

# REPORT OF THE SUPERVISORY BOARD

## DEAR SHAREHOLDERS

2020 was a very eventful year for Knaus Tabbert AG. In addition to our numerous operational achievements, it was above all the successful initial public offering in the Prime Standard of the Frankfurt Stock Exchange that made the 2020 financial year special, along with effectively continuing our growth course in a period overshadowed by the COVID-19 pandemic.

### COOPERATION OF THE CORPORATE BODIES

In the year under review, we performed all tasks required according to law, the Articles of Association and the Rules of Procedure with due care and diligence, and in line with the German Corporate Governance Code (GCGC). In this spirit, we continuously monitored the conduct of business by the Management Board and regularly advised the Management Board on the running of the company. In the process, the Supervisory Board was able to satisfy itself at all times that the work undertaken by the Management Board was lawful, expedient and proper. The Management Board fulfilled its information obligations. It provided regular, timely and comprehensive information, both written and verbal, on all issues of strategy, planning, business development, risk position, risk development and compliance of relevance to Knaus Tabbert AG. In view of the challenges presented by the COVID-19 pandemic, the Supervisory Board and the Management Board intensified their exchange of information and, in particular, discussed the impact of the pandemic on Knaus Tabbert AG while taking the appropriate measures. These primarily focused on plant closures, the implementation of corona-compliant safety concepts at the individual sites, and supply chains.



The members of the Supervisory Board had ample opportunity to critically examine the reports and resolution proposals submitted by the Management Board in the committees and at meetings. In particular, all important issues were discussed in depth and checked for plausibility. The Management Board was also available to the Supervisory Board for any bilateral discussions and explanations.

As Chairwoman of the Supervisory Board, I maintained regular contact with the Management Board between meetings, in particular with the Chairman and the Chief Financial Officer, and consulted with both on issues relating to the company's strategy, business development, risk position, risk management and compliance. In the year under review, the Supervisory Board held nine meetings. The main topics of discussion in the past financial year included:

- conversion of the company into a stock corporation
- planning and execution of the IPO including the associated capital increase
- the Group strategy
- the economic development of the Group
- appointment of the new Management Board of Knaus Tabbert AG
- the short and long-term remuneration system (LTIP and STIP) for the Management Board
- the annual financial statements and consolidated financial statements as of 31 December 2019
- investment planning for capacity expansions
- impacts and measures in connection with the COVID-19 pandemic

## MEETINGS OF THE SUPERVISORY BOARD IN THE 2020 FINANCIAL YEAR

Attendance at meetings of the Supervisory Board and its committees was as follows.

	Supervisory Board	Presiding Committee	Audit Committee	IPO-Committee
Dr. Esther Hackl (Chairwoman)	9/9	1/1	2/2	1/1
Anton Autengruber (Deputy Chairman)	9/9	1/1	2/2	1/1
René Ado Oscar Bours	9/9			
Jana Donath (until 1.8.2020)	7/7		2/2	
Daniela Fischer (as of 1.9.2020)	1/3			
Michael Heim	9/9			
Stephan Kern	8/9			
Klaas Mertens	8/9		1/2	
Ute Opritescu (until 31.8.2020)	3/6			
Manfred Pretscher	9/9			
Ruben Paulus de Pundert (until 31.7.2020)	2/3			
Willem Paulus de Pundert	9/9	1/1	1/2	1/1
Robert Scherer	9/9			
Ferdinand Sommer	8/9	1/1	2/2	1/1

The Mediation Committee and the Nomination Committee did not convene during the period under review.

The members of the Management Board attended Supervisory Board and committee meetings; however, the Supervisory Board also regularly met for talks without the attendance of the Management Board.

At the constituent meeting of the Supervisory Board held on 29 January 2020, the Chairwoman and Deputy Chairman were elected and the Mediation Committee constituted. Moreover, the Supervisory Board adopted rules of procedure for the Supervisory Board.

At the meeting on 19 May 2020, the preliminary results of the annual financial statements and the quarterly financial statements were discussed and presented by the Management Board, which also reported on the current impact of the COVID-19 pandemic on the company.

The meeting on 22 July 2020 dealt with the individual and consolidated financial statements as well as the proposal of the Management Board on the appropriation of profits. Furthermore, the Supervisory Board approved proposed investments. At this meeting, the plans of the company and its shareholders to seek an initial public offering in 2020 together with the associated conversion into a stock corporation were also presented for the first time. In addition, technical changes to corporate governance regulations, the rules of procedure of the Management Board and of the Supervisory Board, and an amendment of the contracts of the members of the Management Board were discussed, both of which were made necessary by the listing of the company on the stock exchange. Finally, it was also decided to appoint the

previous auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, Nuremberg branch, to audit the annual financial statements and the consolidated financial statements for the financial year ending December 31, 2020, as well as to review any additional interim financial statements.

At its meeting on 6 August 2020, the Supervisory Board passed a resolution on the audit and approval of the annual financial statements and the consolidated financial statements for 2019, as well as on the examination of the proposal for the allocation of the distributable profit of 2019 and the submission of a corresponding report to the shareholders' meeting. In addition, the Supervisory Board established an IPO Committee comprising Dr. Esther Hackl (Chairwoman), Anton Autengruber (Deputy Chairman), Willem Paulus de Pundert and Ferdinand Sommer in preparation for the company's initial public offering.

