

**SAF-HOLLAND SE**

**REMUNERATION REPORT 2021**

## REMUNERATION REPORT 2021

The remuneration report explains the remuneration system for both the members of the Management Board and the members of the Supervisory Board and presents the individual remuneration granted and due to the individual members in 2021. The report explains in detail the individual structure and amount of the various components of Management Board and Supervisory Board remuneration. The report complies with the requirements of Section 162 German Stock Corporation Act (AktG) and the relevant accounting standards (HGB, IFRS) as well as the requirements of the German Corporate Governance Code (GCGC) as issued on December 16, 2019. Compilation of the remuneration report pursuant to Section 162 AktG is the responsibility of the Management Board and the Supervisory Board. The remuneration report and the independent auditor's report on the review of its formal requirements are contained in the Annual Report and can be obtained from the website of SAF-HOLLAND SE.

### COMPOSITION OF THE MANAGEMENT BOARD

There was no change in the composition of the Management Board in 2021. The Management Board is therefore composed of the following three members: the CEO (Alexander Geis), the CFO (Inka Koljonen) and the COO (Dr. André Philipp).

### MANAGEMENT BOARD REMUNERATION

#### BASIC PRINCIPLES OF REMUNERATION

The current system of Management Board remuneration was passed by resolution of the Supervisory Board. Resolutions on remuneration are generally prepared by the Remuneration and Nomination Committee. If necessary, the Remuneration and Nomination Committee can recommend that the Supervisory Board makes amendments to the remuneration system. In the event of substantial changes, and at least every four years, the remuneration system will be submitted to the Annual General Meeting for approval.

The remuneration system is aligned towards the business strategy and is aimed at a performance-based and sustainable corporate governance and ensuring the long-term success of the enterprise. The criteria for determining the appropriateness of remuneration consist of the individual duties of the members of the Management Board, their personal performance, the economic situation, the performance and future prospects of the company.

The Remuneration and Nomination Committee regularly reviews the appropriateness and market conformity of the remuneration of each individual member of the Management Board in terms of its amount and structure and discusses its findings with the Supervisory Board. The appropriateness of Management Board remuneration was recently reviewed by an independent external remuneration consultancy who concluded the market conformity of the remuneration (*see the section on the market conformity of remuneration for more details*).

#### REVIEW OF THE FINANCIAL YEAR 2021 FROM THE PERSPECTIVE OF REMUNERATION

The remuneration system was adjusted to comply with the requirements of the German Act to Implement the Second Shareholders' Rights Directive (ARUG II) and the recommendations of the German Corporate Governance Code. For example, non-financial performance targets in terms of environmental, social and governance (ESG) issues were incorporated as a fixed component of variable compensation and a malus or clawback rule was added. The maximum remuneration allowed to date, which had been set as a percentage, was replaced by a fixed cap in real terms. As a result, all the recommendations of the GCGC are now met.

The remuneration system for members of the Management Board was approved by a 99.16% majority of the votes cast at the Annual General Meeting on June 10, 2021. The remuneration system for members of the Supervisory Board was passed by a majority of 99.96%.

#### SUMMARY OF MANAGEMENT BOARD REMUNERATION 2021

The remuneration of the members of the Management Board of SAF-HOLLAND SE consists of fixed and variable components. The fixed, non-performance-based remuneration comprises a fixed annual base salary and fringe benefits. The performance-based and variable components consist of a short-term variable incentive (STI) and a long-term variable incentive (LTI).

Variable remuneration components should be measured on a multi-year basis. With regard to variable remuneration, the Supervisory Board ensures that long-term variable remuneration components exceed the short-term ones, in accordance with the recommendation of the GCGC. At the

same time, short-term variable remuneration also places sufficient emphasis on annual operating targets, which serve as the basis for future corporate development.

The financial performance criteria for the STI, which were set at the beginning of 2020, could not be fully reached on account of the COVID-19 crisis. However, the individual goals for the members of the Management Board could be fully attained. Consequently, 81% of the targets set for the STI 2020 were paid out in the year 2021 for both Mr. Geis and Dr. Philipp. Ms. Koljonen, who only joined the Management Board on September 1, 2020, was assured a pro rata target achievement of 100% for 2020 in accordance with her service contract. (See the table "Remuneration granted and due" on page 53).

A collective bargaining agreement was entered into in 2020 with the trade union Industriegewerkschaft Metall covering the German locations in Besenbach and Singen. Under this agreement, which expires at the end of 2024, the workforce has agreed to work longer hours at no extra pay and make other financial concessions. As a sign of its solidarity, the Management Board decided to waive 5% of the STI payout annually until the end of 2024.

The payout for the LTI plan granted to the Management Board in 2017, which fell due for payment in 2021, amounts to 51% of the target. (See the table "Calculation of the LTI – PSUP 2017" on page 61).

No use was made in 2021 of the options provided in the remuneration system, which are in keeping with the legal requirements, to diverge temporarily from the remuneration system or claw back variable remuneration components.

