

# KOENIG & BAUER

## RULES OF PROCEDURE OF THE MANAGEMENT BOARD

of

### Koenig & Bauer AG, Würzburg (“Company”)

At its meeting of 25 June 2020, the Supervisory Board of the Company adopted the following new Rules of Procedure for the Management Board, which fully replace the previous Rules of Procedure of 24 September 2015 with effect from 25 June 2020:

#### **1 General**

- 1.1 The members of the Management Board shall conduct the Company's business in accordance with the law, the Company's Articles of Association, these Rules of Procedure and their service contracts, as well as the recommendations of the German Corporate Governance Code in accordance with the Company's declaration of conformity. In doing so, they shall exercise their management function with the aim of creating sustainable value and act in the Company's interests, i.e. taking into account the interests of the shareholders, the employees and the entities affiliated with the Company; these principles shall also apply with the necessary modifications to the members of the Management Board who exercise management or supervisory functions at affiliated entities.
- 1.2 The Management Board shall work with the Company's other governance bodies, particularly the Supervisory Board, the four divisions that have been spun off into separate entities (AG & Co. KGs) and the employees for the Company's benefit.

#### **2 Cooperation on the Management Board**

- 2.1 The members of the Management Board shall be jointly responsible for all aspects of management. They shall conduct the Company's business in accordance with uniform objectives, plans and guidelines. Without prejudice to the Management Board's overall responsibility, each member of the Management Board shall act independently in the business area assigned to him or her but shall always subordinate the interests of the individual business areas to the overall well-being of the Company.
- 2.2 The members of the Management Board shall work together in a spirit of mutual trust and support. They shall continuously inform each other of important measures and processes in their specific areas of responsibility and make information that is significant for other areas of responsibility, the entire Company or its overall management available to the respective member of the Management Board with responsibility for the business area concerned or to all members of the Management Board. In addition, each member of the Management Board may request information and data from other areas of responsibility that are relevant to his or her area of responsibility, the entire Company or overall management. Each member of the Management Board shall bring about a resolution of the entire Management Board in the event of any concerns over measures in another area of responsibility if these concerns cannot be resolved by means of discussion with the relevant other member of the Management Board. In this case, the measure must be suspended until the Management Board as a whole has made a decision, unless at the due discretion of the member of the

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# KOENIG & BAUER

Management Board concerned immediate implementation is required in the Company's interests.

### **3 Chairperson of the Management Board, Spokesperson of the Management Board, Deputy**

- 3.1 The Chairperson or Spokesperson of the Management Board and, if applicable, his or her Deputy shall be appointed by the Supervisory Board and is referred to hereinafter as the "Chairperson/Spokesperson".
- 3.2 If the Chairperson/Spokesperson is prevented from attending a meeting of the Management Board, the Deputy shall assume his or her rights and obligations. This shall not apply to the right to make a casting vote in accordance with Article 6.8 Sentence 2. If the Supervisory Board does not appoint a Deputy, the oldest member of the Management Board shall exercise the rights and duties of the Chairperson/Spokesperson.
- 3.3 The Chairperson/Spokesperson shall work towards uniform management. He or she shall be responsible for corporate planning and the overall strategy, as well as for representing the Management Board towards the Supervisory Board. He or she may intervene in all material or fundamental matters.
- 3.4 The Chairperson/Spokesperson shall coordinate the processes of the individual business areas in the light of the Company's overall objectives and plans. He or she shall involve the other members of the Management Board as far as their areas of responsibility are concerned.

### **4 Allocation of responsibilities and management of business areas or areas of responsibility**

- 4.1 The allocation of tasks on the Management Board shall be determined by the Management Board in a business allocation plan including Group management, which is attached to these Rules of Procedure as Annex 2. The business allocation plan shall be proposed by the Chairperson/Spokesperson, taking into account the tasks performed by the individual members of the Management Board on the basis of their service contracts and shall be unanimously approved by the Management Board. The business allocation plan drawn up in this way by the Management Board, including Group management, shall require the consent of the Supervisory Board.
- 4.2 The members of the Management Board shall manage the day-to-day business of the area of responsibility assigned to them in the business allocation plan, without prejudice to the Management Board's overall responsibility and within the framework of the resolutions passed by the Management Board. Where the measures and transactions of one business area simultaneously affect one or more other business area specifically and directly, the members of the Management Board concerned shall first consult with the other relevant members. If no agreement is reached, each member of the Management Board involved shall bring about a resolution of the entire Management Board. In this case, the measure shall be suspended pending a decision by the full Management Board, unless at the due discretion of the member of the Management Board concerned immediate implementation is required in the Company's interests.

