

KRONES Aktiengesellschaft, Neutraubling

Annual general meeting (Virtual AGM) of KRONES AG
on Monday, 17 May 2021, 2:00 pm,
at the business premises of KRONES AG,
Böhmerwaldstrasse 5, 93073 Neutraubling,
Germany.

Remuneration system for the members of the Supervisory Board

Description, resolution and vote



A. Description of the remuneration system for the members of the Supervisory Board (agenda item 9)

The Supervisory Board of KRONES AG (hereinafter “**Supervisory Board**”) advises and oversees the Executive Board in its management of KRONES AG (hereinafter “**KRONES**” or the “**Company**”). Considering the responsibility that this function entails, the members of the Supervisory Board should receive remuneration commensurate with their duties, the time demands associated with serving on the Supervisory Board, and the situation of the Company. The amount of fixed annual remuneration takes into account the specific role and responsibility of the members of the Supervisory Board. Supervisory Board remuneration that is in line with the market environment should also ensure the Company’s ability to attract and retain qualified candidates for the Supervisory Board, so that the Supervisory Board can carry out its advisory and oversight activities in the best way possible. Overall, the Supervisory Board remuneration thus makes a significant contribution to promoting the business strategy and long-term development of the Company.

The system of remuneration for members of the Supervisory Board is based on statutory requirements and takes into account the provisions of the German Corporate Governance Code. Supervisory Board remuneration of comparable listed companies has also been taken into account.

In keeping with recommendation G.18 of the German Corporate Governance Code, the members of the Supervisory Board should receive only a fixed remuneration so as to strengthen the Supervisory Board’s independence to remain objective and neutral in fulfilling their advisory and moni-

toring role and to ensure their ability to make independent personnel and remuneration decisions. The extent of the workload and liability risk of the members of the Supervisory Board generally does not develop in parallel with the Company’s commercial success or earnings. Rather, it is often the difficult times, in which the variable remuneration might decrease, that require especially intensive advising and oversight on the part of the members of the Supervisory Board. There are neither performance-based remuneration nor financial or non-financial performance criteria.

The remuneration of the members of the Supervisory Board is governed by Article 15 of the Company’s articles of association. The amount of Supervisory Board remuneration proposed under agenda item 9 differs from the existing policy only in the proposed amendment to Article 15 (4). Under it, the Chair of the Audit and Risk Management Committee would in future receive additional remuneration of €14,000.00 instead of the current €7,000.00. This is to account for the recommendation under G.17 of the German Corporate Governance Code, which states that remuneration of members of the Supervisory Board shall take appropriate account of the larger time commitment of the Chair of committees. Moreover, Article 15 (2) and the new Article 15 (5) of the Company’s articles of association should further clarify the modalities of payment of reimbursement and remuneration.

The adjusted remuneration of the members of the Supervisory Board proposed to the Annual General Meeting of the Company for approval under agenda item 9 would apply retroactively to 1 January 2021.

Components, amount, and structure of Supervisory Board remuneration

In keeping with the prevailing practice among German companies and recommendation G.18 of the German Corporate Governance Code, the remuneration of the members of the Supervisory Board consists purely of fixed remuneration. In addition, the members of the Supervisory Board receive additional remuneration for membership in special committees of the Supervisory Board as well as reimbursement of expenses and additional benefits. Fixed remuneration thus always makes up a relative share of 100% of total remuneration.

1. Fixed remuneration

Each member of the Supervisory Board shall receive a fixed remuneration of €35,000.00 per annum, payable after the end of each financial year. In keeping with recommendation G.17 of the German Corporate Governance Code, which states that the large time commitment of the Chair and the Deputy Chair should be taken into account, the Chair of the Supervisory Board shall receive two and one-half times and the Deputy Chair of the Supervisory Board shall receive one and one-half times the fixed remuneration cited above.

2. Reimbursement of expenses

Expenses shall be reimbursed either by payment of a lump sum amount of €1,500.00 for each attended meeting or, if the expenses exceed €1,500.00, by payment on the basis of receipts showing the actual costs. Expenses

shall also be reimbursed for meetings attended or resolutions made by the Supervisory Board by telephone or video conference. If multiple meetings take place on a single day, reimbursement of expenses will be paid only once.

3. Additional benefits

The Company shall reimburse each member of the Supervisory Board for the value added tax (VAT) due on the remuneration received. It shall also provide the members of the Supervisory Board with insurance cover in the form of a civil liability insurance policy (D&O insurance) to cover the statutory liability arising from their activity as members of the Supervisory Board.

4. Remuneration membership in special committees

Members of the Supervisory Board who belong to special committees within the Supervisory Board shall receive additional annual remuneration of €7,000.00 and the flat-rate reimbursement for expenses for every meeting attended or committee resolution reached via phone or video conference (see item 2 above). Effective 1 January 2021 the Chair of the Audit and Risk Management Committee should receive additional remuneration of €14,000.00 instead of the current €7,000.00. Membership in more than one special committee is not compensated separately with additional remuneration.

Procedure for determining, implementing, and revising the remuneration system for the Supervisory Board

The Annual General Meeting resolves on approval of the remuneration system for members of the Supervisory Board at the proposal of the Executive Board and the Supervisory Board at least once every four years. If the Annual General Meeting does not approve the remuneration system, a revised remuneration system shall be presented to the next Annual General Meeting, at the latest.