The following table presents a summary of the components of the remuneration system applicable in 2021, the structure of the individual remuneration components and the respective targets set for the members of the Management Board:

**Remuneration system**

REMUNERATION COMPONENT	BRIEF SUMMARY	PURPOSE AND CONNECTION TO THE STRATEGY
1. Fixed annual base salary	<ul style="list-style-type: none"> <li>— Fixed contractually agreed remuneration, paid monthly</li> </ul>	<ul style="list-style-type: none"> <li>— Ensures appropriate, fixed income to ensure no undue risk is taken</li> </ul>
2. Fringe benefits	<ul style="list-style-type: none"> <li>— Particularly use of a company car, subsidies for health and long-term care insurance</li> </ul>	<ul style="list-style-type: none"> <li>— Attracts and retains board members who can develop and successfully implement the strategy on the basis of their experience and expertise</li> </ul>
3. Short-term variable remuneration	<ul style="list-style-type: none"> <li>— As a rule, 75% financial and 25% non-financial performance targets</li> <li>— Maximum amount: 125% of the respective target</li> <li>— Payment in the following year</li> </ul>	<ul style="list-style-type: none"> <li>— Provides an incentive to board members to focus on successfully implementing the business priorities for the year</li> </ul>
4. Long-term variable remuneration	<ul style="list-style-type: none"> <li>— Grant of virtual share units</li> <li>— Performance targets:                             <ul style="list-style-type: none"> <li>— Development of the share price</li> <li>— Business performance</li> </ul> </li> <li>— Maximum amount (cap): 200% of the grant value</li> <li>— Payment: in the fifth year after granting</li> </ul>	<ul style="list-style-type: none"> <li>— Links the development of Management Board compensation directly to share price performance and thus to investor interest</li> <li>— Provides an incentive to Management Board members to raise the value of the company in the long term</li> </ul>

**TARGET REMUNERATION AND MAXIMUM REMUNERATION**

The total target remuneration represents a target remuneration amount which sets an incentive for high business performance and the individual and collective performance of the Management Board by defining clear targets. The “pay-for-performance” principle underlying the remuneration system results in a noticeable reduction if the targets are not attained and an increase in the remuneration if the targets are surpassed or in the case of special performance, though these are limited by the cap on the maximum remuneration.

The targets set for the variable remuneration components equate with the share of the fixed remuneration components (base salary plus fringe ben-

efits), both of which have been set at 50%. The share of the long-term incentive exceeds the short-term incentive. As a result, the remuneration of the Management Board is oriented towards the sustainable long-term growth of the business.

In the event of possible future adjustments to the remuneration paid to members of the Management Board, the Supervisory Board has resolved for these to take the form of variable components in order to keep increasing the share of variable remuneration components.

The following table presents the contractually agreed targeted remuneration and the composition of remuneration expressed as a percentage of the total target remuneration for 2021:

**Target remuneration and maximum remuneration of members of the Management Board**

		Alexander Geis		Inka Koljonen		Dr. André Philipp	
		Chairman of the Management Board since February 26, 2019		Ordinary member of the Management Board since September 9, 2020		Ordinary member of the Management Board since January 1, 2019	
All figures in kEUR		Target remuneration	Maximum remuneration	Target remuneration	Maximum remuneration	Target remuneration	Maximum remuneration
	Base salary 2021	734	734	375	375	375	375
Non-performance-based remuneration	Fringe benefits 2021	28	28	38	38	32	32
	Welfare components 2021	-	-	-	-	-	-
<b>Total amount</b>		<b>762</b>	<b>762</b>	<b>413</b>	<b>413</b>	<b>407</b>	<b>407</b>
One-year variable remuneration	STI 2020	331	414	190	238	190	238
Multi-year variable remuneration	LTI 2017-2020	404	808	200	400	200	400
<b>Total amount</b>		<b>735</b>	<b>1222</b>	<b>390</b>	<b>638</b>	<b>390</b>	<b>638</b>
<b>Total remuneration</b>		<b>1497</b>	<b>1984</b>	<b>803</b>	<b>1051</b>	<b>797</b>	<b>1045</b>

In accordance with Section 87a AktG, a maximum remuneration has been set for the sum of the remuneration components specified above. Including the fixed base salary, fringe benefits and the cap on variable remuneration components, this amounts to EUR 1,984,000 for the Chairman of the Management Board and EUR 1,050,000 for the ordinary members of the Management Board.

Overview of the maximum remuneration of the members of the Management Board:

**Maximum limits of remuneration (maximum remuneration)**

Remuneration component	Cap
Short-term variable remuneration (STI)	125% of target amount
Long-term variable remuneration (LTI)	200% of target amount
Maximum remuneration	Chairman of the Management Board: EUR 1,984,000 Ordinary member of the Management Board: EUR 1,050,000

Whether the conditions have been met for the maximum remuneration for 2021 can therefore not be assessed or ascertained until the year 2025 as only then will the final remuneration component for 2021 be fixed and paid to the respective member of the Management Board.

**APPROPRIATENESS OF MANAGEMENT BOARD REMUNERATION**

When setting the amount of total remuneration, the Supervisory Board ensures that it is commensurate with the tasks and performance of the respective member of the Management Board. The criteria for assessing the appropriateness of remuneration therefore lie in the individual tasks and performance of the members of the Management Board. When setting the total remuneration, the Supervisory Board ensures that the customary level of remuneration does not exceed the level paid at a suitable peer group of comparable companies in an external comparison nor to the overall workforce in an internal comparison, unless there is special justification for doing so. The external assessment is primarily based on a comparison to all the other companies listed on the SDAX. For comparative purposes, SAF-HOLLAND is positioned within the respective peer group market on the basis of the valuation criteria of sales, headcount and market capitalisation. Based on this positioning, the remuneration paid to the members

of the Management Board is reviewed to ensure that it conforms with market practice. For this purpose, the Supervisory Board is supported by an independent external remuneration consultancy. In the course of the 2021 review, this consultancy confirmed that the remuneration paid to the members of the Management Board in office conformed to market standards and was therefore appropriate.

To assess the market conformity of total remuneration within the organisation, the Supervisory Board also considers the compensation and working conditions of the entire workforce of the Group in Germany on an FTE basis. Changes in the ratio of Management Board remuneration to the remuneration paid to the entire workforce is also viewed over time (vertical comparison of management remuneration). In addition, the economic position and performance of the company needs to be appropriately considered.

