- Translation for Convenience -

Invitation to the Annual General Meeting
of Heidelberger Druckmaschinen Aktiengesellschaft

Heidelberg

German Securities Number (WKN) 731400
ISIN DE0007314007

We hereby invite the shareholders of our Company to the Annual General Meeting to be held at 10:00 a.m. (CEST) on Friday, July 23, 2021. The Annual General Meeting is to be held virtually without shareholders or their proxies attending in person.

Shareholders who register for the Annual General Meeting in due form and time and provide evidence of their shareholdings, or their proxies, will be able to watch an audio-visual stream of the Annual General Meeting, in full, using the online system at

www.heidelberg.com/hauptversammlung

The access data for the online system will be sent to shareholders with their access card after they have duly registered and provided proof of their shareholdings.

The location of the Annual General Meeting for the purposes of the *Aktiengesetz* (AktG – German Stock Corporation Act) are the business premises of the Company, Gutenbergring, 69168 Wiesloch, Germany. Shareholders and their proxies (with the exception of voting representatives appointed by the Company) are not entitled to attend the Annual General Meeting in person. Shareholders and their proxies are asked to comply with the **special information** on participation in the virtual Annual General Meeting via the audio-visual stream and on exercising voting rights (no electronic participation) and shareholders' rights in section II.

I. Agenda

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6. Resolution on the approval of the remuneration system for the members of the Management Board

Section 120a (1) sentence 1 AktG in the version amended by the *Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie* (ARUG II – German Act Implementing the Second Shareholders' Rights Directive) states that the Annual General Meeting of a listed company must resolve on the approval of the remuneration system for the members of the Management Board as presented by the Supervisory Board in the event of each material modification to the remuneration system, and in any case at least every four years.

The new law came into force on January 1, 2020. However, the resolution in accordance with section 120a (1) AktG as amended by ARUG II is (only) required to be adopted by the end of the first ordinary Annual General Meeting held after December 31, 2020.

The Supervisory Board of Heidelberger Druckmaschinen Aktiengesellschaft has reviewed and, where applicable, revised the remuneration system for the members of the Management Board and modified it to reflect the requirements of the new section 87a AktG as amended by ARUG II. In particular, this includes the resolution of a new long-term incentive plan for the members of the Management Board and the integration of this plan into the remuneration system.

The new remuneration system with these modifications is presented in detail following the proposed resolution and is available on the Company's website at www.heidelberg.com/hauptversammlung.

The Supervisory Board proposes the following resolution:

The remuneration system for the members of the Management Board of Heidelberger Druckmaschinen Aktiengesellschaft is approved.

Remuneration system for the members of the Management Board of Heidelberger Druckmaschinen Aktiengesellschaft

1. THE REMUNERATION SYSTEM

1.1. Introduction

Following a preliminary discussion by the Personnel Matters Committee on June 3, 2020, the Supervisory Board of Heidelberger Druckmaschinen Aktiengesellschaft resolved at its meeting on June 4, 2020 to review and potentially enhance the remuneration system taking into account the following parameters:

- Insufficient shareholder perspective and incentivization with regard to the share price to date
- Specific incentivization for the successful implementation of the transformation program
- Consideration of current legal requirements (GCGC and ARUG II).

The Personnel Matters Committee formed a project group to develop a proposal for the review of the remuneration parameters. The proposals of the project group were discussed by the Personnel Matters Committee at several meetings.

At its meeting on May 18, 2021, the Supervisory Board resolved this proposal in line with the resulting recommendations of the Personnel Matters Committee.

1.2. Objective

The new remuneration system for the members of the Management Board has been developed by the Supervisory Board in order to ensure that the remuneration reflects the strategy and objectives of the Company to a greater extent within the new regulatory framework that has been in place since January 1, 2020. It is intended to link Management Board remuneration even more closely to the corporate strategy, which is oriented toward the success of our customers, sustainable growth, profitability, and a high degree of employee commitment. The remuneration system is intended to reflect the demands of the duties of the Management Board members in terms of leading a global company in a highly innovative and dynamic industry.

