



Nordex SE

Factbook for Investors re Board Member Remuneration & Capital Authorizations

Annual General Meeting of Nordex SE in Hamburg on 5 May 2021

Disclaimer:

This is a non-binding overview of the authorisations that are part of the agenda of the Annual General Meeting of Nordex SE in 2021. This overview is provided to shareholders for information purposes only. No liability is assumed for the completeness or correctness of this summary. Only the German-language version of the invitation to the 2021 Annual General Meeting of Nordex SE is legally binding.

Agenda Factbook

Explanation Capital Authorizations

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Explanation Remuneration System

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> Selected agenda items of the Annual General Meeting 2021 (1/2)

> CAPITAL AUTHORIZATIONS

Agenda item [8]

Resolution on the creation of a new Authorized Capital I & Dissolution of previous Authorized Capital I

- > The existing authorization was exercised by way of the cash capital increase in Dec 2020 - 15.5m shares remaining
- > **Proposal to AGM2021:**
 - > **“refill” volume** to **23.46m** shares (20% of 117m shares)
 - > **reset overall cap** at 40% of current share capital (40% of 117m shares: **46.9m** shares)
 - > **renew** authorization for exclusion of shareholders' subscription rights

Agenda item [9]

Resolution on renewal of Authorized Capital II

- > to date **no programme**, no shares issued
- > **Proposal to AGM2021:**
 - > adapt **volume** to **3.5m** shares (<3% of current share capital)
 - > allocate **1.5m** shares to **employee shares**
 - > allocate **2m** shares for issue in lieu of cash payment of salary and remuneration claims of senior management and MB members (**salary shares - new**)

> Selected agenda items of the Annual General Meeting 2021 (2/2)

> CAPITAL AUTHORIZATIONS

Agenda item [10] Resolution on the adaption of the overall cap (“ceiling”) regarding capital authorizations

- > **Reset overall cap** for all capital measures (except employee shares & stock options): ca. 46.9m shares (= **40%** of ca. 117m shares)

Agenda item [11] Resolution on renewal of authorization to issue stock options (Stock Option Plan 2021) and creation of corresponding new Contingent Capital II

- > to date **no programme**, no options granted
- > **Proposal to AGM2021:**
 - > adapt **volume** to **3.5m** shares (<3% of current share capital)
 - > Extend potential **programme scope:**
 - > senior management (= two levels below Management Board); and
 - > (**new:**) middle and lower management (incl. experts on corresponding grading levels)

Overall limit for capital authorizations: Authorised Capital and Contingent Capital

All authorizations post
AGM2021:

Authorized Capital III &
Contingent Capital II

<6%
of share capital

Authorized Capital I, II &
Contingent Capital I

Auth. Cap. I: <20% of share capital
Auth. Cap II: **13.64%** of share capital
Cont. Cap I: **15.71%** of share capital

Overall maximum
new share issues:

Status Quo
after capital increase Dec 2020:
Overall cap (from EGM2020)
of **32 million shares**
(= 27.3% of share capital)
for aggregate Authorized Capital and
Contingent Capital*

New:
(Proposal to AGM2021)
Reset overall cap
at **46.9 million shares**
(= 40% of current share capital)
for aggregate Authorized Capital and
Contingent Capital*

Overall maximum
exclusion of subscription rights:

Overall maximum
of **10%**
for the issue of new shares with exclusion of subscription rights
(excluding stock options and employee shares)

Remuneration System – Regular remuneration components

Fixed remuneration		Variable remuneration		Shareholding obligation/ reinvestment
Annual base salary	Fringe benefits (private use of company car, allowances for health and long-term care insurance, accident insurance coverage)	Short-term incentive (STI)	Long-term incentive (LTI)	
		<ul style="list-style-type: none"> ▶ 50% financial corporate target ▶ 50% individual performance targets <p>Capped at 200% of the target amount</p>	<ul style="list-style-type: none"> ▶ 80% share-based target (capital market target) ▶ 20% non-financial sustainability targets (LTI-ESG targets) <p>Capped at 300% of the target amount</p>	
Malus and clawback (Reduction or clawback of variable remuneration components)				Investment equal to 100% of annual base salary (gross) in Nordex shares Pro rata accumulation of at least 25% of the STI payment amount (net) Holding period that covers the MB member's respective tenure plus two years
Maximum remuneration defined according to MB member's role				