The earnings of the company and the average remuneration paid to German employees on an FTE basis over the last five years compared to the annual change in Management Board remuneration is presented in the following table:

**Total remuneration (actual)**

	2017	2018	2019	2020	2021
<b>Management Board remuneration (kEUR)</b>					
Alexander Geis since March 1, 2019			868	788	1,074
Change on the previous year (%)				-9.2	36.3
Inka Koljonen since September 1, 2020				139	514
Change on the previous year (%)					269.8
Dr. André Philipp since January 1, 2019			341	504	595
Change on the previous year (%)				47.8	18.1
<b>Supervisory Board remuneration (kEUR)</b>					
Dr. Martin Kleinschmitt since April 1, 2013	60	91	101.2	108.5	115
Change on the previous year (%)		51.6	11.2	7.2	6.0
Martina Merz since April 1, 2014	81	152	118	74.2	72
Change on the previous year (%)		87.7	-22.4	-37.1	-3
Carsten Reinhardt since April 1, 2017	27	58	71	50.2	52
Change on the previous year (%)		114.8	22.4	-29.3	3.6
Ingrid Jägering since October 1, 2019			12	64.5	69
Change on the previous year (%)				437.5	7
Matthias Arleth since July 1, 2020				34.4	69
Change on the previous year (%)					100.6

The lack of figures for the years 2017-2019 is due to the circumstance that the members of the Board had either not been appointed yet or other members of the Board were appointed in this period, who have since left and received no further remuneration in 2021.

	2017	2018	2019	2020	2021
Adjusted EBIT margin in %	8,0	6,9	6,2	6,1	7,5
Change on the previous year in %-points		-1,1	-0,7	-0,1	1,4
Result for the period of SAF-HOLLAND SE in kEUR				2.027	20.624
Change on the previous year in %					917.5

	2017	2018	2019	2020	2021
Average employee remuneration in EUR	55,051	57,258	56,979	52,671	51,613
Change on the previous year in %		4.01	-0.49	-7.56	-2.01

The decrease in employee compensation in 2020 and 2021 results from the introduction of short-time work due to the COVID 19 pandemic and the introduction of the measures from the future collective agreement.

## **NON-PERFORMANCE-BASED FIXED REMUNERATION**

### **Fixed annual base salary**

The base salary represents fixed compensation for the full year and is granted on a monthly basis. Unlike many other companies, the members of the Management Board do not receive pension benefits from the company for their services. To counterbalance this, the company introduced a remuneration component in 2018 that is added to the base salary.

### **Fringe benefits**

The taxable fringe benefits granted to the Management Board consist primarily of the use of a company car and the costs of coverage for occupational accident insurance. Furthermore, D&O insurance cover is provided. In addition, subsidies towards health and pension insurance are paid in accordance with the provisions of social security law.

## **PERFORMANCE-BASED VARIABLE REMUNERATION**

The performance-based variable remuneration components are the short-term incentive (STI), which relates to performance in the respective financial year, and the long-term incentive (LTI), that measures performance over a number of years. The two components are based on different measurement bases and have different performance parameters, corresponding to their respective performance periods. These performance-based variable remuneration components are granted on the basis of financial and non-financial performance criteria.

No subsequent changes may be made to the targets or the comparative parameters on which the variable remuneration is measured.

Both components of variable remuneration in 2021 are presented in detail below.

## **Short-term variable remuneration (STI)**

### **General features**

The annual bonus is a variable cash payment based on the measurable performance of the company over the past financial year and the degree to which individual targets are attained. The STI is calculated using financial and non-financial performance criteria, which are based on the key performance indicators explained below and individual targets derived from them. With the help of the individual targets, the individual performance of each Management Board member is taken into account in the remuneration.

The individual targets can consist of financial and non-financial targets and include the environmental, social and governance (ESG) performance criteria set by the company in keeping with its corporate social responsibility. The share of business targets account for 75% in total and consist of three specific targets. The individual targets likewise consist of three targets and are weighted at 25% of the total.

Overview of the targets and their percentage weighting:

TYPE OF TARGET	DEFINITION OF THE TARGET	PERCENTAGE WEIGHTING
Corporate targets	<ul style="list-style-type: none"> <li>— Group sales</li> <li>— Adjusted EBIT margin</li> <li>— Net working capital ratio</li> </ul>	25% 25% 25%
Possible individual targets	<ul style="list-style-type: none"> <li>— Strategic business development</li> <li>— Corporate culture</li> <li>— Diversity</li> <li>— Employees and leadership</li> <li>— Environment</li> <li>— Corporate social responsibility</li> </ul>	25%
Total amount		100%

In terms of target achievement, as a rule, the lower limit for the bonus is set at 75% and the upper limit at 125%. In exceptional cases, the Supervisory Board may set a lower limit of 50%. Due to the unpredictable developments related to the COVID-19 pandemic, the Supervisory Board decided in 2021 to take this opportunity and set the lower limit at 50%. If the sum of the weighted individual target achievement is below 50% (lower threshold), there is no pro rata payout of the bonus. The amount of the remuneration to be paid is calculated by multiplying the percentage of target achievement with the target bonus. In the year of joining and leaving the company, the Management Board member is entitled to a bonus on a pro rata temporis basis. The short-term incentive is paid out in the following financial year.

Based on all the individual measured target achievement factors, the overall target achievement factor is calculated by weighting the individual factors. Multiplying the total target achievement factor by the STI target amount yields the STI payout amount. The upper and lower limits of 125%

and 50% referred to above apply. Payment is made at the end of the first quarter of the financial year following the year for which the respective STI was granted.