It is also intended to facilitate remuneration that is competitive and that helps HEIDELBERG to attract highly qualified managers in order to meet the particular requirements of the printing press industry. We wish to establish sustainable incentives for committed and successful work so that the Management Board can participate in the Company's success and the attainment of relevant targets to an appropriate extent, thereby ensuring a balance between the interests of shareholders and the Company.

The remuneration system is consistent with the statutory provisions (German Stock Corporation Act, AktG) and also reflects the relevant requirements of the German Corporate Governance Code (GCGC).

1.3. Principles of remuneration and proportionality

Our activities are always focused on the customer and on sustainability as an integral element of our strategy. The attainment of financial targets is an important condition for this focus.

The remuneration system for the Management Board makes an important contribution to the attainment of our strategic objectives. It promotes the sustainable development of the Company and establishes effective incentives for the Company's long-term prosperity and value generation.

In designing the remuneration system and defining the structure and amount of the remuneration of the individual Management Board members, the Supervisory Board applies the following principles in particular:

- taken in its entirety, the remuneration of the Management Board members makes a significant contribution to promoting the Company’s business strategy;
- the remuneration system and the criteria for determining its components promote the Company’s long-term, sustainable development;
- the remuneration system contributes to ensuring that the interests of customers, investors, employees and other stakeholders are taken into account;
- the remuneration paid to the members of the Management Board ensures that outstanding performance is rewarded appropriately and that a failure to achieve the defined objectives results in a tangible reduction in remuneration;
- the absolute amount and structure of the remuneration paid to the members of the Management Board are appropriate, typical for the market (horizontal proportionality), and reflect the size, complexity, and economic position of the Company;
- the remuneration paid to the members of the Management Board reflects the wider remuneration structure within the Company. To this end, the remuneration of the Management Board is compared with the remuneration of HEIDELBERG managers and HEIDELBERG employees in order to ensure proportionality within the Company (vertical proportionality).

These principles are regularly reviewed by the Personnel Matters Committee; the intended objectives are compared with the actual effectiveness and, where necessary, the need for modifications is discussed.

1.3.1. Appropriateness and comparability

The remuneration system is clear, transparent, comprehensible, and simple and effective in its construction. It is consistent with the statutory requirements, takes into account the recommendations of the German Corporate Governance Code and emphasizes specific elements within this regulatory framework.

In addition to establishing the appropriateness of the remuneration – as certified externally by independent experts – in a comparison based on industry, size, complexity and economic efficiency, the remuneration system aims for consistency within the Company, particularly with reference to the remuneration system for managers at levels below the Management Board. This is intended to ensure that all decision-makers apply the same balance when it comes to pursuing financial and economic targets.

- The assessment of horizontal comparability is based on a peer group whose specific composition is determined and documented by the Personnel Matters Committee. The comparison takes into account the total remuneration of companies that are similar in terms of industry, size, character, complexity, international orientation, profitability, and economic efficiency.

- In addition to horizontal comparability, the Supervisory Board refers to a vertical comparison of the income situation of managers at levels below the Management Board in determining the remuneration. Care is taken to ensure an appropriate gap between the basic remuneration for the members of the Management Board and the average remuneration for employees at the next level of management.

If a review of appropriateness identifies significant deviations in the comparison parameters, the Supervisory Board examines the causes and objective reasons for this and adjusts the Management Board remuneration in cases where a deviation is considered to be material.

2. PROCEDURE FOR DEFINING, IMPLEMENTING AND REVIEWING THE REMUNERATION SYSTEM

The remuneration system resolved by the Supervisory Board is presented to the Annual General Meeting for approval as required by law.

The Supervisory Board will resolve future amendments as required. The remuneration is presented to the Annual General Meeting for renewed approval in the event of material modifications, and in any case at least every four years.

If the Annual General Meeting does not approve the remuneration system, the system must be reviewed and presented for resolution at the next Annual General Meeting at the latest.

The Supervisory Board is responsible by law for defining, implementing and reviewing the remuneration and the remuneration system for the members of the Management Board. The Personnel Matters Committee of the Supervisory Board is responsible for preparing the respective Supervisory Board decisions. The Personnel Matters Committee will regularly review the remuneration system. In particular, this includes reviewing the effectiveness of the associated objectives and the appropriateness of the overall remuneration of the individual Management Board members, as well as performing benchmarking. If necessary, the Supervisory Board will modify the remuneration system and present the modified system to the Annual General Meeting for approval.

