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## **SECTION 1 GENERAL PROVISIONS**

- 1.1 The Supervisory Board performs its activities in accordance with the statutory provisions, the Articles of Incorporation, and these Rules of Procedure. Unless the law, the Articles of Incorporation, or the Rules of Procedure specify otherwise, its members have the same rights and responsibilities and are not bound by instructions.
- 1.2 The Supervisory Boards collaborates closely and trustfully with the Management Board for the benefit of the Company.
- 1.3 The Supervisory Board regularly evaluates how effectively the Supervisory Board as a whole and its committees are performing their tasks.

## **SECTION 2 MEMBERSHIP OF THE SUPERVISORY BOARD**

- 2.1 The Supervisory Board is composed in accordance with the relevant statutory provisions. The Supervisory Board must be composed such that its members as a whole have the necessary knowledge, skills, and professional experience to perform their tasks properly. The Supervisory Board members as a whole must be familiar with the sector in which the Company operates. Each Supervisory Board member must ensure that he/she has enough time available to perform his/her tasks.
- 2.2 At least one member of the Supervisory Board must have expertise in the field of accounting and at least one further member of the Supervisory Board must have expertise in the field of auditing (Section 100 (5) of the German Stock Corporation Act (AktG)).
- 2.3 The Supervisory Board sets specific targets for its own composition and develops a skills profile for the board as a whole, taking account of the statutory requirements and the recommendations of the German Corporate Governance Code in line with the annual declaration of compliance.
- 2.4 Only candidates who are no older than 72 at the time of the election should be nominated as members of the Supervisory Board.
- 2.5 The above rules and the defined targets for the composition of the Supervisory Board should be taken into account when making proposals for the election of Supervisory Board members.

### **SECTION 3 SUPERVISORY BOARD CHAIRPERSON AND DEPUTY CHAIRPERSON**

- 3.1 The Supervisory Board elects a Chairperson and a Deputy Chairperson from among its own members. This election takes place after the Annual General Meeting at which the Supervisory Board members were appointed, in a meeting that does not need to be specially convened. For the duration of the election, the meeting is chaired by the oldest Supervisory Board member in terms of age.
- 3.2 The election applies for the term of office of the elected Supervisory Board member.
- 3.3 If the Chairperson or Deputy Chairperson leaves the Supervisory Board before the end of his/her term of office, a new election must immediately be held to replace him/her.
- 3.4 The Chairperson of the Supervisory Board convenes and chairs the Supervisory Board meetings and represents the Supervisory Board's concerns externally. Declarations of intent by the Supervisory Board are issued by the Supervisory Board Chairperson on behalf of the Supervisory Board. The Supervisory Board Chairperson is also the permanent representative of the Supervisory Board vis-à-vis third parties, particularly courts and public authorities as well as the Management Board. In the event that the Supervisory Board Chairperson is impeded from exercising these rights, they are attributed to the Deputy Chairperson. The Chairperson is authorized to issue and obtain the necessary statements to implement the resolutions of the Supervisory Board.
- 3.5 If the Chairperson and the Deputy Chairperson are impeded from exercising their obligations, then these obligations are to be assumed by the oldest Supervisory Board member in terms of age for the duration of the impediment.

### **SECTION 4 MEETINGS OF THE SUPERVISORY BOARD**

- 4.1 The Supervisory Board must be convened once per calendar quarter. In accordance with the Articles of Incorporation, the Supervisory Board meetings shall be held at the Company's registered office or another venue to be announced in the invitation. Meetings shall be held in person or, at the request of the Chairperson of the Supervisory Board, by telephone and/or video conference in justified cases. The Chairperson of the Supervisory Board may determine that individual members of the Supervisory Board may also participate in a meeting in person by telephone and/or video transmission. Such a combined resolution is permissible if no member of the Supervisory Board objects to it.