Calculation of the STI payout:



### Structure in 2021

#### Corporate targets

Three targets were defined as corporate targets for 2021

- Group sales
- Adjusted EBIT margin (%)
- Net working capital ratio (%)

These consider the overall responsibility of the Management Board and primarily set incentives for further growth of the company, an improvement in profitability and reinforcement of cash flow.

A core element of the corporate strategy is profitable growth, whereby sales constitute an important instrument for planning the next steps for the organisation.

The adjusted EBIT margin sets an incentive to strengthen the operating earnings power of the Company. EBIT measures earnings before interest and tax. The EBIT indicator considers depreciation and amortisation in addition and encourages investments that provide a suitable return on the capital employed.

Effective management of working capital, measured as the sum of inventories and trade receivables less trade payables, is, in addition to profitability, a key factor in cash flow.

#### Individual targets and sustainability targets

For 2021 the Supervisory Board set two individual targets in the areas for which the respective member of the Management Board is directly responsible. It also agreed on a mutual target on sustainability. The individual targets contribute to raising the efficiency of project work within the Group and to realising further progress in diversity and digitalisation.

As a global player in the trailer and truck industry, SAF-HOLLAND seeks to make a valuable contribution towards society and the future with its innovative products and sustainable actions. In this context, the focus in 2021 was on lowering energy consumption at the SAF-HOLLAND locations.

The individual targets and the common sustainability target are listed in the following table:

<b>Members of the Management Board</b>				
<b>Board</b>	<b>Focus area</b>	<b>Specific target</b>	<b>Target</b>	<b>Actual</b>
Alexander Geis (CEO) since February 26, 2019	Business development	Development of a global CSR concept		
	Diversity	Development of measures to increase female representatives	100%	125%
	Sustainability	Implementing of specific measures to save energy		
Inka Koljonen (CFO) since September 1, 2020	Business development	Establishing a global operations controlling		
	Process optimisation	Repositioning of the IT department	100%	110% <sup>1</sup>
	Sustainability	Implementing of specific measures to save energy		
Dr. André Philipp (COO) since January 1, 2019	Business development	Facilitating the project Forward 2.0 USA		
	Process optimisation	Conducting corporate OpEx assessments	100%	125%
	Sustainability	Implementation of specific measures to save energy		

<sup>1</sup> Due to the resignation of Ms Koljonen on January 31, 2022, a flat-rate determination of the STI target achievement was made

### Target achievement

The following table presents the key performance indicators for the annual bonus 2021, their performance corridors and the corresponding target achievement, with the resulting overall target achievement, including the respective sums paid out, in detail:

			50%	75%	100%	125%	Weighting	Actual target achievement	Target achievement	Weighted value	Target amount in EUR	Amount paid out in EUR
									(%)			
Alexander Geis - CEO	Corporate targets	Group sales (EUR m)	943.6	970	995.8	1,020.8	0.25	1,246.0	125.0%	31.3%		
		Adjusted EBIT margin (%)	5.6	5.8	6.1	6.6	0.25	7.50	125.0%	31.3%		
		Net working capital (% of sales)	16.50	16.00	15.50	15.00	0.25	14.80	125.0%	31.3%		
	Individual targets					0.25		125.0%	31.3%			
							<b>100%</b>			<b>125%</b>	<b>331,000</b>	<b>413,750<sup>2</sup></b>
Dr. André Philipp - COO	Corporate targets	Group sales (EUR m)	943.6	970	995.8	1,020.8	0.25	1,246.0	125.0%	31.3%		
		Adjusted EBIT margin (%)	5.6	5.8	6.1	6.6	0.25	7.50	125.0%	31.3%		
		Net working capital (% of sales)	16.50	16.00	15.50	15.00	0.25	14.80	125.0%	31.3%		
	Individual targets					0.25		125.0%	31.3%			
							<b>100%</b>			<b>125%</b>	<b>190,000</b>	<b>237,500<sup>3</sup></b>
Inka Koljonen - CFO <sup>1</sup>									110%	190,000	209,000	

<sup>1</sup> Based on a settlement agreement due to her departure on January 31, 2022

<sup>2</sup> Will be reduced by s% / EUR 20,687 due to the voluntary waiver in connection with the collective agreement to secure future viability

<sup>3</sup> Will be reduced by s% / EUR 11,875 due to the voluntary waiver in connection with the collective agreement to secure future viability

### Long-term variable remuneration (LTI)

#### General features

The long-term variable remuneration or long-term incentive (LTI) is a variable share-based remuneration component whose objective is to increase the value of the company in the long term and to create a sustainable connection between the interests of the company's management and senior management with those of the shareholders of SAF-HOLLAND SE. This is realised by a Performance Share Unit Plan (PSUP) introduced in 2013 that takes into account both company performance and share price performance. The PSUP provides for a performance period of four years. With the PSUP, the interests of the members of the Management Board and the shareholders should be more closely regarding a sustainable increase in

the value of the company. In addition, the PSUP ensures long-term commitment of the Management Board to the company and increases its motivation.