As responsibility for designing, reviewing and implementing the remuneration system for the members of the Management Board is assigned to the Supervisory Board by law, the possibility of conflicts of interest is largely excluded in the first place. No conflicts of interest between individual Supervisory Board members regarding decisions of the Supervisory Board or its Personnel Matters Committee on questions relating to the remuneration system for the Management Board members have occurred to date. If such conflicts of interest nevertheless occur in the future, they will be disclosed, discussed and handled in accordance with the usual rules. Depending on the nature of the conflict of interest, the affected Supervisory Board member will abstain from the respective vote and, where applicable, refrain from participating in the discussion of the respective agenda item.

The Supervisory Board also takes care to ensure that the remuneration is in line with market conditions and that it is commensurate with the tasks and duties of the respective Management Board members and the position of the Company as a whole.

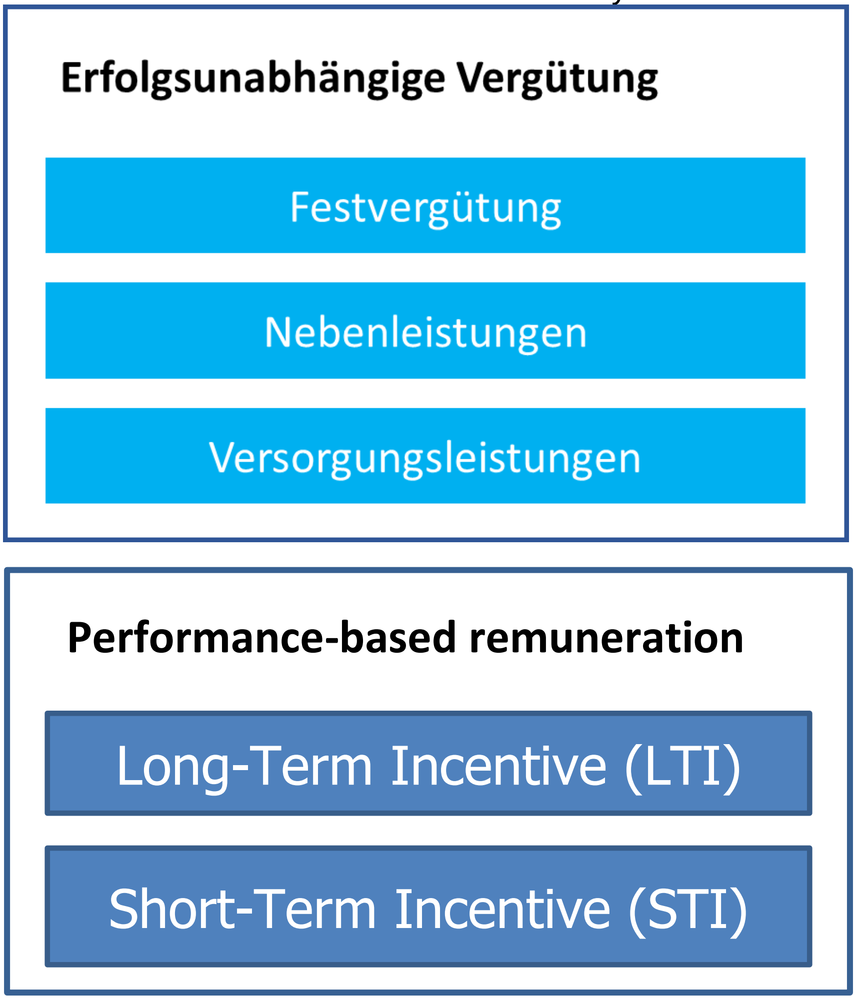
3. OVERVIEW OF THE REMUNERATION SYSTEM FOR THE MANAGEMENT BOARD

The remuneration system consists of two clusters that are weighted roughly equally:

<u>Non-performance-based</u> remuneration comprises fixed remuneration, fringe benefits and pension commitments.

<u>Performance-based</u> remuneration comprises the short-term Variable Remuneration component, the STI, and the long-term Variable Remuneration component, the LTI.

