



# **Compensation system of the Supervisory Board**

- non-binding convenience translation -

## **AGENDA ITEM 9 - RESOLUTION ON THE ADJUSTMENT AND DETERMINATION OF THE COMPENSATION OF THE MEMBERS OF THE SUPERVISORY BOARD FOR THE CURRENT FISCAL YEAR 2021 AND THE COMPENSATION SYSTEM OF THE SUPERVISORY BOARD**

In accordance with Section 113 para. (3) sent. 1 and 2 of the German Stock Corporation Act (*AktG*), that was revised on 1 January 2020, the General Meeting of listed companies has to pass resolutions on the compensation of the members of the Supervisory Board at least every four years. A resolution confirming the compensation is permissible. According to the transitional provision § 26j (1) sentence 1 of the Introductory Act to the German Stock Corporation Act, the first resolution must be adopted at the Annual General Meeting following December 31, 2020. Pursuant to § 13 of the Company's Articles of Association, the Annual General Meeting shall determine the amount of the compensation of the members of the Supervisory Board. The most recent resolution on the compensation of the Supervisory Board was adopted by the Annual General Meeting on October 26, 2020. Currently, the compensation arrangements for the members of the Supervisory Board of Medios AG are as follows:

- 1) Each member of the Supervisory Board shall receive a fixed annual compensation of EUR 20,000 (in words: twenty thousand euros) payable after the end of the financial year. The Chairman of the Supervisory Board shall receive twice the compensation pursuant to sentence 1. Supervisory Board members who are members of the Supervisory Board or hold the office of Chairman for only part of a financial year shall receive a corresponding pro rata compensation.
- 2) The Company shall reimburse each member of the Supervisory Board for expenses incurred and for the value-added tax payable on their compensation to the extent that they are entitled to invoice the Company separately for the value-added tax and exercise this right.
- 3) The insurance premium for a pecuniary damage liability insurance policy (D&O insurance) to be taken out by the Company for the members of the Supervisory Board is borne by the Company.

The Management Board and Supervisory Board are of the opinion that the concept of fixed, non-performance-related compensation for members of the Supervisory Board established to date has proven its worth. This compensation model is practiced by the majority of listed companies and complies with suggestion G.18 of the German Corporate Governance Code as amended on December 16, 2019 ("**GCGC**"). Currently, the Supervisory Board of Medios AG has not yet established any committees due to its size of only three members. Accordingly, the current compensation model does not provide for an increase in the fixed compensation of those Supervisory Board members who assume an additional function, such as membership or chairmanship in a Supervisory Board committee. However, it is intended to, at least, establish an audit committee in the course of the increase of the size of the Supervisory Board and the election of an additional Supervisory Board member. It is therefore intended to recompense the membership in a committee in addition to the base compensation.

In the view of the Management Board and Supervisory Board, the existing rules on the compensation of Supervisory Board members should in principle be retained with a few adjustments. Such compensation model would also take greater account of the recommendation in the revised GCGC, that the additional time required for special functions on the Supervisory Board should be appropriately reflected in the compensation. The new rules on the compensation of Supervisory Board members should apply with effect from the current fiscal year and therefore for fiscal years beginning on or after January 1, 2021. It is also intended to adopt the compensation system for members of the Supervisory Board printed after this agenda item 9 with effect for fiscal years beginning on or after January 1, 2021 and subsequent years and to adjust the compensation of the Supervisory Board for fiscal years beginning on or after January 1, 2021.

**a) The Management Board and the Supervisory Board propose to adopt the following resolution:**

For fiscal years beginning on or after January 1, 2021, the compensation of the Supervisory Board shall be determined as follows:

- 1) Each member of the Supervisory Board shall receive a fixed base compensation of EUR 20,000 (in words: twenty thousand euros) per year, payable after the end of the financial year. The Chairman of the Supervisory Board receives twice the base compensation pursuant to sentence 1.
- 2) In addition to the base compensation, each ordinary member of a committee of the Supervisory Board shall receive fixed compensation of EUR 5,000 (in words: five thousand euros) per year for a committee membership, payable after the end of the financial year. The Chairman of a committee of the Supervisory Board receives double of this compensation; the Chairman of the Audit Committee receives four times of the compensation in accordance with sentence 1 above.
- 3) Supervisory Board members who are members of the Supervisory Board or a committee of the Supervisory Board for only part of a fiscal year, or who hold the office of Chairman of the Supervisory Board or a committee, shall receive a corresponding remuneration *pro rata temporis*.
- 4) The Company shall reimburse each member of the Supervisory Board for expenses incurred and for the value-added tax payable on their remuneration to the extent that they are entitled to invoice the Company separately for the value-added tax and exercise this right.
- 5) The insurance premium for a pecuniary damage liability insurance policy (D&O insurance) to be taken out by the Company for the members of the Supervisory Board is borne by the Company.