The Executive Board and the Supervisory Board always review the remuneration system for members of the Supervisory Board before proposing it to the Annual General Meeting. Here, too, the Executive Board and Supervisory Board may seek the advice of an external independent remuneration expert.

Any conflicts of interest in the review of the remuneration system are counteracted by the statutory assignment of competence since sole decision-making power on Supervisory Board remuneration is assigned to the Annual General Meeting pursuant to Section 113 AktG. In addition, the general rules of the Supervisory Board with respect

to conflicts of interest apply, under which the Supervisory Board must report to the annual general meeting on any conflicts of interest that arise and their handling.

Remuneration-related legal transactions, term of office, dismissal

No remuneration-related legal transactions within the meaning of Sections 87a (1) sentence 2 number 8 and 113 (3) sentence 3 AktG have been made with members of the Supervisory Board.

Unless the Annual General Meeting resolves on a shorter term when electing individual shareholder representatives, the members of the Supervisory Board are elected for a period that ends at the close of the annual general meeting that resolves on the ratification of the acts of the Board for the fourth financial year following the start of their term in office. The financial year that is underway at the start of the term in office is not to be included in this calculation. Members of the Supervisory Board may be dismissed subject to the relevant provisions of the law. They may also resign from office prematurely without cause by giving one month's notice in writing to the Chair of the Supervisory Board or to the Executive Board. The right to resign from office for cause shall remain unaffected.

No further remuneration is paid in the event of resignation and there is no provision regarding remuneration after the term of office. Members of the Supervisory Board who belonged to the board or any of its committees for only a portion of the financial year receive pro-rated remuneration. The members of the Supervisory Board shall receive one twelfth of the remuneration for each month or part thereof of their activity. The same applies if a member of the Supervisory Board withdraws from a function involving increased remuneration.

B. Resolution on the remuneration system and the remuneration for members of the Supervisory Board and a corresponding amendment to the articles of association

Pursuant to Section 113 (3) AktG as amended by ARUG II, the annual general meeting of listed companies must adopt a resolution on the remuneration of members of the Supervisory Board at least once every four years. The first resolution is to be made before the end of the first annual general meeting held after 31 December 2020, even if the remuneration does not change.

The remuneration policy currently in place for the Supervisory Board, as contained in Article 15 of the Company's articles of association, is based on a resolution of the Annual General Meeting of the Company of 25 June 2014. The remuneration of the members of the Supervisory Board should remain largely unchanged compared with the previous policy and the amount would be adjusted in only one point effective 1 January 2021. Article 15 (4) of the Company's articles of association provides that members of the Supervisory Board who belong to special committees within the Supervisory Board receive additional remuneration of €7,000.00 annually. This rule should be expanded so that the Chair of the Audit and Risk Management Committee receives an additional remuneration of €14,000.00 annually instead. This is to account for the recommendation under G.17 of the German Corporate Governance Code, which states that remuneration of members of the Supervisory Board shall take appropriate account of the larger time commitment of the Chair of committees. Moreover, Article 15 (2) and the new Article 15 (5) of the Company's articles of association should further clarify the modalities of payment of reimbursement and remuneration.

Therefore, the Executive Board and the Supervisory Board propose the following resolution:

The remuneration system for the Supervisory Board of KRONES AG as described under Section III. B below as an annex to agenda item 9 and the resulting remuneration applicable effective 1 January 2021 shall be adopted and Article 15 of the Company's articles of association shall be amended as follows:

“Article 15 Remuneration

1. Each member of the Supervisory Board shall receive, in addition to the reimbursement of expenses, a fixed remuneration of €35,000.00 per annum, payable after the end of each financial year. The Chair of the Supervisory Board shall receive two and one-half times and the Deputy Chair of the Supervisory Board shall receive one and one-half times the fixed remuneration cited above.
2. Expenses shall be reimbursed either by payment of a lump sum amount of €1,500.00 for each attended meeting or, if the expenses exceed €1,500.00, by payment on the basis of receipts showing the actual costs. Expenses shall also be reimbursed for meetings attended or resolutions made by the Supervisory Board or its special committees by telephone or video conference. If multiple meetings take place on a single day, reimbursement of expenses will be paid only once.

3.

The Company shall reimburse each member of the Supervisory Board for the value added tax (VAT) due on the remuneration received. It shall provide the members of the Supervisory Board with insurance cover in the form of a civil liability insurance policy (D&O insurance) to cover the statutory liability arising from their activity as members of the Supervisory Board.

4.

Members of the Supervisory Board who belong to special committees within the Supervisory Board shall receive additional annual remuneration of €7,000.00 and the flatrate reimbursement for expenses in accordance with paragraph 2. The additional remuneration for the Chair of the Audit and Risk Management Committee shall be €14,000.00 annually. Moreover, paragraph 1 sentence 2 shall not apply to this additional remuneration.

5.

If members of the Supervisory Board leave the Supervisory Board or one of its committees during the financial year, the remuneration shall be prorated. The members of the Supervisory Board shall receive one twelfth of the remuneration for each month or part thereof of their activity.

If a member of the Supervisory Board withdraws from a function involving increased remuneration, the two preceding sentences shall apply mutatis mutandis with regard to the part of the remuneration associated with the function in question.”

C. Votes

TOP	agenda item	valid votes cast	in % of share capital	yes votes	in %	no votes	abstention
TOP 9	Resolution on the remuneration system and the remuneration for members of the Supervisory Board and a corresponding amendment to the articles of association	25,250,408	79.92%	25,211,504	99.85%	38,904	209,026