Remuneration System – Remuneration structure

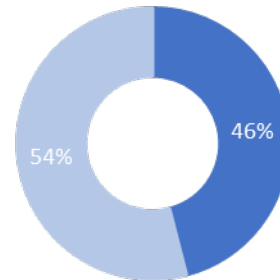
General principles

- > Management board (**MB**) members receive a remuneration comprising fixed and variable components
- > Fixed components:
 - > annual base salary
 - > fringe benefits
- > Variable components:
 - > Short-term incentive (**STI**) with a performance period of one year
 - > Long-term incentive (**LTI**) with a multi-year performance period

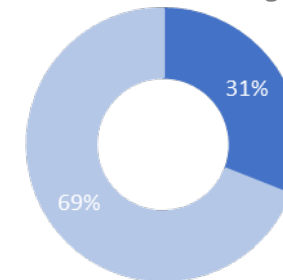
Proposed guideline in remuneration system

- > The proportion of fixed and variable remuneration components may vary between MB members to reflect differences in roles and responsibilities
- > The value of fringe benefits should not exceed 5% of the annual base salary (today 0.2-2.2%)

**Total target remuneration
(min. variability)**



**Total target remuneration
(max. variability)**



■ Fixed components
■ Variable components

Remuneration System – Fixed remuneration components

General principles

- > Annual base salary may vary between MB members according to roles, responsibilities and relevant experience
- > No occupational pension schemes nor any payments in lieu of pensions (*Versorgungsentgelte*)

Proposed guideline in remuneration system

- > Annual base salary paid in 12 equal monthly installments
- > Fringe benefits may include:
 - > Private use of company car
 - > Allowances for health care and long-term care insurance up to the amount of an employer's contribution to the statutory health and long-term care insurance
 - > Accident insurance coverage
 - > Inclusion in company's D&O insurance (subject to deductible)
 - > Continued pay over 6-months period in case of long-term illness
 - > Continued payment of the annual base salary for up to 6 months in the event of death

Remuneration System – Variable remuneration components

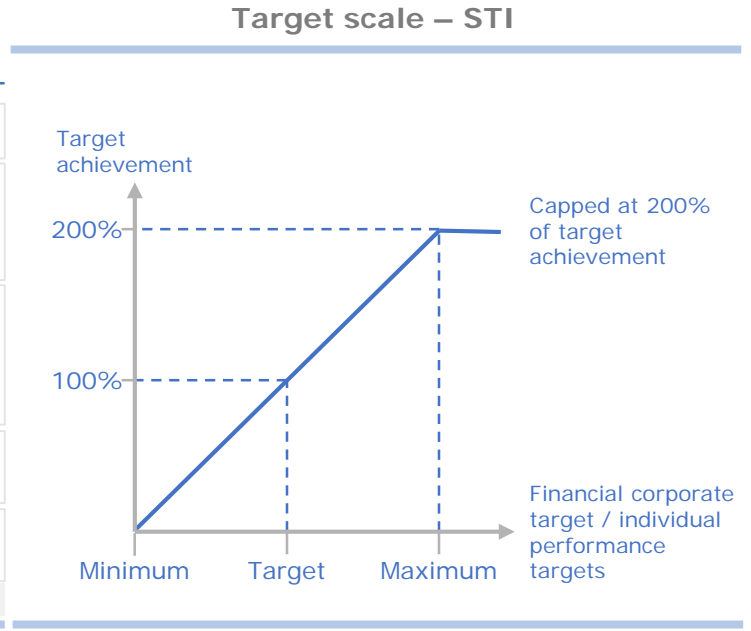
> STI – SHORT-TERM INCENTIVE

General principles

- > STI incentivizes achieving annual targets of the company derived from budget and mid-term planning and measured by operational performance indicators (financial and non-financial)
- > Two sets of performance criteria: a company-wide financial corporate target and individual performance targets
- > Relevant individual performance criteria to be determined by the supervisory board prior to the beginning of the relevant financial year
- > Market practice as well as legal requirement of a defined maximum remuneration mandate that STI payout amount be capped
- > In case that minimum targets are not met, there will be no STI payout