**b) The Management and Supervisory Board propose to adopt the following resolution:**

For the fiscal years beginning on or after January 1, 2021, the compensation system for the members of the Supervisory Board as set out in the Annex to this agenda item 9 and taking into account the adjustment of compensation provided for under preceding lit. a), is adopted.

## **ANNEX TO AGENDA ITEM 9 – DESCRIPTION OF THE COMPENSATION SYSTEM FOR MEMBERS OF THE SUPERVISORY BOARD**

### **I. Principles of the compensation system**

The system of compensation for members of the Supervisory Board is based on the statutory requirements and takes particular account of the recommendations and suggestions of the German Corporate Governance Code (“GCGC”).

In its entrepreneurial activities, Medios AG always pursues a long-term perspective.

The Supervisory Board advises and monitors the Management Board and is closely involved in important operational and strategic management issues. The compensation of the Supervisory Board is also decisive for the effectiveness of the Supervisory Board. The compensation should be proportionate to the tasks of the members of the Supervisory Board and the situation of the Company (see Sec. 113 para. (1) sentence 3 Stock Corporation Act (“AktG”) and should also ensure that the Company’s Supervisory Board is attractive to suitable candidates in the face of competition. Appropriate and market-based Supervisory Board compensation thus promotes the business strategy and the long-term development of Medios AG.

The task of the Supervisory Board is to advise and monitor the Management Board, which is responsible for managing the Company and conducting its business. The members of the Supervisory Board should be appropriately compensated for their activities. To this end, the structure and amount of the

compensation should take into account the requirements of the mandate and the tasks associated with it, the time required to perform the duties of a member of the Supervisory Board and their responsibility for the Company.

At the same time, it is taken into account that the compensation of the Supervisory Board members does not exceed the customary compensation without special reasons. A horizontal (external) comparison is carried out to assess the customary level of compensation and, for the purposes of the compensation system in the horizontal compensation comparison, a peer group is formed from companies in the MDAX and SDAX.

The Supervisory Board compensation system in the form described here shall apply from 1 January 2021 and thus, already for the current financial year 2021.

## **II. Determination, implementation and review of the compensation system pursuant to Sec. 87a para. (1) sentence 2 no. 10 AktG**

The General Meeting is responsible for determining the specific compensation and the compensation system. Pursuant to Sec. 113 para. (3) AktG, the General Meeting passes resolutions on the compensation of the members of the Supervisory Board at least every four years.

At the proposal of the Management Board and Supervisory Board of the Company, the General Meeting shall resolve on the compensation system for the Supervisory Board. The Management Board and Supervisory Board shall review the compensation of the members of the Supervisory Board on a regular and ongoing basis and, in accordance with Sec. 113 para. (3) sentence 1 and 2 AktG, submit it to the General Meeting at least every four years for a (if necessary - confirming) resolution. Pursuant to Sec. 113 (3) sentence 5 in conjunction with Sec. 120a para. (3) AktG, if the General Meeting does not approve the compensation system, a revised compensation system must be presented for resolution at the latest at the following General Meeting of the Company.

The Management Board and the Supervisory Board continuously review the Supervisory Board compensation set by the General Meeting for compatibility with any new legal requirements, the recommendations of the GCGC in its currently valid version, the expectations of the capital market and evaluate its appropriateness. If the Management Board and the Supervisory Board recognize a need for change in this regard, they develop an adapted compensation system and submit this to the Company's General Meeting for resolution. If necessary, an external and independent compensation advisor will be consulted.

It is in the nature of things that the Supervisory Board is active in its own matter by proposing resolutions to the General Meeting to determine the compensation of the Supervisory Board. However, this is in accordance with the procedure provided for by the Stock Corporation Act. The decision on the compensation of the Supervisory Board itself is ultimately incumbent on the General Meeting. Conflicts of interest in the revision of the compensation system are therefore excluded due to the final and sole decision-making authority of the General Meeting. In addition, subject to the legal requirements, the shareholders have the option of putting the compensation system and the compensation of the members of the Supervisory Board along with any proposed amendments pursuant to Sec. 122 AktG on the agenda of a General Meeting or to submit corresponding (counter) motions to the resolution proposals of the Management Board and Supervisory Board in accordance with Sec. 126 AktG.

