 100.00 (cap).

Performance targets are set for earnings per share (EPS), ROCE and free cash flow. The performance targets are geared to long-term performance and sustainability under the corporate strategy. The reference base for the LTIP targets comprises the key performance indicators for fiscal year 2021 as of December 31, 2021. Depending on whether one, several or all of the targets are fulfilled, a different multiplier applies for the cash award. If the EPS target is exceeded, the multiplier can increase up to a maximum of 1.2.

The cash award is paid out on the day following the Annual General Meeting in fiscal year 2025. Supervisory Board members are only entitled to the full amount if they have been members of the Supervisory Board for the whole of the incentive period and still hold the invested shares in the Company at the end of the incentive period.

Entitlement to payment is subject to the resolute condition that one-sixth of the cash award received under the LTIP is reinvested in shares in the Company by the eligible Supervisory Board member within three months subsequent to the Company’s Annual General Meeting in fiscal year 2025 and the Supervisory Board member holds those shares for at least three years after acquiring them. The requirement to hold the shares ends if the eligible Supervisory Board member leaves the Supervisory Board during the three-year holding period.

In exceptional circumstances, a pro-rata cash award is granted. Such circumstances comprise departure from the Supervisory Board due to termination of the period of office before the end of the incentive period, death of the Supervisory Board member, resignation or removal subsequent to a change of control, termination of office on merger, division or transformation, or delisting of the Company’s shares. A pro-rata cash award is conditional on the invested shares still being held on termination and on the member of the Supervisory Board remaining a member of the Supervisory Board for at least twelve months during the incentive period.

In the case of newly appointed Supervisory Board members, the cash award is reduced pro rata and is only granted for the duration of actual membership of the Supervisory Board. 1/36th of the cash award is granted for each month of membership. A personal investment in shares in the Company is required no later than three months after the effective date of appointment.

For details of the Long Term Incentive Program for the period January 1, 2022 to December 31, 2024, reference is made to the Long Term Incentive Program for the Supervisory Board adopted by resolution of the Annual General Meeting on May 18, 2021, which is additionally reproduced in the invitation to the Annual General Meeting of May 18, 2021 under “Agenda Item 8” and available on the Company website at https://ir.washtec.de/washtec/pdf/hv_2021/WT_HV-Einl_2021_e_gs.pdf



2.3 Remuneration in fiscal year 2021

The fixed remuneration, attendance fees and short-term variable remuneration are included in “remuneration owed” as performance of the service on which they are based was completed by the respective reporting date. The table below therefore shows remuneration for the reporting year even if payment is not made until after the end of the reporting year. This ensures transparent and comprehensible reporting and maintains the link between performance and remuneration in the reporting period.

The 2019–2021 LTIP, whose three-year incentive period ended December 31, 2021 and thus on the fiscal year 2021 reporting date, is also considered as “remuneration owed” in fiscal year 2021 on the basis of the above-mentioned stipulations.

The short-term variable remuneration target for fiscal year 2021 was achieved because the IFRS-basis consolidated profit per share for fiscal year 2021 exceeded the corresponding prior-year figure. Consolidated profit per share was €2.32 for fiscal year 2021 and €0.99 for

the prior year. The multiplier is therefore 1.33. This results in short-term variable remuneration of €66,500 for each member of the Supervisory Board. That amount is reduced proportionately due to the cap, however, with the final figure shown in the table below.

Due to the impact of the COVID-19 pandemic, the performance targets agreed for the LTIP incentive period January 1, 2019 to December 31, 2021 were not met. The targets were an average annual growth rate of at least 15% for earnings per share (EPS) and for free cash flow and 30% average ROCE during the incentive period. An LTIP cash award would have required 100% target achievement on at least one of the performance targets, which was not the case. There has therefore been no payout under the LTIP.

The remuneration owed in fiscal year 2021 complies with the requirements of the remuneration system adopted by the Annual General Meeting.

Remuneration owed to members of the Supervisory Boards in fiscal year 2021:

Supervisory Board	Non-performance-based remuneration components		Performance-based remuneration components		Total remuneration granted	Ratio of non-performance-based and performance-based remuneration to total remuneration granted		
	Fixed remuneration ¹	Attendance fees	Short-term variable remuneration ²	Long-term variable remuneration (LTIP) ³		Fixed remuneration & attendance fees	Short-term variable remuneration	Long-term variable remuneration (LTIP) ³
Dr. Günter Blaschke	€112,500	€54,000	€33,500	€0	€200,000	83.3%	16.7%	0%
Ulrich Bellgardt	€80,000	€34,500	€35,500	€0	€150,000	76.3%	23.7%	0%
Jens Große-Allermann ⁴	€45,000	€16,500	€13,500	–	€75,000	82.0%	18.0%	–
Dr. Hans Liebler	€42,500	€16,500	€16,000	€0	€75,000	78.7%	21.3%	0%
Dr. Sören Hein	€40,000	€21,000	€14,000	€0	€75,000	81.3%	18.7%	0%
Dr. Alexander Selent	€47,500	€30,000	€22,500	€0	€100,000	77.5%	22.5%	0%
Total	€367,500	€172,500	€135,000	€0	€675,000	80.0%	20.0%	0%

¹ Fixed remuneration comprises the remuneration under the Articles of Association plus the fixed remuneration components for committee membership or chairpersonship.