- 4.2 The Supervisory Board meetings shall be convened in writing, by fax or using other common means of communication (e.g. by e-mail) by the Chairperson of the Supervisory Board, or by the Deputy Chairperson in the event that the Chairperson is impeded, giving notice of 14 days. When calculating this notice period, the day on which the invitation is sent and the day of the meeting are not to be included. In urgent cases, the Chairperson of the Supervisory Board may reduce the notice period and convene the meeting verbally. Along with the invitation, the agenda items, the place of the meeting or the meeting arrangements and the time of the meeting shall be communicated. Proposals for resolutions on items on the agenda shall be communicated in good time before the meeting so that members of the Supervisory Board who are not present at the meeting can also vote in writing or in text form. The Chairperson of the Supervisory Board or, if he/she is impeded, the Deputy Chairperson may adjourn a convened meeting before it begins.
- 4.3 Items communicated to the Supervisory Board Chairperson by members of the Supervisory Board no later than ten days before the meeting must be included in the agenda.
- 4.4 Items or motions that are not on the agenda or were not announced to the Supervisory Board members properly are to be permitted for resolution only if no Supervisory Board member objects.
- 4.5 Meetings shall be chaired by the Chairperson of the Supervisory Board or, if he/she is impeded, the Deputy Chairperson. The Chairperson shall determine the order in which the agenda items are handled and the nature and order of the votes. Votes are generally held openly. Secret votes shall be held only if (i) the Chairperson instructs this or (ii) the Supervisory Board resolves this in an open vote.
- 4.6 Members of the Management Board attend Supervisory Board or committee meetings on invitation. The Supervisory Board shall also meet on a regular basis without the Management Board. If the auditor is summoned as an expert, the Management Board shall not participate in this meeting unless the Supervisory Board or the committee deems its participation necessary.

## **SECTION 5 RESOLUTIONS**

- 5.1 The Supervisory Board makes decisions by way of resolution. The Supervisory Board is quorate in accordance with the statutory regulation (Section 108 (2) and (3) of the German Stock Corporation Act (AktG). A member of the Supervisory Board who abstains

from voting shall be deemed to have participated in the vote. Resolutions of the Supervisory Board are adopted by a simple majority of votes, unless the law or the Articles of Incorporation specify otherwise. Abstentions do not count as votes cast. In the event of a tie, the Chairperson of the Supervisory Board shall have the casting vote. The Deputy Chairperson is not entitled to a casting vote. This also applies to elections.

- 5.2 Resolutions of the Supervisory Board are generally adopted at meetings. Absent Supervisory Board members can also participate in resolutions of the Supervisory Board by having a vote in writing or text form (Section 126b of the German Civil Code) handed over by another Supervisory Board member.
- 5.3 At the request of the Chairperson, the Supervisory Board may also pass resolutions outside meetings by voting verbally, by telephone, in writing or by other customary means of communication, or by a combination of the above procedures, provided that no member of the Supervisory Board objects to the procedural arrangement.

## **SECTION 6 MINUTES**

- 6.1 Minutes of the meetings and resolutions of the Supervisory Board must be prepared and then signed by the chair of the respective meeting or, in the case of a resolution outside a meeting by the Chairperson of the Supervisory Board. The minutes must record the date and location of the meeting, the items on the agenda, the main content of the discussions, and the Supervisory Board resolutions, including the voting results. Each member of the Supervisory Board may request that a motion put forward by him/her or a declared objection be included in the minutes.
- 6.2 The minutes must be added to the Company files and a copy must be sent to all members of the Supervisory Board.

## **SECTION 7 COMMITTEES**

- 7.1 The Supervisory Board shall form an Audit and Risk Committee (Section 8), a Remuneration and ESG Committee (Section 9) and a Nomination Committee (Section 10). It may form further committees from among its members.
- 7.2 The provisions made for the Supervisory Board in the Articles of Incorporation and these Rules of Procedure shall apply mutatis mutandis to committees, insofar as no contrary legal provisions exist and nothing to the contrary is stipulated below.

- 7.3 The members of a committee shall be elected by the Supervisory Board and the Chairperson of a committee shall be appointed by the Supervisory Board, unless otherwise provided by law and unless otherwise stipulated below.
- 7.4 The respective Committee Chairperson shall report regularly to the Supervisory Board on the work of the respective committee.