This is to ensure that the Company continues to be able to attract outstandingly qualified candidates with valuable, industry-specific knowledge as members of the Company's Supervisory Board and to guarantee optimum advice to and monitoring of the Management Board by the Supervisory Board.

## **III. Description of the compensation system and compensation components**

The following description relates to the compensation of the Supervisory Board based on the proposed new determination of Supervisory Board compensation under this agenda item 9, which already applies to the current financial year 2021.

### **(1) Compensation components**

According to the compensation system, the fixed remuneration of the members of the Supervisory Board is increased depending on the position taken on in the Supervisory Board and/or in its committees.

The compensation system for the members of the Supervisory Board can be summarized as follows:

#### **a. Base compensation**

Under the proposed compensation system, the annual base compensation for each ordinary member of the Supervisory Board is EUR 20,000 and twice this amount for the Chairman of the Supervisory Board.

#### **b. Additional compensation for committee functions**

In addition to the base compensation, each ordinary member of a committee of the Supervisory Board shall receive a fixed remuneration payable after the end of the financial year of EUR 5,000 (in words: five thousand Euro). The Chairman of a committee of the Supervisory Board shall receive twice and the Chairman of the Audit Committee four times the compensation pursuant to sentence 1 above.

The Supervisory Board of the Company intends to establish at least an Audit Committee as part of the enlargement of the Supervisory Board.

### **(2) Contribution of the compensation to the promotion of the business strategy and long-term development pursuant to Sec. 87a para. (1) sentence 2 no. 2 AktG**

The compensation of the Supervisory Board members at the Company consists exclusively of a fixed compensation and thus follows the suggestion G.18 of the GCGC as well as the recommendation of most investors and proxy advisors and the predominant practice of listed companies. Within the framework of the applicable German stock corporation law, this practice corresponds to the function of the Board as an independent advisory and supervisory body. From the point of view of the Management Board and Supervisory Board, a purely fixed, non-performance-related compensation without linking the compensation to the Company's performance is suitable for the function of an advisory and supervisory body. At the same time, the compensation system also incentivizes the members of the Supervisory Board to actively promote the business strategy by appropriately taking into account, in accordance with recommendation G.17 of the GCGC, the higher time commitment of the Chairman, who according to recommendation D.6 of the GCGC is to be particularly closely involved in the discussion of matters relating to strategy, business development, risk situation, risk management and compliance, and the committee members.

### **(3) Due date and pro rata payment**

The compensation of the members of the Supervisory Board is due for payment after the end of the financial year.

Supervisory board members who belong to the Supervisory Board or a committee of the Supervisory Board for only part of a financial year or who only hold the office of Chairman of the Supervisory Board or a committee for part of a financial year, receive a corresponding pro rata compensation.

### **(4) Reimbursement of expenses**

In addition to the annual compensation, the Company reimburses the members of the Supervisory Board for expenses reasonably incurred in the exercise of their Supervisory Board mandate as well as for any value-added tax payable on their compensation and expenses.

**(5) D&O-insurance**

The insurance premium for a pecuniary damage liability insurance policy (D&O insurance) to be taken out by the Company for the members of the Supervisory Board is borne by the Company.

**(6) No variable compensation and no compensation-related legal transactions**

As the compensation of the Supervisory Board is determined directly by resolution of the General Meeting, compensation-related legal transactions pursuant to Sec. 87a para. (1) sentence 2 no. 8 AktG are not concluded with the members of the Supervisory Board. Furthermore, the compensation systems do not contain any commitments for severance payments or pension and early retirement arrangements.

As the compensation system does not include any variable compensation components, disclosure of the relative proportions of fixed and variable compensation components within the meaning of Sec. 87a para. (1) sentence 2 no. 3 AktG is not required. Furthermore, disclosures pursuant to Sec. 87a para. (1) sentence 2 nos. 4, 6, 7 AktG are omitted.

**(7) Inclusion of the compensation and employment conditions for employees in accordance with Sec. 87a para. (1) sentence 2 no. 9 AktG**

A legally binding link is not included in the resolution of the General Meeting, does not correspond to the difference in function of the non-operating Supervisory Board and would unduly restrict the shareholders' freedom of decision on the compensation of the Supervisory Board.