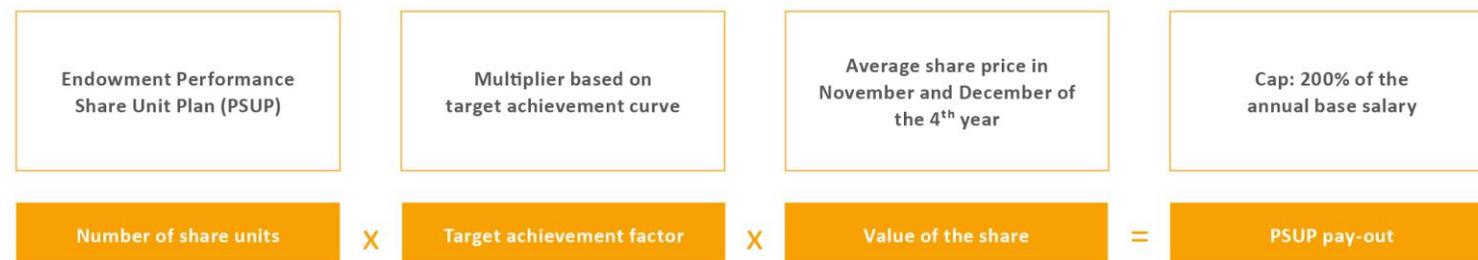
Participants receive phantom share units at the beginning of the performance period. With the existing LTI programme, the remuneration system fulfils, from the perspective of the Supervisory Board, the requirements of comparable share ownership guidelines for the following reasons: (1) The performance of the phantom shares corresponds to the development of the real share price. (2) The members of the Management Board do not have any freedom with regard to the investments made from their remuneration but are, rather, obliged to invest in the phantom shares. (3) Due

to the annual grant and four-year performance period, the value of the phantom shares held after a four-year build-up phase is equivalent to at least one year's base salary of a Management Board member.

The number of phantom shares at the beginning of the performance period is determined by dividing the respective endowment by the average share price in the last two months of the year preceding the grant. Upon expiration of the performance period, the number of phantom shares granted is adjusted by multiplying it with a target achievement factor. The target achievement factor is the ratio of the company's average performance (adjusted EBIT margin) during the performance period versus the average target value previously set for the performance period. The long-term variable remuneration is paid out with the payroll on the basis of the audited consolidated financial statements.

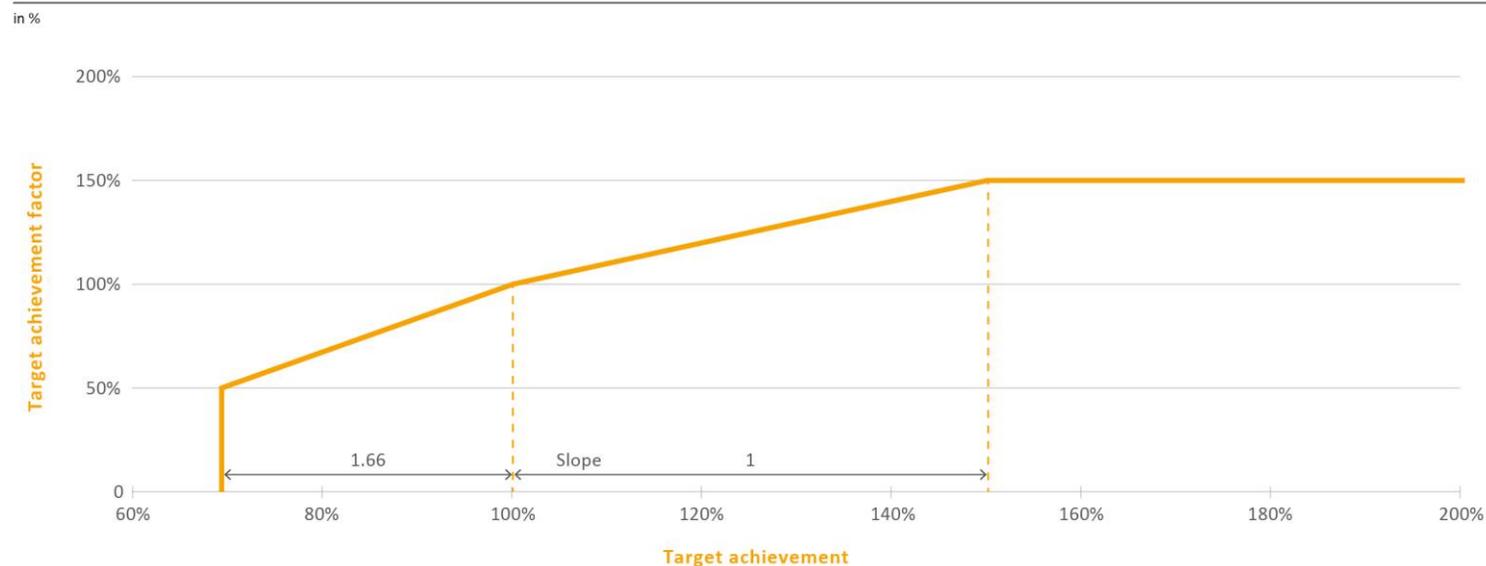
The amount of the participants' payment entitlement is determined by multiplying the phantom shares with the average share price during the last two months of the performance period and the target achievement factor.

The calculation of the PSUP payout is as follows:



The prerequisite for exercising appreciation rights is the achievement of a defined performance target. The performance target is fulfilled if during the entitlement period the Group has achieved an average minimum operating performance measured by the performance indicator “adjusted EBIT margin”. A level of target achievement that is below 70 % results in a target achievement factor of “0” and no payout.

**LTI target achievement curve**



A potential payment may be temporarily withheld by the Supervisory Board should imminent or urgent financial factors at SAF-HOLLAND SE and/or a Group company make a payment impossible. Generally, the Supervisory Board is allowed to suspend or terminate the LTI plan at any time. Rights under plans already granted cannot be subsequently changed without the participant’s consent.

