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**SAF-HOLLAND SE**  
**Bessenbach**

ISIN: DE000SAFH001

WKN: SAFH00

**Annual General Meeting of SAF-HOLLAND SE on May 20, 2025**

**Additional Information on Agenda Item 7:  
Remuneration System for the Members of the Management Board of  
SAF-HOLLAND SE**

**A. Principles of the remuneration system**

The remuneration system for the members of the management board of SAF-HOLLAND SE ("**Company**", and, together with its subsidiaries, "**SAF-HOLLAND**" or "**Enterprise**") contributes to the furtherance of the business strategy of the Company: The structure of the remuneration system should motivate the members of the Company's management board ("**Management Board**") to reach the strategic and financial goals laid out in Strategy 2025. Moreover, the remuneration system encourages the Management Board to always give priority to the long-term development of the Enterprise. As part of the steady development of the Enterprise, added value should be created for customers, shareholders, employees and for the Enterprise itself.

The remuneration system for the members of the Management Board is intended to be simple, clear and comprehensible. It complies with the requirements of the German Stock Corporation Act and the recommendations of the German Corporate Governance Code as amended on April 28, 2022 ("**GCGC**"). Explained below are the remuneration system's main features in terms of its structure and amount of Management Board remuneration.

Subject to the approval by the Company's annual general meeting ("**Annual General Meeting**"), this remuneration system for the members of the Management Board applies to all existing Management Board service contracts as at January 1, 2025 and to all Management Board service contracts to be concluded or extended from January 1, 2025.

**B. Procedure for setting the remuneration system**

**Fundamental aspects of remuneration**

The remuneration system for the members of the Management Board is determined by the supervisory board of the Company ("**Supervisory Board**"). For this purpose, the Supervisory Board is supported by its remuneration and nomination committee ("**Remuneration and Nomination Committee**"). The Remuneration and Nomination Committee develops recommendations for the remuneration system for the



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members of the Management Board, which are discussed and decided by the Supervisory Board. Where needed, the Supervisory Board can draw on external consultants, making sure they are independent.

Every year the Supervisory Board reviews the remuneration of each individual member of the Management Board in terms of amount and structure. The remuneration system for the members of the Management Board is reviewed by the Supervisory Board every two years. Resolutions on remuneration are generally prepared by the Remuneration and Nomination Committee. If necessary, the Remuneration and Nomination Committee may recommend to the Supervisory Board to make amendments to the remuneration system for the members of the Management Board. In the event of substantial changes, and at least every four years, the remuneration system will be submitted to the Company's general meeting for approval.

If the Company's general meeting does not approve the remuneration system submitted to it for approval, a revised remuneration system is to be submitted at the next Annual General Meeting for approval by resolution.

### **Appropriateness of remuneration**

When determining the amount of total remuneration, the Supervisory Board ensures that it is appropriate in view of the tasks and performance of the respective Management Board member. The criteria for assessing the appropriateness of the remuneration are the individual duties 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 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 with other companies listed on the SDAX. For comparative purposes, SAF-HOLLAND is positioned in the respective peer group on the basis of sales, headcount and market capitalization. Based on this positioning, the remuneration paid to members of the Management Board is reviewed to ensure that it is line with the market. For this purpose, the Supervisory Board is supported by an independent external executive remuneration expert. To determine whether the total Management Board remuneration conforms internally within the Enterprise, the Supervisory Board considers the pay levels and employment conditions of the SAF HOLLAND's employees in Germany, including the senior management and the workforce as a whole. The ratio of the Management Board remuneration to the remuneration of the senior management and the workforce as a whole over time is also considered (vertical comparison of remuneration). The Enterprise's economic position and performance shall also be given due consideration.

Variable remuneration components shall 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.



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According to Section 87a (2) sentence 2 AktG, the Supervisory Board may temporarily deviate from the remuneration system of the Management Board if this is necessary for the long-term well-being of the Company. This includes for example, a need to adjust the remuneration system to provide an adequate incentive if the business strategy is significantly changed or there are far-reaching changes to the economic situation (such as a severe economic crises, war or pandemic) under which the original performance criteria and/or indicators of the remuneration system lapse, provided that the specific impacts of such circumstances could not have been foreseen. It is expressly stated that general unfavorable market developments do not constitute an exception that would justify any deviation from the remuneration system.