## **SECTION 8 AUDIT AND RISK COMMITTEE**

- 8.1 The Audit and Risk Committee shall consist of three members of the Supervisory Board. The Chairperson of the Audit and Risk Committee shall be independent of the Company, the Management Board and a controlling shareholder and must have specific knowledge and experience in the application of accounting principles and internal control procedures as well as being familiar with audits. In addition, at least one further member of the Audit and Risk Committee must have expertise in the field of accounting or auditing. Meetings of the Audit and Risk Committee should take place at least once per calendar quarter.
- 8.2 The Audit and Risk Committee shall address the review of the accounting, the monitoring of the accounting process, the effectiveness of the internal control system, the risk management system and the internal audit system as well as the audit of the financial statements and compliance and shall prepare the resolutions of the Supervisory Board required in this context. The accounting includes, in particular, the consolidated financial statements and the group management report (including any CSR reporting), any interim financial statements and the single-entity financial statements in accordance with the German Commercial Code (HGB). The Audit and Risk Committee may make recommendations or proposals to ensure the integrity of the accounting process.
- 8.3 The Audit and Risk Committee also deals with the required independence of the auditor, the determination of audit focal points as well as any additional services to be provided by the auditor. It decides on the approval of the provision of permissible non-audit services by the auditor. The Audit and Risk Committee prepares the decision of the Supervisory Board on the determination of audit focal points, the audit mandate to the auditor and on the fee agreement. The Audit and Risk Committee regularly assesses the quality of the audit. The Audit and Risk Committee also prepares the selection and commissioning of any external audit of any non-financial (group) statement or separate non-financial (group) report by the Supervisory Board.

- 8.4 The Audit and Risk Committee shall prepare the proposal of the Supervisory Board to the General Meeting for the election of the auditor and shall make a recommendation including reasoning, including at least two candidates in cases where the audit mandate is put out to tender. In order to verify the independence of the auditor, the Audit and Risk Committee shall obtain a declaration from the auditor on any grounds for disqualification or partiality before submitting the proposal for election.
- 8.5 The Audit and Risk Committee shall prepare the decision of the Supervisory Board on the approval of the annual financial statements and the approval of the consolidated financial statements. For this purpose, it shall be responsible for a preliminary examination of the annual financial statements, the management report, the consolidated financial statements, the consolidated management report and the proposal for the appropriation of profits as well as any non-financial (consolidated) statement or a separate non-financial (consolidated) report.
- 8.6 Each member of the Audit and Risk Committee may via the Chairperson of the Committee obtain information directly from the directors of those central divisions of the Company which are responsible in the Company for the tasks relating to the Audit and Risk Committee. The Chairperson of the committee shall communicate the information obtained to all members of the Audit and Risk Committee. If such information is obtained, the Management Board shall be informed thereof without delay.

## **SECTION 9 REMUNERATION AND ESG COMMITTEE**

- 9.1 The Remuneration and ESG Committee shall consist of three members of the Supervisory Board. The Chairperson of the Remuneration and ESG Committee shall be independent of the Company and the Management Board. Meetings of the Remuneration and ESG Committee should take place at least twice per calendar year.
- 9.2 The Remuneration and ESG Committee shall prepare the resolution of the Supervisory Board on the remuneration system for the Management Board in accordance with Section 87a para. 1 of the German Stock Corporation Act (AktG) and review it regularly.
- 9.3 The Remuneration and ESG Committee shall also prepare the determination and review of the total remuneration of the individual members of the Management Board as well as the determination and review of the targets for the variable remuneration by the Supervisory Board in accordance with a remuneration system submitted to the General Meeting pursuant to Section 120a para 1 of the German Stock Corporation Act (AktG)



(Sections 87a para 2, 87 para 1 of the German Stock Corporation Act (AktG)). In doing so, it shall also observe the recommendations of the German Corporate Governance Code in this regard, insofar as no deviation is declared pursuant to Section 161 of the German Stock Corporation Act (AktG).