If a Management Board member leaves the company prior to the expiration of the performance period as a result of death, disablement, disability or reaching the contractually agreed retirement age, the member or their surviving dependents will receive any potential payout on a *pro rata temporis* basis on the due date for the payment.

The maximum payout under the terms of the PSUP is 200% of the grant (maximum value) in each case. This cap in conjunction with the fixed base salary and the upper limit of 125% of the short-term variable remuneration thereby constitute the maximum limit for the remuneration of the members of the Management Board.

The loss of all rights under the PSUP is limited to the case of termination for good cause by the company. If the service contract is terminated for other reasons, the amount paid out corresponds to the amount that the Management Board member would be entitled to on the date of the payout after deducting the pro rata temporis amount for the interim. Notwithstanding the above rule, the phantom shares granted for the years 2019, 2020 and 2021 are vested. This means that they will not be reduced on a pro rata temporis basis if the service contract is terminated before the end of the respective assessment period.

#### Grant in financial year 2021

The LTI plan granted in 2021 is based on the following performance indicators (basis: mid-term planning 2021):

#### Performance periods 2021 - 2024

Average target: Adjusted EBIT margin	7.63%
Average share price (issue price)	EUR 9.93

#### Grant (target amount divided by issue price)

	Target amount (kEUR)	Number of shares granted
Alexander Geis	404	40,685
Dr. André Philipp	200	20,141
Inka Koljonen	200	20,141

#### Target achievement and inflow 2021

The following summary presents the relevant indicators for the LTI plan granted in 2017, the corresponding target achievement and the resulting payout amount in 2021:

#### Calculation LTI - PSUP 2017

	2017	2018	2019	2020	Average
Earnings adjusted					
EBIT margin	8.00%	6.90%	6.20%	6.10%	6.80%
Share price Nov/Dec 2016	EUR 13.01				
PSUP target 2018	8.48%				
Target achievement	80.19				
Target achievement factor	66.91				

70% target achievement = 50% bonus  
1% target achievement = 1.66% bonus

	kEUR upon 100% target achievement	Number of shares granted	Target achievement factor	Grant price Nov/Dec 2020	Target achievement (kEUR)	Target achievement (%)
Alexander Geis	170	13,067	0.6691	EUR 9.93	87	51
Dr. André Philipp	128	9,800	0.6691	EUR 9.93	65	51
Inka Koljonen	75	5,765	0.6691	EUR 9.93	38	51

### **Supplementary clauses**

#### **Malus and clawback clauses**

The Supervisory Board is permitted to take into account extraordinary developments and events to an appropriate extent. In such cases, the service contracts with the members of the Management Board provide for a malus and a clawback provision. These mainly relate to performance-based variable remuneration components and, in this regard, primarily the LTI. In justified cases, entitlements to variable remuneration may be cancelled (malus). Another option is to reclaim a payment already made (clawback). If it transpires that a member of the Management Board has intentionally breached a material duty and this breach of duty meets the definition of a “gross breach of duty” justifying the dismissal from the Management Board (Section 84 (3) AktG)), the malus or clawback provision may apply.

The Supervisory Board did not identify any reason in 2021 to make use of the options to reduce the variable remuneration components, waive them entirely or to claw them back.

#### **Post-contractual non-competition clause**

The service contracts of Mr. Geis and Dr. Philipp contain a post-contractual non-competition clause, which prohibits these Management Board members from working for or rendering services to a competitor for a period of one year after leaving the company. As consideration, they receive non-contractual compensation in accordance with Section 74 (2) HGB of 50% of their last drawn contractual remuneration package.

A contractual non-competition clause generally applies to all members of the Management Board during the terms of their contracts.

#### **Severance agreement**

Whether a severance payment is granted or not in the event of premature termination of the service contract due to revocation of the appointment or due to any other premature termination lies at the discretion of the company. Any severance payment is limited to a maximum of two years’ total remuneration (i.e. annual base salary, short-term variable incentive (STI) and long-term variable incentive (LTI)). The calculation of the fixed annual remuneration is based on the previous year or the current year. When considering variable remuneration (STI and LTI), the amount of variable remuneration granted during the last financial year is to be applied.

No severance payment is made in the event of a termination of a contract with a member of the Management Board for culpable due cause on the part of that member or termination of the contract at the wish of the member of the Management Board.

Severance payments shall be credited against the non-contractual compensation.

#### **Disclosures on benefits paid by third parties**

No benefits were promised or granted to the members of the Management Board by third parties in 2021.

#### **Change of control**

In the event of a change of control, each member of the Management Board has a single right to resign from office upon three months’ notice to the end of the respective month and to terminate the service contract on that same date. This extraordinary right of termination only exists within one month of the date on which the Management Board member becomes aware that a change of control has actually taken place. In the event of premature termination of the service contract due to a change of control, the Management Board member has no entitlement to severance pay.

**REMUNERATION GRANTED AND DUE**

The following table presents the individual remuneration granted and due to the current members of the Management Board pursuant to Section 162 (1) sentence 2 No. 1 AktG in financial year 2021.