At its meeting on 10 August 2020, the Supervisory Board appointed the Management Board of the stock corporation following the change of legal form.

At its meeting on 26 August 2020, the Supervisory Board adopted new rules of procedure for the Management Board and itself. It also established a Presiding Committee, an Audit Committee and a Nomination Committee, and stipulated a quota of women for the Supervisory Board and the Management Board. The Supervisory Board adopted a competence profile and appointed a Labour Director. In addition, the Supervisory Board decided on the employment contracts of the members of the Management Board and the LTIP. It also took note of the adjustment of the profit forecast for 2020.

At its meeting on 7 October 2020, the Supervisory Board defined specific corporate targets and individual targets for the short term incentive programme (STIP) of the Management Board for the fourth quarter of 2020.

At its meeting on 3 November 2020, the Management Board reported to the Supervisory Board on the current situation with regard to COVID-19 and on the quarterly financial statements as of 30 September 2020. Furthermore, the Supervisory Board dealt with capital market compliance issues.

At the meeting on December 21, 2020, the Supervisory Board adopted a resolution on the STIP for the Executive Board for 2021 and on the Declaration of Conformity for 2020, as well as on the offer from KPMG AG Wirtschaftsprüfungsgesellschaft for the audit of the annual and consolidated financial statements and the Declaration of Conformity for 2020.

## **WORK OF THE COMMITTEES**

The Supervisory Board has established four standing committees for the due performance of its duties. In addition, an IPO Committee was formed during the reporting period in preparation for the company's initial public offering.

### **PRESIDING COMMITTEE OF THE SUPERVISORY BOARD**

The Presiding Committee consists of four members. It prepares the meetings of the Supervisory Board and advises the Management Board on fundamental questions relating to the strategic development of the company. In urgent cases – if a resolution of the Supervisory Board required previously cannot be deferred without significant disadvantages for the company – the Presiding Committee shall pass a resolution in lieu of the plenary Supervisory Board in the case of certain transactions requiring approval. Furthermore, the Presiding Committee prepares, in particular, personnel decisions of the Supervisory Board, is responsible for the conclusion, amendment and termination of employment contracts with the members of the Management Board, and submits proposals to the Supervisory Board for resolutions on the remuneration system for the Management Board and the regular review of the remuneration system.

The Presiding Committee convened once in the 2020 financial year.

At the meeting on 16 December 2020, the Presiding Committee discussed the STIP for the Management Board for 2021.

Members of the Presiding Committee:

- Dr. Esther Hackl (Chairwoman)
- Anton Autengruber (Deputy Chairman)
- Willem Paulus de Pundert
- Ferdinand Sommer

## AUDIT COMMITTEE

The Audit Committee consists of six members. As required by the German Stock Corporation Act and Corporate Governance Code, the Chairwoman, in her capacity as an independent financial expert, boasts specialist knowledge and experience in the application of accounting principles and international control procedures.

The Audit Committee is responsible, in particular, for monitoring accounting including the financial reporting process, the effectiveness of the internal control system, internal risk management and the internal audit system, compliance and the audit of the financial statements. The latter also includes defining the focal points of the audit and reaching an agreement on the auditor's remuneration. Furthermore, the Audit Committee prepares the resolutions of the Supervisory Board on the adoption of the annual financial statements and the approval of the consolidated financial statements, and regularly addresses the risk position and risk management of the company. Moreover, it regularly reviews the internal audit work and regularly assesses the risk position and risk management of the company. The Audit Committee also prepares the proposal for the election of the auditor to be submitted by the Supervisory Board to the shareholders' meeting.

The Audit Committee convened twice in the 2020 financial year.

At the meeting on 23 October 2020, the Audit Committee passed a resolution on the approval of non-audit services provided by the auditor, and defined the main areas of focus for the audit of the annual financial statements of 2020.

At the meeting on 10 November 2020, the Audit Committee discussed the offer of the auditing company KPMG AG for the audit of the annual and consolidated financial statements as of December 31, 2020 including the estimated fees, as well as the company's quarterly statement as of 30 September 2020.

Members of the Audit Committee:

- Jana Donath (Chairwoman)
- Dr. Esther Hackl (Deputy Chairwoman)
- Anton Autengruber
- Klaas Mertens
- Willem Paulus de Pundert
- Ferdinand Sommer

## IPO COMMITTEE

The IPO Committee was composed of four members. The purpose of the IPO Committee was to oversee the initial public offering of the company and to pass resolutions on this matter in lieu of the plenary assembly.

The IPO Committee convened once in the 2020 financial year.

At the meeting on 9 September 2020, the IPO Committee discussed an agreement on the sharing of costs and the indemnification of IPO liability claims, which was to be concluded with the sole shareholders at the time in the context of the initial public offering, and approved its conclusion. The member Willem Paulus de Pundert did not participate in the resolution.