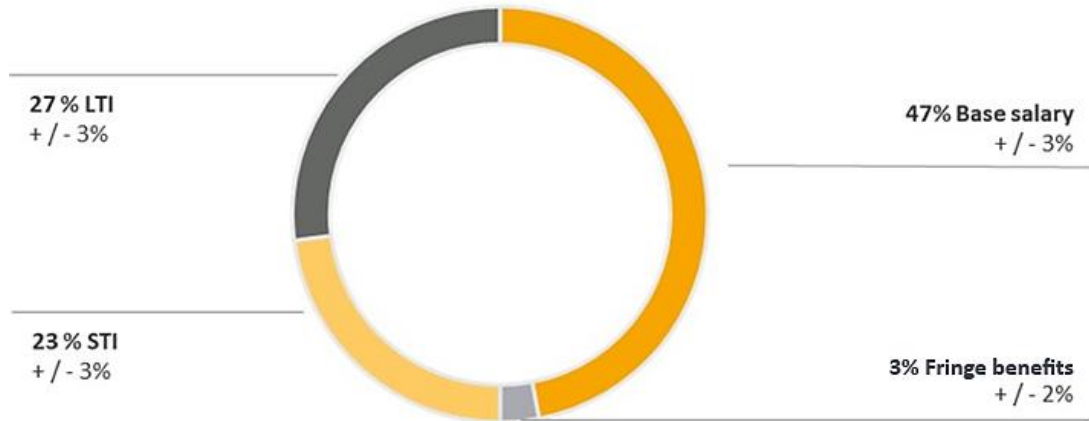
In terms of procedure, any such deviation requires a resolution of the Supervisory Board that expressly stipulates in a suitable form the duration of the deviation, the deviation as such, but also the grounds for the deviation (i.e., why the deviation is necessary for the long-term well-being of the Company). The components of the remuneration system that can be deviated from in exceptional circumstances are the method, the rules on determining the structure of remuneration and its amount, as well as the individual components, including, but not limited to, the performance criteria. Objectively, the Supervisory Board can deviate from the respective shares of the individual remuneration components as well as from their respective criteria. Similarly, it may set the base salary differently on a case-by-case basis if this is necessary for the well-being of the Company, but not beyond the maximum amount set by the Company's general meeting.

The remuneration system does not provide for the possibility of special remuneration (special bonuses) for the members of the Management Board (e.g., sign-on and retention bonuses or payments for special tasks or extraordinary performance). No subsequent changes may be made to the targets or the comparative parameters pursuant to G.8 of the GCGC.

**Total target remuneration and maximum remuneration**

The target total remuneration is calculated in such a way that, as a rule, the target amounts of the variable remuneration components roughly correspond to the share of the fixed remuneration components (base salary and fringe benefits). Furthermore, within the variable remuneration components, the share of long-term variable remuneration components should exceed the share of short-term variable remuneration components. As a rule, of the total target remuneration of the individual Management Board member, a share of approx. 47% is to be accounted for by the annual base salary and 3% by fringe benefits. The STI should account for around 23% and the long-term incentive (LTI) for around 27%. The percentage weighting may vary by around 2 to 3 percentage points for all components of remuneration. In the event of any future adjustments to the remuneration of the members of the Management Board, the Supervisory Board has decided to make these primarily in the area of variable components in order to increase the proportion of variable remuneration elements.

### Target remuneration



Maximum remuneration was defined for the sum of the abovementioned remuneration components in accordance with Section 87a AktG and amounts to EUR 3,750,000.00 for the chairperson of the Management Board and EUR 2,250,000.00 for the ordinary members of the Management Board. This includes the fixed base salary, fringe benefits and cap of the variable remuneration components.

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

|   | Chairman of the Management Board | Ordinary member of the Management Board |
|---|----------------------------------|---|
| Maximum remuneration pursuant to Section 87a(1) sentence 2 no. 1 of the German Stock Corporation Act (AktG) | 3,750,000 €                      | 2,250,000 €                             |

### C. Remuneration system components

The total remuneration of the members of the Management Board for the activities they perform in accordance with their service contracts consists of non-performance-related fixed and performance-related variable remuneration components. The following provides a summary of the individual remuneration components.