		Alexander Geis				Inka Koljonen				Dr. André Philipp			
		Chairman of the Management Board since February 26, 2019				Ordinary member of the Management Board since September 1, 2020				Ordinary member of the Management Board since January 1, 2019			
		2020		2021		2020		2021		2020		2021	
		kEUR	in %	kEUR	in %	kEUR	in %	kEUR	in %	kEUR	in %	kEUR	in %
Non-performance-based remuneration	Base salary	618 <sup>1</sup>	78	734	68	125	90	375	73	341 <sup>1</sup>	68	375	63
	Fringe benefits	27	4	28	3	14	10	38	7	30	6	32	5
	Welfare expenses	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total amount</b>		<b>645</b>	<b>82</b>	<b>762</b>	<b>71</b>	<b>139</b>	<b>100</b>	<b>413</b>	<b>80</b>	<b>371</b>	<b>74</b>	<b>407</b>	<b>68</b>
One-year variable remuneration	STI 2019	70	9			0	0			46	9		
	STI 2020			225	21			63	12			123	21
Multi-year variable remuneration	LTI 2016 - 2019	73	9			0	0			37	7		
	LTI 2017 - 2020			87	8			38	8			65	11
<b>Total amount</b>		<b>143</b>	<b>18</b>	<b>312</b>	<b>29</b>	<b>0</b>	<b>0</b>	<b>101</b>	<b>20</b>	<b>83</b>	<b>16</b>	<b>188</b>	<b>32</b>
Other	Special bonus 2020	0	0	0	0	0	0	0	0	50	9.92	0	0
<b>Total remuneration</b>		<b>788</b>	<b>100</b>	<b>1074</b>	<b>100</b>	<b>139</b>	<b>100</b>	<b>514</b>	<b>100</b>	<b>504</b>	<b>100</b>	<b>595</b>	<b>100</b>

<sup>1</sup> including voluntarily deduced waiver of salaries

The following table presents the respective target remuneration for the acting members of the Management Board for the financial year 2020/2021. This includes the target remuneration promised for the financial year upon 100% target achievement, supplemented by the disclosures for the individually attainable minimum and maximum remuneration. In addition, the inflow for the financial year pursuant to the definition given in the GCGC issued on February 7, 2017 is presented as the actual remuneration.

#### Target remuneration and inflow pursuant to the GCGC for 2021

	kEUR																			
	Alexander Geis					Inka Koljonen					Dr. André Philipp					Total amount				
	2020 (target)	2021 (target)	2021 (min)	2021 (max)	2021 inflow	2020 (target)	2021 (target)	2021 (min)	2021 (max)	2021 inflow	2020 (target)	2021 (target)	2021 (min)	2021 (max)	2021 inflow	2020 (target)	2021 (target)	2021 (min)	2021 (max)	2021 inflow
Base salary	650	734	734	734	734	125	375	375	375	375	359	375	375	375	375	1,134	1,484	1,484	1,484	1,484
Special bonus	0	0	0	0	0	0	0	0	0	0	50	0	0	0	0	50	0	0	0	0
Fringe benefits	27	28	28	28	28	14	38	38	38	38	30	32	32	32	32	71	98	98	98	98
<b>Total amount</b>	<b>677</b>	<b>762</b>	<b>762</b>	<b>762</b>	<b>762</b>	<b>139</b>	<b>413</b>	<b>413</b>	<b>413</b>	<b>413</b>	<b>439</b>	<b>407</b>	<b>407</b>	<b>407</b>	<b>407</b>	<b>1,255</b>	<b>1,582</b>	<b>1,582</b>	<b>1,582</b>	<b>1,582</b>
One-year variable remuneration	293	331	0	414	225	63	190	0	238	63	160	190	0	238	123	516	711	0	889	411
Multi-year variable remuneration	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LTI 2017 - 2020	0	0	0	0	87	75	0	0	0	38	0	0	0	0	65	75	0	0	0	190
LTI 2018 - 2021	0	0	0	0	0	100	0	0	0	0	0	0	0	0	0	100	0	0	0	0
LTI 2019 - 2022	0	0	0	0	0	125	0	0	0	0	0	0	0	0	0	125	0	0	0	0
LTI 2020 - 2023	357	0	0	0	0	175	0	0	0	0	170	0	0	0	0	702	0	0	0	0
LTI 2021 - 2024	0	404	0	808	0	0	200	0	400	0	0	200	0	400	0	0	804	0	1,608	0
<b>Total amount</b>	<b>650</b>	<b>735</b>	<b>0</b>	<b>1,222</b>	<b>312</b>	<b>538</b>	<b>390</b>	<b>0</b>	<b>638</b>	<b>101</b>	<b>330</b>	<b>390</b>	<b>0</b>	<b>638</b>	<b>188</b>	<b>1,518</b>	<b>1,515</b>	<b>0</b>	<b>2,497</b>	<b>601</b>
Welfare payments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total remuneration</b>	<b>1,327</b>	<b>1,497</b>	<b>762</b>	<b>1,984</b>	<b>1,074</b>	<b>677</b>	<b>803</b>	<b>413</b>	<b>1,051</b>	<b>514</b>	<b>769</b>	<b>797</b>	<b>407</b>	<b>1,045</b>	<b>595</b>	<b>2,773</b>	<b>3,097</b>	<b>1,582</b>	<b>4,080</b>	<b>2,183</b>

### REMUNERATION OF THE SUPERVISORY BOARD

The remuneration paid to the members of the Supervisory Board is governed by Art. 16 of the Articles of Association of SAF-HOLLAND SE. It is commensurate to the tasks of the Supervisory Board and the situation of the company.

Under the current remuneration system, the members of the Supervisory Board and its Chairman receive a fixed annual remuneration after the end of the financial year, which means that the fixed annual remuneration for 2021 will be paid out in the year 2022. Performance-based or stock-based remuneration components are not granted.

- The members of the Supervisory Board receive a fixed annual fee of EUR 40,000.
- The Chairman of the Supervisory Board receives a fixed annual fee of EUR 100,000.
- The Deputy Chairwoman of the Supervisory Board receives a fixed annual fee of EUR 60,000.

This considers the greater amount of time invested by the chairman and his deputy.