Proposed guideline in remuneration system

Overview – STI	
0% - 200% target achievement	
Type	▶ Annual bonus
Performance criteria	50% ▶ (Central) financial corporate target: Profitability criteria - EBITDA, EBIT or EBT
	50% ▶ Individual performance targets: Operational KPI (order intake margin, quality and product costs), other financial KPI (Working-Capital-ratio, free cash flow) and ESG targets
Overall target achievement	(50% × target achievement financial corporate target in %) + (50% × target achievement individual performance targets in %)
Payout amount	Individually contractually agreed STI target amount × overall target achievement in % Capped at 200% of the target amount



➤ Remuneration System – Variable remuneration components

➤ LTI – LONG-TERM INCENTIVE (1/2)

General principles

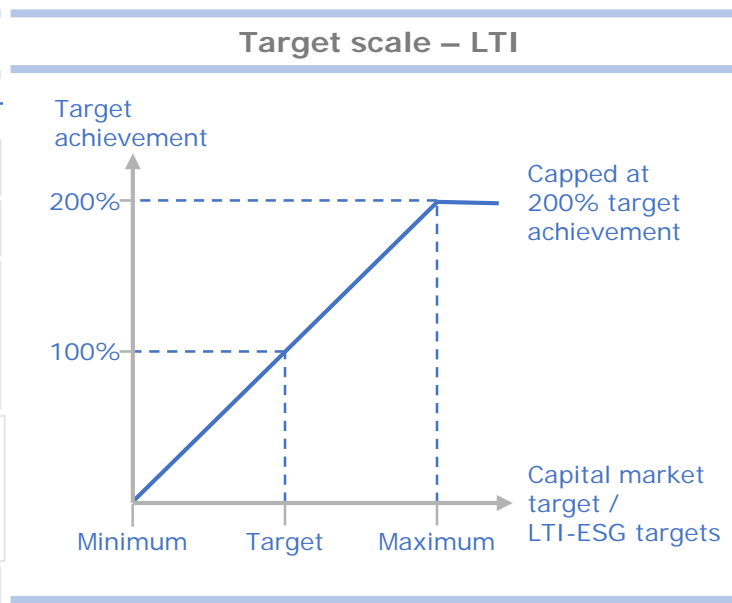
- LTI incentivizes long-term sustainable growth of the company, mainly to align MB members' interests with the interests of shareholders
- LTI on the basis of an equity-based *Performance Share Unit (PSU) Plan* with a multi-year performance period
- Performance is assessed on the basis of a capital markets related target (typically as relative performance against capital market) as well as by performance against ESG targets (**LTI-ESG targets**)
- Supervisory board determines performance criteria and weighting of LTI-ESG targets amongst each before the beginning of a performance period depending on the current strategic targets of the company and a corresponding prioritisation
- Market practice as well as legal requirement of a defined maximum remuneration mandate that LTI payout amount be capped
- In case that minimum targets are not met, there will be no LTI payout
- Payout settled either in shares or in cash

Remuneration System – Variable remuneration components

> LTI – LONG-TERM INCENTIVE (2/2)

Proposed guideline in remuneration system

Overview – LTI	
0% - 200% target achievement	
Type	▶ Performance Share Unit (<i>PSU</i>) Plan
Performance period	▶ 4 years
Performance criteria	80% ▶ Capital market target: Relative Total Shareholder Return (RTSR) compared to a tailored peer group (DAX, MDAX, TecDAX or RENIXX)
	20% ▶ LTI-ESG targets: Sustainability targets set by the supervisory board from the area of environmental, social issues and good corporate governance (i.e. relating to diversity, CO ₂ emissions, ISS-ESG rating and/or MSCI rating)
Initial number of PSU	Target amount ÷ Ø closing share price of Nordex on the last 20 trading days prior to the start of the performance period
Overall target achievement	$(80\% \times \text{target achievement capital market target in \%}) + (20\% \times \text{target achievement LTI-ESG targets in \%})$
Final number of PSU	Initial number of PSU of a tranche × Overall target achievement in %
Payout amount	Final number of PSU × Ø closing share price of Nordex on the last 20 trading days prior to the end of the performance period
Capped at 300% of the target amount	