# KOENIG & BAUER

- 4.3 The members of the Management Board shall keep the Chairperson/Spokesperson informed of the course of business in their area of responsibility. The Chairperson/Spokesperson or the full Management Board may request information from the individual members of the Management Board at any time concerning specific matters relating to their business areas.
- 4.4 If there are any doubts as to whether a matter relates exclusively to the Company's current business or is of material or fundamental importance for the Company, the relevant member of the Management Board shall first submit the matter to the Chairperson/Spokesperson and, if the latter does not make any decision, to the full Management Board for a resolution to be passed.

## **5 Overall responsibility and decisions of the full Management Board**

- 5.1 Without prejudice to their areas of responsibility, all members of the Management Board shall continuously monitor all data that is decisive in the course of the Company's business in order to work at all times towards averting impending disadvantages, achieving desirable improvements or expedient changes by calling on the full Management Board, informing the Chairperson/Spokesperson or taking any other suitable action.
- 5.2 Measures and transactions that are of material or fundamental importance for the Company or which involve an exceptional business risk shall require the prior consent of the full Management Board, unless at the due discretion of the member of the Management Board concerned immediate implementation is required in the Company's interests. In such a case, the Chairperson/Spokesperson shall be notified immediately and the full Management Board at its next meeting.
- 5.3 Correspondence and agreements on transactions of material significance shall be signed by two members of the Management Board or by a member of the Management Board together with a holder of general signing powers. This shall not prejudice the requirements with regard to the legal representation of the Company.
- 5.4 The Management Board shall make decisions in its entirety on the following matters:
- 5.4.1 Matters for which the law, the Articles of Association or these Rules of Procedure require a decision to be made by the full Management Board, including
- (i) the convening of the annual general meeting and motions and proposals of the Management Board for resolution at the annual general meeting;
  - (ii) the Company's annual financial statements and the management report;
  - (iii) periodic reporting to the Supervisory Board;
  - (iv) matters for which the consent of the Supervisory Board or a Supervisory Board committee is required;
  - (v) measures and decisions that are of material or fundamental importance;

# KOENIG & BAUER

- 5.4.2 Fundamental questions pertaining to the Company's organisation, business policy and investment and financial planning, particularly financial planning coming within the scope of Article 8.2;
- 5.4.3 Matters submitted to the Management Board by the Chairperson/Spokesperson or a member of the Management Board for a decision;
- 5.4.4 All other matters which either go beyond the Company's day-to-day business operations or which in isolation are liable to exert a material influence on the Company's business planning or financial or earnings position or to permanently change parts of or all of the Company's business operations without any impact on its business planning or if the impact of which is not confined to a single business area and/or a certain period of time.
- 5.5 The full Management Board may instruct individual members of the Management Board to implement the resolutions passed by the full Management Board or to implement measures decisions on which are the responsibility of the full Management Board.
- 5.6 The Management Board shall determine the rules under which the members of the Management Board represent each other.

## **6 Meetings and resolutions**

- 6.1 Meetings of the Management Board should be held at regular intervals, at least once a month. They shall be held whenever this is in the Company's interests. The meetings shall be held at the Company's registered offices. In order to ensure due and proper presence of the Management Board in Würzburg and Radebeul, the members of the Management Board shall coordinate their vacation leave accordingly. Group management meetings shall also be held at regular intervals.
- 6.2 Meetings of the Management Board shall be convened by the Chairperson/Spokesperson in writing, electronically, orally or by telephone. The Chairperson/Spokesperson shall convene a meeting of the full Management Board at the request of a member of the Management Board. Meetings should be convened with a notice period of at least three German bank working days. The agenda of the meeting shall be attached to the notice convening it. The aforementioned period may also be waived subject to mutual agreement by all members of the Management Board.
- 6.3 The Chairperson/Spokesperson shall chair the meetings and determine the order in which the items on the agenda are to be considered and the manner in which votes are to be cast. He or she may determine that persons who are not members of the Management Board are to be called in to advise on individual items of the agenda. The Chairperson/Spokesperson may adjourn the deliberations and resolutions on individual items on the agenda.
- 6.4 The Management Board shall pass its resolutions at its meetings. Absent members may participate in the resolution-passing process by telephone, by videoconference or by having their votes cast by other members of the Management Board on their behalf. Votes by absent members shall be cast in writing. If they have been cast orally, they must be subsequently confirmed in writing.

