

# Remuneration system for members of the Supervisory Board of The Social Chain AG

## A. Principles of the remuneration system for Supervisory Board members

Following implementation of the second European Shareholders' Rights Directive into German law, a remuneration system must also be developed for members of the Supervisory Board according to Section 113 (3) AktG and submitted for a vote by the Annual General Meeting.

The structure of Supervisory Board remuneration adheres to the following guidelines: The fixed remuneration ensures that the Supervisory Board can exercise its control and advisory function independently and detached from the short-term success of The Social Chain AG. The Supervisory Board can therefore focus primarily on its activities with regard to promoting the business strategy and long-term development of The Social Chain AG.

The amount of remuneration is commensurate with the position of The Social Chain AG.

The provisions of the German Stock Corporation Act and recommendations for the remuneration of Supervisory Board members in the German Corporate Governance Code provide a regulatory framework for the remuneration system.

## B. Procedure for determining and implementing the remuneration system

The remuneration system and specific emolument of the Supervisory Board members shall be determined by the Annual General Meeting, which shall pass a resolution on the remuneration of the members of the Supervisory Board at least every four years in accordance with Section 113 (3) AktG. A confirmatory resolution shall be admissible and require a simple majority of votes. Where a confirmatory resolution is not passed, a revised remuneration system shall be presented for resolution at the following Annual General Meeting at the latest.

Article 10 (1) of the Articles of Association of The Social Chain AG stipulates that each member of the Supervisory Board shall receive appropriate remuneration to be determined by resolution of the Annual General Meeting.

The Annual General Meeting last fixed the compensation payable to the members of the Supervisory Board by resolution dated 19 August 2019.

Management conducts a regular review of the remuneration paid to the Supervisory Board. In particular, this review considers the time required, the scope of the tasks to be performed and the financial position of the Company, as well as the compatibility of the remuneration with any new legal requirements, the recommendations of the German Corporate Governance Code, expectations of the capital market and the relative appropriateness of the remuneration. The Management Board and Supervisory Board will present a revised remuneration system to the Annual General Meeting if they see reasons for a change.

Conflicts of interest in connection with the Supervisory Board's remuneration system have not occurred in the past. The assignment of competences under law counteracts any potential conflicts of interest in reviewing the remuneration system, as the final decision-making authority on the remuneration of the

Supervisory Board is assigned to the Annual General Meeting and proposed resolutions are submitted by both the Management Board and the Supervisory Board, which is consistent with the system of dual control that is stipulated by law. The general rules for conflicts of interest shall otherwise apply, which state in particular that they must be disclosed and adequately dealt with.

In addition, the shareholders are entitled to place the remuneration system and remuneration for members of the Supervisory Board, including any proposed changes, on the agenda of an Annual General meeting or to submit corresponding (counter)motions, provided the legal conditions are met.

### **C. Structure of the remuneration system for Supervisory Board members**

The Management Board and the Supervisory Board have come to the conclusion, after a thorough review, that the remuneration for the members of the Supervisory Board remains commensurate with the tasks of the Supervisory Board members and the position of the Company.

Notwithstanding, the VAT to be reimbursed by the Company will only be in the amount to which it has actually been incurred to reflect changes in jurisprudence.

The members of the Supervisory Board receive, in addition to the reimbursement of their expenses, fixed compensation amounting to EUR 50,000.00 for individual members. VAT on this amount will only be paid to the extent that it has actually been incurred.

The compensation is payable to the members of the Supervisory Board in four equal instalments at the end of each calendar quarter.

If members of the Supervisory Board leave the Supervisory Board in the course of a financial year, they receive the compensation pro rata temporis.

Moreover, members of the Supervisory Board are reimbursed for their expenses incurred in connection with their work for The Social Chain AG.

No other emolument components are paid to the members of the Supervisory Board; this applies in particular to meeting or committee fees. There are also no plans for remuneration in the form of variable, performance-based emolument components.