➤ Remuneration System – Benchmarking of remuneration

➤ HORIZONTAL BENCHMARKING

General principles

- The appropriateness of executive remuneration must be assessed via a horizontal benchmark against comparable companies

Proposed guideline in remuneration system

- Horizontal benchmarking should be performed against a peer group of comparable characteristics. The peer group may comprise German and international companies
- Typical indicators for peer group selection are:
 - Size (revenues, number of employees, market capitalization)
 - Headquarter location
 - Reach of operations (global vs. regional)
 - Stock market index (MDAX, SDAX, RENIXX)
 - Industry (energy and mechanical engineering)

➤ VERTICAL BENCHMARKING

General principles

- Executive remuneration also to be assessed internally against staff remuneration
- Supervisory board therefore to determine a suitable group of employees

Proposed guideline in remuneration system

- Assessment against two groups, namely (a) management level, and (b) wider workforce:
 - (a) The “management level” group may be defined as the two levels below the MB
 - (b) The “wider workforce” group may be defined as employees of Nordex SE in Germany as well as employees of German subsidiaries employed in Germany

> Remuneration System – Caps and requirements

> MAXIMUM REMUNERATION (PAYOUT CAP)

Absolute payout cap

- > The maximum remuneration is an absolute cap and defines the highest amount that a MB member may receive for a given year

Proposed guideline in remuneration system

- > The **maximum remuneration** for the **CEO** may not exceed EUR 5m gross p.a.
- > The **maximum remuneration** for other **MB members** may not exceed EUR 3.5m gross p.a

> SHAREHOLDING REQUIREMENTS / REINVESTMENT

Shareholding requirements

- > The mandatory shareholding requirement further aligns the interests of MB members with those of the shareholders. MB members are required to invest - over time - in shares in the equivalent value of one annual base salary

Proposed guideline in remuneration system

- > MB members may be required to invest at least 25% of their annual net payout from the STI into shares until the full investment requirement is met and hold the shares for a period that covers their respective tenure plus two years

Remuneration System – Malus and clawbacks

Malus and clawbacks

- > Malus and clawback rules to be implemented that allow the supervisory board to withhold or reclaim the variable remuneration in certain cases

Proposed guideline in remuneration system

- > Reduce or reclaim variable remuneration if (i) a MB member demonstrably violates her or his duties such that there are grounds for an extraordinary termination, or (ii) demonstrably violates her or his essential duties of care pursuant to Sec 93 *AktG* either intentionally or by gross misconduct
- > Clawback period to be extended to three (3) years after payment

➤ Remuneration System – Miscellaneous regulations

Deductions of remuneration for secondary activities

- The annual base salary generally covers all positions held by MB member for the company and its affiliated companies

Severance Cap

- Not more than two years' annual remuneration and not more than the MB member would receive for the remainder of his or her term. No severance payments if there is grounds for termination for cause of the service agreement

Leaver Rules

- Forfeiture rules (for so-called "bad leaver" constellations) with regard to outstanding tranches under the LTI or STI payments

Extraordinary developments

- Exceptional developments during a performance period may be taken into account by the supervisory board in determining target achievement, both in relation to STI and LTI, at its reasonable discretion. This may result in an increase or decrease in the respective variable remuneration, whereby the relevant absolute payout cap in each case may in no case be exceeded

Non-compete agreement

- A post-contractual non-compete agreement may be agreed with the MB members for a period of up to 24 months. Appropriate compensation (*Karenzentschädigung*), to be determined on a case-by-case basis, granted for such period. Any severance payments due to premature termination shall be fully offset against such amount

 **Thank you very much for voting**



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