# KOENIG & BAUER

- 6.5 At the direction of the Chairperson/Spokesperson, resolutions may also be passed outside meetings by means of voting in text form or by telephone if all members of the Management Board participate in the resolution-passing process and no member immediately objects to this procedure.
- 6.6 The Management Board shall have a quorum if all members are invited and at least half of them participate in the resolution-passing process. The Management Board shall have a quorum for decisions affecting business areas with a key impact on earnings if the member of the Management Board responsible for that business area is present. Members of the Management Board excluded from voting shall not count towards the quorum. Absent members shall be informed without delay of any resolutions passed in their absence.
- 6.7 Unless otherwise stipulated, the Management Board shall pass its resolutions with a simple majority of the votes cast. In the event of a tie, the Chairperson/Spokesperson shall have a casting vote.
- 6.8 Deliberation and resolutions on matters arising from the business area which is the responsibility of a member of the Management Board who is not present at the meeting shall only be possible in exceptional and justified cases. The absent member shall be informed of the resolutions passed immediately and, if possible, before they are implemented. That member may demand that the execution of the resolutions be suspended, unless the Management Board determines in the due exercise of its discretion that immediate implementation is required in the Company's interests, and that the matter be discussed and a new resolution passed in the presence of the member of the Management Board concerned at a meeting to be convened immediately.
- 6.9 If the Chairperson/Spokesperson is outvoted, he or she may at his or her own discretion suspend the implementation of the resolution and request an opinion from the Chairperson of the Supervisory Board without delay. In such a case, a new meeting of the Management Board, at which a resolution on this matter shall be passed, shall be held within two weeks of the first resolution being passed. If the Chairperson/Spokesperson is outvoted again, this shall not invoke the procedure provided for in this Article.
- 6.10 Minutes shall be taken of each meeting of the Management Board, stating the place, date and time of the meeting, the participants and the resolutions passed by the Management Board. A copy of the minutes shall be sent to each member of the Management Board without delay. The minutes shall be deemed to have been approved if no member of the Management Board raises any objection to them at the next meeting following receipt of the minutes. Resolutions of the Management Board passed outside of meetings shall be recorded separately or included in the minutes of the next meeting of the Management Board.
- 6.11 Each member of the Management Board may object to a resolution by notifying the Chairperson/Spokesperson accordingly. Reasons for the objection shall be provided. Except in urgent cases, the resolution shall initially be suspended in the event of any objection. In this case, the matter shall be discussed again and a new resolution passed in a further meeting of the Management Board. No further objection to the resolution passed at this meeting shall be

# KOENIG & BAUER

admissible. The Chairperson/Spokesperson shall immediately inform the Supervisory Board of the objection.

- 6.12 Articles 6.2, 6.3 and 6.10 shall apply with the necessary modifications to Group management meetings. The Chairperson/Spokesperson shall always also be the Chairperson of Group management.

## **7 Cooperation with the Supervisory Board**

- 7.1 The Chairperson/Spokesperson shall represent the Management Board towards the Supervisory Board. He shall request the Supervisory Board's consent in the cases provided for by law, the Articles of Association, these Rules of Procedure or any resolution of the Supervisory Board.
- 7.2 The obligation to report to the Supervisory Board on the items referred to in Section 90 of the German Stock Corporation Act shall be incumbent on the full Management Board under the guidance of the Chairman/Spokesperson. The Management Board reports shall be submitted in writing unless oral reporting is deemed sufficient or advisable in individual cases.
- 7.3 In addition to reporting in accordance with Article 7.2, the Chairperson/Spokesperson shall inform the Supervisory Board orally and, if the latter so wishes, also in text form of any other items which the Supervisory Board requires the Management Board to report on. All members of the Management Board shall assist the Chairperson/Spokesperson in the performance of this task.