Members of the IPO Committee:

- Dr. Esther Hackl (Chairwoman)
- Anton Autengruber
- Willem Paulus de Pundert
- Ferdinand Sommer

## NOMINATION COMMITTEE

The Nomination Committee is composed of three shareholder representatives of the Supervisory Board. The Chairwoman of the Supervisory Board also chairs the Nomination Committee. The function of the Nomination Committee is to propose suitable candidates for election to the Supervisory Board to be presented by the Supervisory Board to the shareholders' meeting, taking into account the objectives of the Supervisory Board with regard to its composition.

The Nomination Committee did not convene in the 2020 financial year.

Members of the Nomination Committee:

- Dr. Esther Hackl (Chairwoman)
- Klaas Mertens
- Willem Paulus de Pundert

## MEDIATION COMMITTEE

The Mediation Committee, which is prescribed by law, consists of the Chairwoman of the Supervisory Board, the Deputy Chairman, one member elected by the employee representatives of the Supervisory Board, and one member elected by the shareholder representatives of the Supervisory Board. The role of the Mediation Committee is to submit proposals to the Supervisory Board for the appointment of Management Board members if no agreement on this can be reached with the requisite majority by the Supervisory Board.

The Mediation Committee did not convene in the 2020 financial year.

Members of the Mediation Committee:

- Dr. Esther Hackl (Chairwoman)
- Anton Autengruber (Deputy Chairman)
- Willem Paulus de Pundert
- Robert Scherer

## **ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS OF 2020 AUDITED AND APPROVED**

The Management Board prepared the annual financial statements for the 2020 financial year in accordance with the provisions of the German Commercial Code (HGB), the consolidated financial statements pursuant to the provisions of IFRS, as well as the management report and the group management report. These were audited by the auditing company KPMG AG, Nuremberg, and were each issued with an unqualified audit opinion.

All of these documents, including the proposal of the Management Board for the appropriation of profits, were the subject of the meeting of the Supervisory Board on [26] March 2021, which was also attended by representatives of the auditor. The auditor reported on the main areas of focus and the key findings of the audit, and addressed the most important audit issues.

The auditor was available for in-depth discussions with the members of the Supervisory Board. There were no circumstances suggesting bias on the part of the auditor. The Audit Committee, to which the documents of the Management Board and the audit reports of the auditor were submitted for preliminary examination, reported to the Supervisory Board on the main contents and results of its preliminary examination, and made recommendations for the resolution of the Supervisory Board.

The Supervisory Board reviewed the annual and consolidated financial statements for the 2020 financial year, the management report and the group management report and the proposal of the Management Board for the allocation of distributable profit, taking into account the report of the Audit Committee. The Supervisory Board endorsed the results of the auditor's review. On the basis of its own assessment, the Supervisory Board determined that no objections were to be raised against the annual and consolidated financial statements or the management report and group management report. In accordance with the recommendation of the Audit Committee, the Supervisory Board approved the annual financial statements prepared by the Executive Board and approved the consolidated financial statements. The annual financial statements of Knaus Tabbert AG were thus adopted.

Moreover, the Supervisory Board reviewed the combined separate non-financial report and, based on the results of its assessment, had no objections to raise in this regard either. The Audit Committee, to which the combined separate non-financial report was submitted for preliminary examination, reported to the Supervisory Board on the main contents and results of its preliminary examination and made recommendations for the resolution of the Supervisory Board. The Supervisory Board endorsed the recommendation of the Audit Committee and approved the combined separate non-financial report.

The proposal of the Management Board for the allocation of the distributable profit and the payment of a dividend of EUR 1.50 per share was carried by the Supervisory Board.

## **CORPORATE GOVERNANCE AND DECLARATION OF COMPLIANCE**

The Supervisory Board studied the rules and regulations of the GCGC in depth. To monitor compliance with the GCGC, the implementation of the recommendations was reviewed.

The Supervisory Board and the Management Board jointly issued the declaration of compliance in December 2020. No deviations from the recommendations were declared.

The declaration of compliance and other documents on corporate governance are permanently available to shareholders on the internet. <https://www.knaustabbert.de/en/investor-relations/corporate-governance/>

## **CONFLICTS OF INTEREST**

Each member of the Supervisory Board is obliged to disclose potential conflicts of interest in compliance with the GCGC. In the past financial year, no conflicts of interest of members of the Management Board or Supervisory Board requiring immediate disclosure to the Supervisory Board occurred.

## **CHANGES TO THE SUPERVISORY BOARD AND MANAGEMENT BOARD**

Ruben Paulus de Pundert resigned from the Supervisory Board with effect from the end of 31 July 2020. In his place, Jana Donath was appointed as a member of the Supervisory Board with effect from 1 August 2020 for the remaining term of office of the outgoing member Ruben Paulus de Pundert. Ute Opritescu resigned from the Supervisory Board with effect from 31 August 2020. In her place, Daniela Fischer of the Passau district court was appointed as an employee representative of the Supervisory Board with effect from 1 September 2020.

There were no changes to the Management Board in the reporting period.

Jandelsbrunn, 26 March 2021

On behalf of the Supervisory Board



Dr. Esther Hackl  
Chairwoman of the Supervisory Board