² Cap applied to annual remuneration in the case of short-term variable remuneration in accordance with Section 8.16 of the Articles of Association.

³ LTIP with incentive period 2019–2021

⁴ Jens Große-Allermann did not participate in LTIP 2019–2021.

3. Vertical benchmarking

In accordance with Section 162 (1) sentence 2 no. 2 AktG, the vertical benchmarking presents the financial performance of WashTec, the annual change in the remuneration of the members of the Management Board and Supervisory Board and the annual change in average employee remuneration on a full-time equivalent basis.

Fiscal year	2020	2021	Change %
Management Board			
Incumbent members of the Management Board			
Dr. Ralf Koeppel	€409,057	€545,972	33.5%
Dr. Kerstin Reden ¹	€205,647	€518,009	–
Stephan Weber	€398,017	€525,323	32.0%
Supervisory Board			
Dr. Günter Blaschke	€181,500	€200,000	10.2%
Ulrich Bellgardt	€119,000	€150,000	26.1%
Jens Große-Allermann	€69,000	€75,000	8.7%
Dr. Hans Liebler	€66,500	€75,000	12.8%
Dr. Sören Hein	€67,000	€75,000	11.9%
Dr. Alexander Selent	€88,000	€100,000	13.6%
WashTec Group financial performance ²			
Revenue	€378,672,014	€430,532,025	13.7%
EBIT	€20,067,587	€45,690,940	127.4%
Average employee remuneration			
Workforce and senior management in Germany ³	€70.782	€75.307	6.4%

¹ Dr. Kerstin Reden was appointed to the Management Board of WashTec AG effective August 1, 2020. Short-term variable remuneration was guaranteed pro rata temporis in the year of appointment.

² The annual change in HGB-basis net income for the period for WashTec AG is 364.4%.

³ The overall workforce comprises the entire workforce employed by all German companies of the WashTec Group, including senior management. Senior management comprises all employees who hold a management position in Germany and report in that capacity directly to the Management Board.

Financial performance is represented by the financial key performance indicators revenue and EBIT for WashTec Group and net income for the period for WashTec AG. Remuneration granted and owed is shown for each fiscal year for the members of the Management Board and Supervisory Board. The annual change in average employee remuneration on a full-time equivalent basis is based on the WashTec Group's workforce in Germany.

The annual change in the remuneration of former Management Board members Axel Jaeger and Dr. Volker Zimmermann for fiscal year 2021 compared to 2020 is a reduction by 100% and 83.3% respectively. Axel Jaeger left the Management Board effective May 31, 2020. Dr. Volker Zimmermann left the Management Board effective February 28, 2019. He was granted non-compete compensation for a post-contractual non-compete covenant that expired in fiscal year 2021.

Report of the independent auditor on the formal audit of the remuneration report pursuant to § 162 Abs. 3 AktG

To WashTec Aktiengesellschaft, Augsburg

Opinion

We have formally audited the remuneration report of the WashTec Aktiengesellschaft, Augsburg, for the financial year from January 1st to December 31, 2021 to determine whether the disclosures pursuant to § [Article] 162 Abs. [paragraphs] 1 and 2 AktG [Aktiengesetz: German Stock Corporation Act] have been made in the remuneration report. In accordance with § 162 Abs. 3 AktG, we have not audited the content of the remuneration report.

In our opinion, the information required by § 162 Abs. 1 and 2 AktG has been disclosed in all material respects in the accompanying remuneration report. Our opinion does not cover the content of the remuneration report.

Basis for the opinion

We conducted our formal audit of the remuneration report in accordance with § 162 Abs. 3 AktG and IDW [Institut der Wirtschaftsprüfer: Institute of Public Auditors in Germany] Auditing Standard: The formal audit of the remuneration report in accordance with § 162 Abs. 3 AktG (IDW AuS 870). Our responsibility under that provision and that standard is further described in the “Auditor’s Responsibilities” section of our auditor’s report. As an audit firm, we have complied with the requirements of the IDW Quality Assurance Standard: Requirements to quality control for audit firms [IDW Qualitätssicherungsstandard – IDW QS 1]. We have complied with the professional duties pursuant to the the Professional Code for German Public Auditors and German Chartered Auditors [Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer - BS WP/vBP], including the requirements for independence.

Responsibility of the Management Board and the Supervisory Board

The management board and the supervisory board are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of § 162 AktG. They are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor’s Responsibilities

Our objective is to obtain reasonable assurance about whether the information required by § 162 Abs. 1 and 2 AktG has been disclosed in all material respects in the remuneration report and to express an opinion thereon in an auditor’s report.

We planned and performed our audit to determine, through comparison of the disclosures made in the remuneration report with the disclosures required by § 162 Abs. 1 and 2 AktG, the formal completeness of the remuneration report. In accordance with § 162 Abs 3 AktG, we have not audited the accuracy of the disclosures, the completeness of the content of the individual disclosures, or the appropriate presentation of the remuneration report.

Munich, March 23, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Holger Graßnick
Wirtschaftsprüfer
(German Public Auditor)

ppa. Ralph Jakobi
Wirtschaftsprüfer
(German Public Auditor)

Digital Transformation



Remuneration Report 2021



EBIT in €m, multi-year comparison



Price performance of WashTec share (WAS1000) compared to the SDAX Index



EBIT by regions in €m*



*Consolidation effects are disregarded.

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