Illustration: Overview of the remuneration system



3.1. <u>Non-performance-based</u> remuneration

Erfolgsunabhängige Vergütung

- Festvergütung
- Nebenleistungen
- Versorgungsleistungen

3.1.1. Fixed remuneration, review frequency, continued payment

The fixed remuneration (gross) is paid in twelve equal monthly installments. As the regular place of work is Wiesloch, the fixed remuneration is paid net of the statutory deductions in accordance with German law.

The fixed remuneration is reviewed regularly (every two years) at the start of the financial year in order to establish the need for any modifications. Any decision on modification by the Supervisory Board is based on the parameters of comparable income development, benchmark data, and the overall situation of the Company.

If a Management Board member’s incapacity to work is medically certified, their right to receive fixed remuneration and pro rata Variable Remuneration under their employment contract remains in place for twelve months, but in any case not beyond the end of their employment contract. Following this twelve-month period, the Chairman of the Supervisory Board decides on the continued payment of the remuneration; however, this relates solely to the fixed remuneration.

If a member of the Management Board dies during the term of their employment contract, their heirs receive the fixed remuneration for the month of the member’s death and the two subsequent months, but in any case not beyond the end of their employment contract.

The fixed remuneration of the Chairman of the Management Board compared with the remuneration of ordinary members of the Management Board reflects the structure, allocation of responsibilities and weighting of resources within the Management Board.

3.1.2. Fringe benefits

The fixed remuneration is supplemented by contractually agreed fringe benefits. These primarily include typical supplementary benefits, such as contributions to insurance policies (D&O, accident insurance for business travel, etc.), benefits in kind such as the private use of a company car, expenses for the cost of running two households, and flights and taxes in accordance with the respective local conditions.

When Management Board members relocate their primary domicile to Germany from abroad or change their regular place of work within Germany at the request of the Company, the Supervisory Board may grant them supplementary benefits in particular for relocation costs, accommodation in Germany, language courses for the Management Board member and their family members, costs for international schools, etc. (“relocation package”).
Tax advisory costs may be assumed for Management Board members whose primarily domicile is abroad and who have particularly complex tax situations on account of their activity in Germany.

The value of these benefits is limited to 15 percent of the one-year fixed remuneration (based on the relevant euro amounts when the specific remuneration is determined) for ordinary Management Board members and 20 percent of the corresponding amount for the Chairman of the Management Board.

If a member joining the HEIDELBERG Management Board is required to forfeit remuneration payments granted prior to them doing so, the Supervisory Board may grant a one-off payment to compensate the forfeiture of incentives granted by the member’s previous employer instead of or in addition to this being taken into account in the member’s target remuneration. The value of this compensation is limited to 200 percent of the one-year fixed remuneration (based on the relevant euro amounts when the specific remuneration is determined).

The Company concludes adequate accident insurance for the members of the Company’s Management Board for the duration of their active membership of the Management Board. The tax on this benefit in kind is paid by the Company.

The members of the Management Board are also covered by the D&O insurance policy concluded by Heidelberger Druckmaschinen Aktiengesellschaft. The corresponding deductible is payable by the respective Management Board member.

Each Management Board member is also provided with a vehicle for private use in accordance with the applicable tax provisions. The vehicle type, engine capacity and equipment must be appropriate; the order for the specific vehicle must be approved by the Chairman of the Supervisory Board. The use of a transport service for business purposes may also be appropriate.

Each Management Board member is entitled to an annual medical check-up for each year of their employment contract; the corresponding cost is covered by the Company in accordance with the applicable provisions for senior employees.

The members of the Management Board are also covered by the applicable version of the Company's travel policy.

3.1.3. Pension

For each contribution year, the Management Board member receives a taxable contribution amounting to 35 percent of the applicable compensation for personal use in the form of an investment for the purposes of pension provision; the amount is paid out when this purpose is evidenced.

The contribution for the respective contribution year becomes due on the settlement date following the contribution year. No further contributions are granted once the Management Board member reaches the relevant statutory retirement age.

"Applicable compensation" is defined as the annual fixed remuneration agreed in the employment contract, excluding performance-based remuneration and fringe benefits. Compensation is considered to be applicable if it is actually paid out during the contribution year; this also applies in the case of continued payment during occupational incapacity.

