

## 7. Resolution on approval of remuneration system for members of Executive Board

Pursuant to § 120a (1) AktG, the Annual General Meeting of listed companies is required to adopt a resolution approving the remuneration system for Executive Board members presented by the Supervisory Board upon any material amendment being made to such system and at least every four years.

Based on the recommendation submitted by its Personnel Committee, the Supervisory Board proposes that the remuneration system adopted by the Supervisory Board for Executive Board members and presented below should be approved.

### Executive Board remuneration system

#### Basic principles of remuneration system

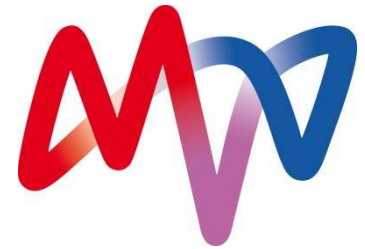
The remuneration of Executive Board members is aligned to MVV's business performance. The remuneration system is structured in accordance with legal requirements and the recommendations made by the German Corporate Governance Code and is intended to provide Executive Board members with remuneration packages that are consistent with market norms and competitive. It is aligned to the interest of long-term and sustainable growth at the company.

#### Remuneration system

The total remuneration paid to the Executive Board comprises non-performance-related and performance-related components. Alongside fixed basic remuneration, the non-performance-related remuneration components also include fringe benefits and company pension cover.

#### Non-performance-related remuneration

Annual fixed remuneration is paid in prorated monthly instalments. The Chief Executive Officer receives an additional allowance. Executive Board members receive fringe benefits. These involve a company car that may also be used privately, contributions to health and nursing care insurance and voluntary contributions to the employers' mutual insurance association. The non-cash benefit in kind resulting from private use of the company car has to be individually taxed by the respective Executive Board member.



Individual fixed remuneration packages are reviewed every two years. Potential adjustments to fixed remuneration are regularly based on the development in collectively agreed pay for those employees covered by the company collective agreement at MVV Energie. This ensures commensurable developments in remuneration between Executive Board members and the company's workforce. A structural analysis performed with expert support to assess Executive Board salaries compared with the remuneration paid to employees has confirmed that these salaries conform to market norms.

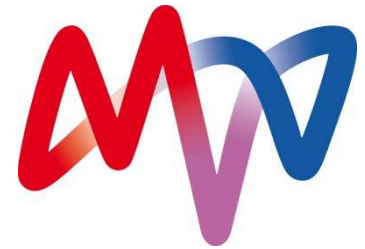
The pension cover provided to Executive Board members is based on defined contribution pension commitments whose volume corresponds to the balances on virtual pension accounts at the time at which the benefits are claimed. Pension contributions bearing annual interest are credited to these accounts each year. The commitments also include benefits to cover permanent inability to work and provision for surviving dependants.

### **Performance-related remuneration**

The performance-related variable remuneration paid to Executive Board members is determined by two components: on the one hand by the **annual bonus**, which is measured by reference to the adjusted EBIT generated by MVV in the past financial year, and on the other hand by the **sustainability bonuses (Sustainability Bonus 1 and Sustainability Bonus 2)**, which are linked to the sustainable increase in the company's value and cover a three-year period.

The **annual bonus** is eligible for payment if adjusted EBIT exceeds a minimum threshold and MVV has not generated an annual deficit. Adjusted EBIT reflects MVV's operating performance in the respective financial year. The minimum threshold is intended to safeguard MVV's ability to pay a dividend.

The main key figure referred to when determining the sustainability bonuses is the average ROCE (return on capital employed) over a three-year period. The calculation includes the figures both for the past financial year and for the two preceding financial years. The ROCE figure measures how efficiently the company has used its capital employed. This key figure facilitates an assessment of the company's sustainable development, as the capital required for operations is influenced above all by long-term strategic decisions.



**Sustainability Bonus 1** is paid when the three-year ROCE a specified minimum return. **Sustainability Bonus 2** is granted when the ROCE (as an average for the past three years) exceeds the cost of capital (also as an average for the past three years). The cost of capital is expressed in the WACC (weighted average cost of capital) figure and is reviewed each year.

The minimum threshold for the annual bonus and the minimum return for **Sustainability Bonus 1** are set by the Supervisory Board on an annual basis. These figures ensure an effective incentive for achieving the respective targets that is consistent with the necessary decisions to be taken. The minimum threshold for **Sustainability Bonus 2** is calculated by reference to the respective cost of capital.

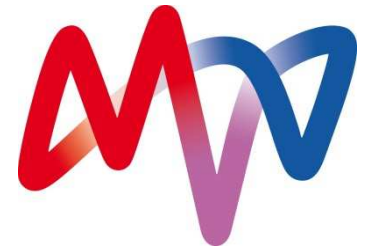
Both the respective annual and sustainability bonuses and variable remuneration as a whole are provided with caps.

Compared with the annual bonus, the sustainability bonuses account for the overwhelming share of variable remuneration for Executive Board members.

The relevant key figures are used consistently throughout the company and also referred to when determining the variable remuneration for the first management tier, as well as for the overall workforce, albeit to a lesser extent. This provides and underlines an evenly weighted incentive for all groups of employees to consistently implement the corporate strategy.

The Supervisory Board is entitled to increase or decrease the variable remuneration with premiums or discounts of up to 5 % to account for non-financial key figures. Examples of non-financial figures include employee or environmental concerns.

Exceptional developments and one-off factors, such as natural disasters or structural amendments to the companies within the MVV Group, are generally not accounted for when measuring variable remuneration. Decisions in this regard are taken by the Supervisory Board at its own discretion.



Remuneration paid to Executive Board members for any supervisory board positions they may hold within the group is annually imputed to and deducted from their performance-related remuneration.

Fixed remuneration components account for around two thirds of total remuneration. Accordingly, variable remuneration makes up around one third of total remuneration. The calculation of variable remuneration, which is disbursed by the Supervisory Board following adoption of the annual financial statements, is audited by the auditor and certified in a separate affirmation.

### **Discussion and decision**

The Supervisory Board has assigned responsibility for preparing decisions concerning Executive Board matters to the six-member Personnel Committee. The Supervisory Board takes decisions in respect of all resolutions on these matters that cannot be assigned to the committee.

Maximum total remuneration amounts to Euro 2.46 million for the Chief Executive Officer and to Euro 1.49 million for the other Executive Board members. These figures represent the maximum remuneration theoretically possible. As is apparent from the remuneration reports for the past financial years, the amount of remuneration actually disbursed is lower. This has also been safeguarded for the future, as the Supervisory Board determines the minimum variable remuneration thresholds each year taking account of the company's business performance.