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Summary of the remuneration system components and structure:

| 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> <li>Attracts and retains board members who can develop and successfully implement the strategy on the basis of their experience and expertise</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>  |   |
| 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: 150 % 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 and sustainability 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> <li>Sustainability targets</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> <li>Proves SAF-HOLLAND's social responsibility and documents the importance of sustainable corporate action</li> </ul> |

**Non-performance-related fixed remuneration**

**Fixed annual base salary**

The base salary represents a 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 Enterprise for their services. To counterbalance this, the Company introduced a remuneration component in the 2018 financial year that is added to the base salary.

**Fringe benefits**

The taxable fringe benefits granted to the Management Board consist primarily of the use of company cars 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-related variable remuneration**

The variable remuneration paid to members of the Management Board is linked to the performance and aligned towards the short and long-term development of the Company. The variable performance-related remuneration consists of a short-term component and a long-term component. The short-term incentive (STI) relates to performance in the respective financial year, and the long-term incentive (LTI) represents share-based variable remuneration measured on performance over a number of years. The two components are based on different assessment bases and have different performance parameters, corresponding to their respective performance periods. These variable performance-related components are granted on the basis of financial and non-financial performance criteria. Both components of variable remuneration are presented in detail below.



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**Short-term incentive (STI)**

The short-term variable remuneration or short-term incentive (STI) is linked to the measurable performance of the Enterprise over the past financial year and the degree to which individual goals 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.

In terms of the corporate targets, the three parameters are Group sales, the Net Working Capital ratio and the adjusted EBIT margin. The share of corporate targets amounts to 75%. With the help of the individual targets, the individual performance of each Management Board member is taken into account in the remuneration. Individual goals consist of non-financial goals. The individual goals likewise consist of three goals and are weighted at 25% of the total. Depending on their current relevance and the needs of the Company, various individual sustainability goals are selected from the areas of strategic business development, corporate culture, diversity, employees and leadership, environment and corporate social responsibility.

Overview of the targets and their percentage weighting:

| Type of target              | Target definition  | Weighting in %  |
|-----------------------------|--|---|
| Corporate targets           | <ul style="list-style-type: none"> <li>- Group sales</li> <li>- Adjusted EBIT</li> <li>- Net Working Capital ratio</li> </ul>  | <ul style="list-style-type: none"> <li>- 25%</li> <li>- 25%</li> <li>- 25%</li> </ul> |
| 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> | <ul style="list-style-type: none"> <li>- 25%</li> </ul>                               |
| Total amount                |  | <ul style="list-style-type: none"> <li>- 100%</li> </ul>                              |

The Supervisory Board sets the performance targets on the basis of the corporate planning submitted by the Management Board before the beginning of the financial year for which the short-term incentive is granted.

As a rule, a lower limit of 75% and an upper limit of 150% apply to target achievement. Should the sum of the weighted individual target achievement be below 75% (threshold), a pro rata target bonus will not be paid. The amount of remuneration payable is calculated by multiplying the percentage of target achievement by the target bonus amount. In the year of joining and leaving the Company, the Management Board member is entitled to a pro rata bonus. This can be fixed at 100% for the year of entry in the event of entry during the year. The short-term variable remuneration is paid out in the following year of the relevant financial year.

The target achievement factor is calculated from the individual measured target achievement factors based on their weighting. Multiplying the overall target achievement factor by the STI target amount produces the STI payout amount. The above-



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mentioned lower and upper limits of 75% and 150% apply. Payment is made at the end of the first quarter of the following financial year for which the respective STI was granted. Prior to payment, it is mandatory that the consolidated financial statements for the financial year are approved by the Supervisory Board.

Calculation of the STI payout:



### Long-term incentive (LTI)

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. The aim of the LTI is to create a sustainable connection between the interests of the Company’s management and senior management with the interests of the shareholders of the Company. This is realised by means of the Performance Share Unit Plan (PSUP) introduced in 2013 that takes into account both company performance and share price performance and also non-financial targets. The PSUP provides for a performance period of four years. With the aid of the PSUP, the interests of the members of the Management Board and the shareholders are to be even more closely aligned with a view to achieving a sustainable increase in the value of the Company. The inclusion of non-financial targets demonstrates SAF-HOLLAND’s social responsibility and at the same time documents how important sustainable corporate action is to the Supervisory Board and the Management Board. In addition, the PSUP ensures long-term commitment of the Management Board to the Company and increases its motivation.