## **8 Financial reporting and business planning**

- 8.1 Within three months of the end of the financial year, the Management Board shall prepare the Company's consolidated financial statements and the annual financial statements — including the respective management report — in accordance with the applicable statutory provisions and shall immediately submit them to the Supervisory Board together with the proposal on the allocation of the unappropriated surplus.

- 8.2 The Management Board shall submit to the Supervisory Board no later than one month before the end of the financial year a business plan (budget) for the Group for the following financial year, on which a resolution shall be passed at least for the following financial year.

This business plan must consist of an income statement, a balance sheet and a cash flow statement, including an investment budget.

- 8.3 During the year, the Management Board shall prepare quarterly interim financial statements as well as a reconciliation of reported figures with the original corporate planning and submit them to the Supervisory Board or, if such reports are to be submitted to a committee, for its acknowledgement.
- 8.4 Together with the interim financial statements, the Management Board shall submit a report on all measures and incidents of material importance for the Company occurring during the reporting period.

# KOENIG & BAUER

## **9 Matters requiring the Supervisory Board's consent**

9.1 Regardless of the business value in individual cases, the Management Board may only carry out the following measures and transactions with the Supervisory Board's consent:

9.1.1 Business planning within the meaning of Article 8.2 including any amendments;

9.1.2 Establishment, acquisition or sale of companies, shareholdings, subsidiaries or business units if the transaction in question exceeds a value of EUR 2,000,000 in individual cases;

9.1.3 Measures under corporate transformation law;

9.1.4 Establishment or modification of option plans for employees and other employee participation schemes of any kind;

9.1.5 Granting of general signing powers;

9.1.6 Conclusion, amendment or cancellation of corporate agreements as defined in Sections 291 and 292 of the German Stock Corporation Act; and

9.1.7 Composition of the management bodies of the subsidiaries listed in Annex 1.

9.2 The Management Board may carry out the following transactions in the Group, either at the level of Koenig & Bauer AG or, to the extent legally permissible, at the direct or indirect level of the subsidiary, solely with the Supervisory Board's consent, provided that these transactions are of fundamental importance for the Company within the meaning of Article 9.3 and are outside the scope of ordinary business operations:

9.2.1 Inclusion of new or discontinuance or substantial reduction of existing business activities;

9.2.2 Establishment or acquisition of new locations (including sales locations) of the Company, as well as the sale, abandonment, substantial reduction or relocation of existing locations;

9.2.3 Establishment or dissolution of offices or branches;

9.2.4 Conclusion, termination or substantial modification of contracts under which third parties are granted rights to the revenue or profit of the Company or its affiliates, such as silent participations or shareholder loans;

9.2.5 Acquisition, sale or encumbrance of fixed assets;

9.2.6 Acquisition, sale or encumbrance of land or land rights as well as the construction of buildings;

9.2.7 Conclusion of credit agreements and/or borrowings; and



# KOENIG & BAUER

- 9.2.8 Issue of guarantees, sureties, letters of comfort, repurchase obligations or similar liabilities (including liabilities under customer financing) as well as the provision of collateral for third-party liabilities.
- 9.3 In any case, matters shall be deemed to be of fundamental importance to the Company if, in cases coming within Article 9.2.1 to 9.2.7, the relevant transactions exceed a value of more than EUR 5,000,000 in individual cases.
- 9.4 The legal transactions and measures pursuant to Article 9.1 and 9.2 shall also require the Supervisory Board's consent if the Management Board is involved in these through the issue of instructions, the grant of consent, voting or in any other way at the affiliated entities dependent on the Company listed in Annex 1 and the thresholds provided for in Article 9.3 are reached or exceeded. To the extent legally permissible in the respective jurisdiction, the Management Board shall ensure that the management of the affiliated entities listed in Annex 1 comply with these consent requirements.