- 9.4 The Remuneration and ESG Committee shall prepare the resolution of the Supervisory Board on the remuneration report to be prepared annually pursuant to Section 162 para. 1 of the German Stock Corporation Act (AktG).
- 9.5 The Remuneration and ESG Committee shall deal with environmental, social, governance, sustainability, health and safety and social responsibility issues (together the "ESG Issues"). It advises the Supervisory Board and the Management Board on ESG Issues and monitors and mentors the measures taken by the Management Board to implement these issues. It shall assist the Audit and Risk Committee, at its request, in its preparation for the Supervisory Board's review of reporting and disclosure on ESG issues, in particular in the context of the non-financial (Group) statement or the separate non-financial (Group) report.

## **SECTION 10 NOMINATION COMMITTEE**

- 10.1 The Nomination Committee shall consist of three members of the Supervisory Board, all of whom shall be shareholder representatives. Meetings of the Nomination Committee take place as required.
- 10.2 The Nomination Committee shall nominate suitable candidates to the Supervisory Board for its proposals to the General Meeting for the election of Supervisory Board members.
- 10.3 The Nomination Committee also prepares decisions of the Supervisory Board on members of the Management Board, in particular by making proposals for appointments, re-appointments and dismissals of Management Board members. The Nomination Committee prepares for the Supervisory Board a long-term succession planning for the Management Board. The Nomination Committee also deals with personnel policies as well as the principles and structures for personnel development and planning regarding executive personnel and advises and consults with the Management and the Supervisory Board on these issues.



## **SECTION 11 PROVISION OF INFORMATION TO THE SUPERVISORY BOARD**

The reporting obligations of the Management Board are set out in the Rules of Procedure for the Management Board. In addition, the Supervisory Board and each member of the Supervisory Board may demand at any time that the Management Board report to the Supervisory Board on matters pertaining to the Company, on its legal and business relationships with affiliated companies, and on business transactions at these companies that may have a significant impact on the Company's position.

## **SECTION 12 TRANSACTIONS REQUIRING APPROVAL**

- 12.1 Transactions and measures that require the approval of the Supervisory Board are defined in the Rules of Procedure for the Management Board. By way of a Supervisory Board resolution, the Supervisory Board may also define further transactions and measures that require the approval of the Supervisory Board.
- 12.2 In the case of transactions requiring approval for which a Supervisory Board resolution cannot be effected in time without jeopardizing important Company interests, the Supervisory Board Chairperson must be informed of the planned measure in advance and the prior approval of the Chairperson and the retrospective authorization of the Supervisory Board must be obtained.

## **SECTION 13 CONFLICTS OF INTEREST**

- 13.1 Each member of the Supervisory Board is required to act in the Company's interests. When making decisions, he/she must not pursue personal interests or use business opportunities of the Company for himself/herself, for a related person or legal entity, or for any other institution or association at or for which he/she works.
- 13.2 Each member of the Supervisory Board shall disclose any conflicts of interest – particularly those that may arise from a consulting or Management board role at customers, suppliers, or creditors of LPKF Laser & Electronics AG or its Group companies or at other third parties – to the Chairperson of the Supervisory Board. The Supervisory Board Chairperson must disclose his/her own conflicts of interest to the Supervisory Board.

## **SECTION 14 DUTY OF CONFIDENTIALITY**

- 14.1 Each member of the Supervisory Board is required to maintain confidentiality with regard to all confidential information and secrets of the Company, specifically trade and business secrets, that he/she becomes aware of through his/her work on the Supervisory Board, including after the end of his/her term of office as a Supervisory Board member. In particular, the Supervisory Board members are required to maintain confidentiality with regard to confidential reports received and confidential discussions. At the end of a member's mandate, all confidential documents must be returned to the Chairperson of the Supervisory Board or their destruction must be reported.
- 14.2 If a member of the Supervisory Board intends to pass on information that he/she has obtained in his/her capacity as a Supervisory Board member, particularly regarding the content and course of Supervisory Board meetings or the content of Supervisory Board submissions and resolutions, to third parties for a particular reason, then he/she must inform the Chairperson of the Supervisory Board of this in advance and should obtain the Chairperson's approval.

## **SECTION 15 VALIDITY**

These Rules of Procedure took effect by resolution of the Supervisory Board on 27 October, 2021. They will remain in effect until the Rules of Procedure resolve otherwise. The Supervisory Board may resolve by a simple majority to deviate from these Rules of Procedure in individual cases.