The participants receive virtual shares at the beginning of the performance period.

The number of virtual shares at the beginning of the performance period is determined by dividing the respective grant 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 virtual shares granted is adjusted by multiplying it with a target-achievement factor. The target achievement factor is calculated as the ratio of the average realised corporate performance (adjusted EBIT margin) and the sustainability targets during the performance period to the average target value previously set for both targets for the performance period. The weighting of the corporate performance is 80% and that of the sustainability targets 20%.

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 virtual shares with the average share price during the last two months of the performance period and the target-achievement factor.

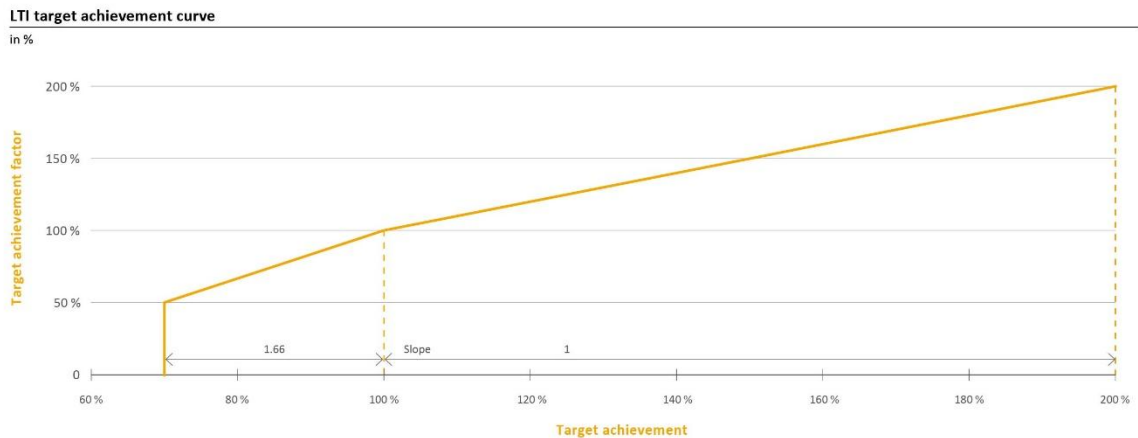


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The calculation of the PSUP payout is as follows:



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 indicators “adjusted EBIT” and a sustainability target. A level of target achievement that is below 70% results in a target achievement factor of “0” and no payout.



A potential payment may be temporarily withheld by the Supervisory Board if imminent and urgent financial factors to which the Company and/or a SAF-HOLLAND company are exposed 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.

The maximum payout value of the PSUP is 200% of the value of the allocation in each case (maximum value). This cap in conjunction with the fixed base salary and the upper limit of 150% of the short-term variable remuneration thus form a maximum limit for the remuneration of members of the Management Board.

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

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, a



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payment is made on the payment date at the amount that the Management Board member is entitled to on the payment date on a pro rata temporis basis. Notwithstanding the above rule, the virtual shares allocated 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.

#### **D. Supplementary clauses**

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

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. This applies in particular to the granting of performance-related variable components, and in this respect, mainly to the LTI. In justified cases, entitlements to variable remuneration may be canceled (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 their dismissal from the Management Board (Section 84 (4) AktG), the malus or clawback provision may apply.

A gross breach of duty may exist, for example, in the following cases:

- A violation of Section 93 AktG or other legal obligations,
- A breach of a material contractual duty or
- A violation of the Company’s core conduct principles e.g. the Compliance-Policy or SAF-HOLLAND Code of Conduct.

It is not necessary for the Company to prove that it has suffered any loss as a result of the breach of duty. Asserting these clawback or malus rights and the extent to which they are exercised lies at the discretion of the Supervisory Board. The clawback or malus rights are also enforceable even if the appointment to the Management Board or the service relationship has already ended at the time the right is asserted. However, clawback or malus rights are generally not exercised if there has not been any financial loss or reputational harm to the Company. Clawback or malus rights lapse if more than 2.5 years have elapsed since the date of the violation. The defence allowed by Section 818 (3) of the German Civil Code (BGB) is excluded.

