



PAION AG

Aachen

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Publication of the resolution and the system for the remuneration of the members of the Supervisory Board pursuant to Secs. 113 (3), 120a (2) AktG

At the Annual General Meeting of PAION AG on Thursday, May 27, 2021, under agenda item 9 "Resolution on the confirmation of the remuneration of the members of the Supervisory Board", the remuneration and the system for the remuneration of the members of the Supervisory Board were submitted for approval.

The compensation and compensation system for Supervisory Board members were confirmed with the following result:

With 11,169,034 shares for which valid votes were cast

(= 15.66% of the capital stock and votes)

there were

10,087,809 votes in favor, corresponding to 90.32%.

1,081,225 no votes corresponding to 9.68 %.

The compensation and compensation system for the members of the Supervisory Board is reproduced in full below.

Aachen, May 2021

PAION AG

Remuneration of the members of the Supervisory Board

“1. Remuneration of the members of the Supervisory Board

The remuneration of the members of the Supervisory Board is set out in Section 21 of the Articles of Association of PAION AG as follows:

"Section 21

Remuneration of the Supervisory Board

(1) In addition to the reimbursement of its expenses, each member of the Supervisory Board receives a remuneration of EUR 20,000 per financial year. If a member of the Supervisory Board was not a member of the Supervisory Board for the whole fiscal year, there is only a remuneration claim in proportion to the actual term of office for the entire financial year. In addition, the members of the Supervisory Board receive EUR 1,000 for each Supervisory Board meeting (attendance fee) in which they participate in person, but for a maximum of five meetings per financial year. The Chairman receives twice the amount, and the Vice-chairman receives 1.5 times the remuneration.

(2) Supervisory Board members will also receive reimbursement for any value added tax they incur on their disbursements and/or Supervisory Board remunerations insofar as they are entitled to charge the company VAT separately and exercise that right.

(3) The company will ensure that the members of its Supervisory Board are included in an insurance policy against financial loss liability as part of a D&O insurance policy taken out by the Company in its own interests for its executive bodies and certain directors, insofar as such an insurance policy exists. The company will pay the premiums on such insurance.”

2. Compensation system

The remuneration of the members of the Supervisory Board set forth in Section 21 of the Articles of Association of PAION AG is based on the following considerations which, in the opinion of the Management Board and the Supervisory Board, remain valid:

The remuneration of the Supervisory Board consists of the following elements:

- a fixed remuneration,
- an attendance fee for Supervisory Board meetings,
- reimbursement of expenses, including reimbursement of any value-added tax payable on Supervisory Board compensation, and
- the inclusion of Supervisory Board members in a pecuniary loss liability insurance policy with the premiums paid by the Company, where such a policy exists.

The compensation is payable quarterly in arrears.

The compensation system for Supervisory Board members takes into account the statutory requirements and the recommendations of the German Corporate Governance Code.

The compensation of the Supervisory Board members is balanced overall and is commensurate with the responsibilities and tasks of the Supervisory Board members and the situation of the Company. Furthermore, the compensation of the Supervisory Board is in line with the market and suitable for attracting capable mandate holders and thus ensuring appropriate supervision and advice for the Management Board.

The compensation of the members of the Supervisory Board consists purely of fixed remuneration. No variable, performance-related compensation is paid. The Company is of the opinion that by limiting itself to a purely fixed compensation, the monitoring and advisory function of the Supervisory Board is promoted in the best possible way and thus contributes to the long-term and sustainable development of the Company. On the one hand, the waiver of performance-related compensation avoids any false incentives that could be created for the members of the Supervisory Board. Furthermore, a constant, non-performance-related fixed compensation also takes into account the fact that the monitoring and consulting expenses of the Supervisory Board do not necessarily develop synchronously with a positive or negative business development of the Company. On the contrary, in the event of negative business development, increased monitoring and consulting expenses often become apparent. The Company is therefore of the opinion that non-performance-related compensation best reflects the monitoring and advisory function of the Supervisory Board. This is also in line with suggestion G.18 of the German Corporate Governance Code in the version of 16 December 2019, according to which the compensation of the Supervisory Board should consist of fixed compensation.

The higher time commitment of the Chairman and Deputy Chairman of the Supervisory Board is taken into account by the fact that the fixed compensation and the attendance fee for the Chairman of the Supervisory Board are 2.0 times and for the Deputy Chairman of the Supervisory Board 1.5 times the compensation of ordinary Supervisory Board members. This differentiation ensures that the additional work to be performed by the Chairman and Deputy Chairman of the Supervisory Board is appropriately compensated and, in addition, creates a sufficient incentive for Supervisory Board members to take on the position of Chairman or Deputy Chairman of the Supervisory Board. In this respect, the differentiation in compensation also complies with Recommendation G.17 of the German Corporate Governance Code as amended on 16 December 2019, according to which the compensation of Supervisory Board members should take appropriate account of the higher time commitment of the Chairman and Deputy Chairman of the Supervisory Board.

No additional compensation is provided for chairmanship and membership of Supervisory Board committees. Due to the relatively small size of the Supervisory Board and the manageable number of committees, the Company does not consider it necessary to take additional account of committee work in the context of compensation. In addition, the Supervisory Board ensures that the composition of the committees and the chairmanship of the committees are balanced so that the workload is distributed appropriately among the members. There is therefore no need for further differentiation of compensation beyond that provided for in section 21 of the Articles of Association.

The remuneration of the members of the Supervisory Board of PAION AG is determined by the Annual General Meeting by way of a provision in the Articles of Association. For this purpose, the Management Board and the Supervisory Board submit a resolution proposal to the Annual General Meeting.

Pursuant to Sec. 113 para. 3 AktG, resolutions on the remuneration of the members of the Supervisory Board of listed companies must be passed at least every four years. A resolution confirming the compensation is permissible. In addition, a new resolution on the compensation of Supervisory Board members is required in the event of any changes.

The present proposed resolution on the amount of Supervisory Board compensation is based on the currently applicable provision in Sec. 21 of the Company's Articles of Association and makes use of the option under Sec. 113 para. 3 AktG to confirm the compensation of the Supervisory Board.

If the compensation system presented is not approved by the Annual General Meeting, a revised compensation system must be presented at the latest at the following Annual General Meeting.

When drawing up the compensation system for presentation to the Annual General Meeting by the Management Board and Supervisory Board, implementing the compensation system and subsequently reviewing and amending it, the Management Board and Supervisory Board shall take account of any conflicts of interest that may arise. If conflicts of interest should arise, the Management Board and Supervisory Board shall take appropriate measures. The Management Board and Supervisory Board may also engage external consultants to determine the compensation of the Supervisory Board, but have not made use of this option to date."