Each chairperson of the Supervisory Board's committees receives a fixed fee of EUR 20,000 for their work on the committee in recognition of the

additional work entailed. The ordinary members of the committees do not receive any fixed remuneration.

Each member of the Supervisory Board receives a per diem of EUR 1,000 for attending the meetings of the Supervisory Board and EUR 500 for each telephone conference. The chairpersons of committees do not receive any attendance fees for meetings or telephone conferences of the respective committees.

Members of the Supervisory Board who only sit on the Supervisory Board or one of its committees for part of the financial year or who occupy the position of Chairperson or Deputy Chairperson, receive the corresponding remuneration on a *pro rata temporis* basis.

The D&O group insurance also covers the members of the Supervisory Board. No advances or loans were made to current or former members of the Supervisory Board in 2021.

The total remuneration paid to the members of the Supervisory Board for 2021 amounts to EUR 377,000 (previous year: EUR 371,900).

The remuneration of the Supervisory Board for 2021 breaks down to the individual members as follows:

**Remuneration granted and due to the Supervisory Board in 2021 (kEUR)**

Member of the Supervisory Board	Components of total remuneration																Total remuneration	
	Fixed remuneration for the whole board (share in total remuneration %)				Remuneration for committee work (share in total remuneration %)				Attendance fees (share in total remuneration %)				Waiver of base salary Q2				2021	2020
	2021	%	2020	%	2021	%	2020	%	2021	%	2020	%	2021	%	2020	%		
Dr. Martin Kleinschmitt	100.0	87%	100.0	92%	0.0	0%	0.0	0%	15.0	13%	12.5	12%	0.0	0%	-4.1	-4%	115.0	108.5
Martina Merz	60.0	83%	60.0	81%	0.0	0%	10.0	13%	12.0	17%	7.5	10%	0.0	0%	-3.3	-4%	72.0	74.2
Carsten Reinhardt	40.0	77%	40.0	80%	0.0	0%	0.0	0%	12.0	23%	12.0	24%	0.0	0%	-1.8	-4%	52.0	50.2
Ingrid Jägering	40.0	58%	40.0	62%	20.0	29%	20.0	31%	9.0	13%	7.0	11%	0.0	0%	-2.6	-4%	69.0	64.5
Matthias Arleth (member from July 2020)	40.0	58%	20.0	58%	20.0	29%	10.0	29%	9.0	13%	4.5	13%	0.0	0%	-0.1	0%	69.0	34.4
Anja Kleyboldt (member until June 2020)	0.0	-	20.0	96%	0.0	-	0.0	0%	0.0	-	2.5	12%	0.0	-	-1.7	-8%	0.0	20.8
Jack Gisinger (member until May 2020)	0.0	-	16.7	86%	0.0	-	0.0	0%	0.0	-	4.0	21%	0.0	-	-1.3	-7%	0.0	19.4
<b>Total amount</b>	<b>280.0</b>	<b>74%</b>	<b>296.7</b>	<b>80%</b>	<b>40.0</b>	<b>11%</b>	<b>40.0</b>	<b>11%</b>	<b>57.0</b>	<b>15%</b>	<b>50.0</b>	<b>13%</b>	<b>0.0</b>	<b>0%</b>	<b>-14.8</b>	<b>-4%</b>	<b>377.0</b>	<b>371.9</b>

**OUTLOOK FOR THE FINANCIAL YEAR 2022 FROM THE PERSPECTIVE OF REMUNERATION****REMUNERATION OF THE MANAGEMENT BOARD**

The Annual General Meeting of the Company on June 10, 2021 approved the remuneration system for members of the Management Board with a majority of 99.16%. The following amendments will be proposed to the Annual General Meeting 2022 to bring the interests of the Management Board and those of the shareholders even closer together and honour the sustainable and long-term development of the Company in addition:

**SHARE OWNERSHIP GUIDELINES**

At its meeting on March 15, 2022 and after preparation by the Remuneration and Nomination Committee, the Supervisory Board passed a resolution approving a remuneration system that sets share ownership guidelines for members of the Management Board in addition to the existing rules. This brings the interests of the Management Board and the shareholders further into alignment and also rewards the sustained long-term development of SAF-HOLLAND.

**SUSTAINABILITY CRITERIA IN THE LTI**

In addition, the Supervisory Board passed a resolution to supplement the LTI agreement for members of the Management Board by adding an ESG target.

**REMUNERATION OF THE SUPERVISORY BOARD**

The Annual General Meeting of the Company on June 10, 2021 also passed a resolution on the remuneration of the Supervisory Board and the underlying remuneration system, with a majority of 99.96% in favour. To address the greater demands placed upon the activities of a supervisory board of a publicly listed company and the increasing digitalisation of the work of the Supervisory Board to handle the current situation, the following amendments to the Supervisory Board remuneration will be proposed to the Annual General Meeting 2022:

- Introduction of a fixed fee for memberships on committees of the Supervisory Board
- Introduction of a uniform payment for attendance fees for all members and chairpeople of the Supervisory Board and its committees and
- A rule on video conferences relating to the payment of attendance fees

# REPORT OF THE INDEPENDENT AUDITOR ON THE FORMAL AUDIT OF THE REMUNERATION REPORT PURSUANT TO § 162 ABS. 3 AKTG

To SAF-HOLLAND SE, Bessenbach

## OPINION

We have formally audited the remuneration report of the SAF-HOLLAND SE, Bessenbach, for the financial year from 1 January to 31 December 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.

Frankfurt am Main, March 11, 2022

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

Christian Kwasni  
Wirtschaftsprüfer

ppa. Jürgen Körbel  
Wirtschaftsprüfer