If it is not possible to clawback or withhold an amount not exceeding 50% of the allocated virtual shares under the LTI, or not to the extent required, the Company may also withhold STI payments as a secondary option. However, it is not permitted to clawback any STI payments already granted. Any other claims for damages asserted by the Company against the member of the Management Board shall remain unaffected by the aforementioned provisions.



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The assignment or pledging of remuneration claims arising from the service contracts of the respective member of the Management Board is subject to the prior approval of the Supervisory Board.

### **Share ownership guidelines**

Shares in the Company are to be acquired by the Chairperson of the Management Board in the amount of 150% of the respective base annual remuneration (gross) and by each ordinary member of the Management Board in the amount of 100% of the respective base annual remuneration (gross) and held for the duration of the respective appointment of the member of the Management Board. Existing shareholdings are taken into account. Virtual shares that the member of the Management Board has received as part of the long-term incentive (LTI) programme are also offset at 50% against the aforementioned shareholding requirement. The prescribed number of shares can be built up over a period of four years. The basis for calculating the value of the shareholding is the purchase price of the shares at the time of acquisition. After the end of the build-up phase, each member of the Management Board must provide evidence of their shareholding on an annual basis.

The shareholding rules further align the interests of the Management Board as well as the shareholders, and the sustainable and long-term development of SAF-HOLLAND is additionally rewarded.

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

The Management Board service contracts may provide for a post-contractual non-competition clause, which prohibits the respective member of the Management Board from working for or rendering services to a competitor for a period of one year after leaving the Company. In return, the member of the Management Board may receive compensation in accordance with Section 74 (2) of the German Commercial Code (Handelsgesetzbuch, "HGB") amounting to 50% of the last contractual benefits received.

A contractual non-competition clause during the term of the contract generally applies to all members of the Management Board.

### **Contract term**

The term of the service contracts with members of the Management Board is extended for the full duration of their appointment and is prolonged for the duration of any reappointment. Taking into account the requirements of the GCGC, the period of appointment or contract for the first appointment of a Management Board member is generally a maximum of three years. In the case of reappointment, the term of appointment or contract is extended by a maximum of five years, taking into account the requirements of stock corporation law under Section 84 AktG.

In the event of termination of the Management Board office, in particular, by revocation of the appointment or resignation from office, the service contract shall end automatically upon expiry of a period of three months to the end of the month ("expiry



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period”) without the need for termination (condition subsequent). The expiry period shall commence upon receipt of the resignation by the respective party to the declaration. In the event of revocation or resignation, the Company may immediately release the Management Board member from the obligation to perform the service while continuing to pay the remuneration.

### **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 to the Management Board 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, variable short-term incentive (STI) and variable long-term 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 of the previous financial year is to be applied.

No severance payment is made if the contract with a member of the Management Board is terminated for good cause for which the member of the Management Board is responsible or if the contract is terminated at the request of the member of the Management Board.

Severance payments shall be credited against any compensation in accordance with Section 74 (2) HGB.

### **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. A change of control exists, for example,

- if one or more third parties acquire at least 30% of the voting rights in the Company through the purchase of shares or in any other way,
- in the case of a merger (Section 2 of the Transformation Act (*Umwandlungsgesetz*, “**UmwG**”)),
- in the event of the transfer of the Company’s assets (Section 174 (1) or (2) *UmwG*),
- in the event of a legal transfer of the main assets to third parties that do not belong to the SAF-HOLLAND Group, or



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- upon conclusion of a control agreement by the Company as a dependent company.

### **Secondary employment**

The acceptance of any secondary employment, whether paid or unpaid, requires the prior written consent of the Company. The same applies to lectures, publications and expert opinions. Also included in this category are appointments to supervisory boards at other companies, advisory boards and honorary offices in organizations in which the Company itself is not a member or similar bodies.

In sum, a member of the Management Board may not hold more than two supervisory board mandates or perform comparable functions in non-Group listed companies and may not chair the supervisory board of a non-Group listed company. This ensures that neither the time involved, nor the remuneration granted conflicts with the tasks to be performed for the Company.

Any consent given to accept such secondary employment or office may be revoked at any time taking any required notice to terminate the secondary employment or office into consideration.