The "contribution year" is the financial year (April 1 to March 31). The "settlement date" is July 1 following the end of the respective contribution year. The contribution year and the settlement date may be redefined in the event that the Company changes its financial year.

3.2. Performance-based remuneration

The Variable Remuneration is intended to set appropriate incentives for the Management Board members to act in the interests of the Company and its employees, customers, and shareholders in order to ensure sustainable long-term development. The targets for the performance-related remuneration are defined uniformly for the Management Board unless the option described in section 3.2.1.2. is exercised.

To establish a balanced relationship between opportunities and risks and design an effective system of incentives in order to generate economic growth, the Variable Remuneration components are designed in such a way that the respective payment can amount to zero. On the other hand, the components are also designed to allow for appropriate overfulfillment.

In addition, the proportion of the remuneration attributable to the multi-year Long-Term Incentive (LTI) exceeds the proportion attributable to the one-year Short-Term Incentive (STI).

Erfolgsabhängige Vergütung

Long Term Incentive (LTI)

Short Term Incentive (STI)

3.2.1. One-year Variable Remuneration – Short-Term Incentive (STI)

The STI is a short-term, one-year, performance-based remuneration component that is granted annually, and hence is intended to incentivize the operational success achieved in the respective financial year. The STI sets uniform incentives for the Management Board members to attain key targets relating to the annual budget, which in turn are derived from the Company's long-term, multi-year strategic planning, as well as uniform incentives for sustainable action that do not have a direct financial impact but that also promote the achievement of the Company's long-term strategy.

The one-year Variable Remuneration depends on the Company's success in the respective financial year. The payment under the STI is determined by reference to multiple financial and non-financial key performance indicators (KPIs) and depends on the attainment of these targets. These financial targets are supplemented by a sustainability component.

3.2.1.1. Weighting and composition of the STI

The STI corresponds to a total of 50 percent of the annual fixed remuneration (gross) and is paid in this amount when the defined total of the weighted target attainment for the financial and non-financial KPIs (total target attainment) amounts to 100 percent, up to a maximum payment of 100 percent of the annual fixed remuneration in the event of maximum target attainment (200 percent).

The assessment period is the financial year for which the STI is granted.

The relevant KPIs for the STI are currently defined as the operating result (EBIT) with a weighting of 20 percent and free cash flow with a weighting of 20 percent, in each case based on IFRS.

These are supplemented by sustainability targets (ESG, i.e. environmental/social/governance) with a weighting of 10 percent. The Supervisory Board defines the corresponding targets, which refer to non-financial KPIs such as employee targets, customer targets, environmental targets, diversity targets, transformation targets relating to digitalization and the establishment of new business models, integrity targets, and other sustainability targets that may be defined by the Supervisory Board.

In the same way as for the financial KPIs, measurable objectives and a quantitative target corresponding to 100 percent target attainment are determined for each non-financial KPI. These targets are defined on the basis of the Company's long-term strategic planning and taking into account the figures achieved in the previous year.

The individual targets and their attainment are calculated individually and considered cumulatively.

Based on the level corresponding to 100 percent target attainment, specific levels of target attainment are determined and a cap (200 percent) and a lower threshold (0 percent) are defined and set accordingly. The values are resolved by the Supervisory Board at the proposal of the Personnel Matters Committee.

Target attainment may amount to a maximum of 200 percent if the cap is achieved and a minimum of 0 percent if the lower threshold is not achieved; between these levels, it is determined on a linear basis.

3.2.1.2. Option of an individual performance-based component

By resolution of the Supervisory Board, the one-year Variable Remuneration (STI) may alternatively take the form of a personal, individual performance-based bonus replacing or modifying one or all of the KPIs. This bonus is determined by the Supervisory Board at the recommendation of the Personnel Matters Committee, taking into account their particular duties and responsibilities in addition to any individual objectives agreed.

With respect to the personal annual bonus, the Supervisory Board and the Management Board have agreed to continue to prioritize the annual financial objectives until further notice in light of the number of members and the structure of the Management Board.