## **10 Conflicts of interest**

- 10.1 The members of the Management Board shall be subject to a direct and indirect non-compete undertaking during their membership of the Management Board and during the term of their service contract. Equity investments of more than 2 percent in listed companies that compete with the Company or an entity affiliated with it shall be prohibited.
- 10.2 In the performance of their duties, the members of the Management Board may not offer or accept any gifts or other benefits for themselves or for other persons or grant any unjustified benefits to third parties.
- 10.3 The members of the Management Board shall act in the Company's interest. When members of the Management Board make decisions, they shall not be guided by their own personal interests or make use of business opportunities available to the Company or an entity affiliated with it for their own benefit.
- 10.4 Each member of the Management Board shall immediately disclose any conflicts of interest to the Supervisory Board and duly inform the other members of the Management Board. All transactions between the Company or an entity dependent on it, on the one hand, and a member of the Management Board or related parties, on the other hand, shall comply with the standards that would apply to transactions with third parties.
- Such transactions shall require the consent of the Supervisory Board if the value in individual cases exceeds EUR 25,000, unless the Supervisory Board's consent is already required under Section 112 of the German Stock Corporation Act.
- 10.5 Members of the Management Board shall only assume secondary activities, including the acceptance of an office on the Supervisory Board of an entity not affiliated with the Company and acceptance of mandates on the Advisory Boards and Supervisory Boards of the subsidiaries listed in Annex 1, with the Supervisory Board's prior written consent and within the limits specified by their service contract.



# KOENIG & BAUER

Würzburg, 25 June 2020

The Supervisory Board

A handwritten signature in blue ink, appearing to read 'R. Klinkner', is positioned above the printed name and title.

Prof. Dr.-Ing. Raimund Klinkner  
Chairperson of the Supervisory Board

# KOENIG & BAUER

## **Annex 1 - last amended on 1 January 2021**

Koenig & Bauer Digital & Webfed Management GmbH, Würzburg

- Koenig & Bauer Sheetfed Management GmbH, Radebeul
- Koenig & Bauer Banknote Solutions GmbH  
(Legal successor of Koenig & Bauer Banknote Solutions Management GmbH, Würzburg, and Koenig & Bauer Banknote Solutions AG & Co. KG, Würzburg)
- Koenig & Bauer Banknote Solutions (DE) GmbH  
(Legal successor of Koenig & Bauer Banknote Solutions (DE) Management GmbH, Würzburg, and Koenig & Bauer Banknote Solutions (DE) AG & Co. KG, Würzburg)
- Koenig & Bauer Industrial Management GmbH, Würzburg
- Koenig & Bauer Digital & Webfed AG & Co. KG, Würzburg
- Koenig & Bauer Sheetfed AG & Co. KG, Radebeul
- Koenig & Bauer Industrial AG & Co. KG, Würzburg
- Koenig & Bauer Banknote Solutions S.A., Lausanne, Switzerland  
(formerly: KBA-NotaSys S.A., Lausanne, Switzerland)

# KOENIG & BAUER

## **Annex 2 to the Rules of Procedure of the Management Board**

### **Business Allocation Plan of the Management Board of Koenig & Bauer AG**

Valid from 10 December 2021

replaces the version dated 1 January 2021

**Resolution of the Supervisory Board of 10 December 2021**

#### **Spokesperson of the Management Board - Dr. Andreas Pleßke**

The Spokesperson of the Management Board represents the Management Board and management towards the Supervisory Board and its committees. He is responsible for:

- Group human resources
- Strategic Group development
- “Special” segment
- Compliance & internal audit
- Corporate responsibility (ESG)
- Corporate development
- Marketing
- Public relations
- Legal and insurance

#### **Management Board - Dr. Stephen Kimmich**

- Finances, accounting, taxes
- Information technology (IT)
- Investments
- Investor relations
- Group controlling & consolidation
- Operational corporate planning
- M&A processes

#### **Management Board - Christoph Müller**

- “Digital & Webfed” segment
- Management of Koenig & Bauer Digital & Webfed
- Group-wide service coordination

#### **Management Board - Ralf Sammeck**

- “Sheetfed” segment
- Management of Koenig & Bauer Sheetfed
- Group-wide sales coordination
- Group-wide coordination of the digital transformation
- Brand ownership management
- Group key account management

# KOENIG & BAUER

## **Management Board - Michael Ulverich**

- “Industrial” segment & Foundry
- Group-wide strategic purchasing
- Operational purchasing and scheduling (holding company, D&W, Industrial, Banknote Solutions, Sheetfed)
- Patents and intellectual property
- Group technical standards
- Press platform concept