3.2.1.3. Additional modification option for the one-year Variable Remuneration

Above and beyond the aforementioned option of introducing an individual, performance-based component, the Supervisory Board may apply a different financial performance indicator published in the Company's combined management report and Group management report as a financial KPI for the STI, either additionally or instead of one of the aforementioned financial KPIs, provided the Supervisory Board is satisfied that this is a more suitable key performance indicator for the long-term development of the Company.

The Supervisory Board may also modify and define the relative weighting of the KPIs as necessary. Corresponding modifications must be made by the start of the respective financial year at the latest.

3.2.2. Determining target attainment

The Supervisory Board determines target attainment at its accounts meeting following the end of the financial year. The basis of assessment for the financial and non-financial KPIs is the figures based on the findings of the Audit Committee.

In the event of the acquisition or disposal of companies, parts of companies or investments in companies or mergers with other companies requiring the approval of the Supervisory Board or other unusual events affecting the Company's earnings, the Supervisory Board may resolve to modify the targets for each KPI so as to eliminate any non-recurring effects resulting from the respective measure.

3.2.3. Payment

The one-year Variable Remuneration (gross) is payable at the time of the salary payment following the Annual General Meeting that resolves on the relevant financial year for the STI and is treated in accordance with the applicable tax and social security regulations.

Any conversion obligations for the purchase of shares are established and deducted in line with the corresponding provisions.

3.3. Long-term, multi-year Variable Remuneration - Long-Term Incentive (LTI)

The LTI constitutes long-term, multi-year performance-based remuneration that is granted in annual tranches and that is broadly share-based. This serves to ensure that the vast majority of the Variable Remuneration has a sustainable focus.

Accordingly, the LTI reflects the long-term strategy and provides uniform incentives for the Management Board members to achieve important objectives in line with the Company's long-term strategic planning. Furthermore, the LTI rewards the Management Board members for the share price performance of Heidelberger Druckmaschinen Aktiengesellschaft and hence ensures that the interests of the Company's shareholders are taken into account. With its four-year term, a further aim of the LTI is retention, i.e. encouraging Management Board members to remain with the Company.

3.3.1. Weighting and composition of the LTI

The volume ("LTI target amount") of the performance-based, multi-year Variable Remuneration (LTI) amounts to 100 percent of the annual fixed remuneration in the event of 100 percent target attainment, up to a maximum of 200 percent of the annual fixed remuneration in the event of maximum target attainment (200 percent).

The performance period describes a period of three financial years beginning with the financial year for which the LTI is granted and encompassing the next two financial years, plus a fourth year for further share-based performance.

At the start of the performance period for the LTI, key figures for target attainment are defined and the LTI target amount as described above is converted into virtual shares of Heidelberger Druckmaschinen Aktiengesellschaft. For this purpose, the arithmetical average price (closing prices) of the Company's share in XETRA trading at the Frankfurt Stock Exchange over the 60 trading days immediately preceding the start of the performance period is determined and applied in the conversion. The number of virtual shares is calculated by dividing the LTI target amount by the share price determined in this manner and rounding the result to two decimal places. This number is adopted.

At the end of the performance period, the number of virtual shares is determined on the basis of the attainment of three key performance indicators (KPIs).

The overfulfillment of each KPI target is permitted and may, at most, result in a doubling of the attributable virtual shares. Accordingly, 100 percent of the virtual shares may be granted in the event of full target attainment and a maximum of 200 percent of the virtual shares determined at the start of the performance period may be granted in the event of maximum overfulfillment; conversely, a zero grant is possible in the event of a failure to meet the targets.

Target attainment amounts to 100 percent when the target for the LTI bonus component is achieved. When the plan is established, the KPI targets are linked to a fulfillment threshold defined by the Supervisory Board in the course of determining the targets. This fulfillment threshold must be reached in order for the LTI to be paid out for the respective KPI. If the fulfillment threshold is not reached, the payment for the respective LTI component amounts to 0 percent. In the event of overfulfillment up to a defined limit, the maximum target attainment is 200 percent; between these levels, target attainment is determined on a linear basis.

The first KPI is based on the Group's expected **earnings before taxes (EBT)** in accordance with the five-year planning adopted by the Supervisory Board. The attributable virtual shares are determined after the end of the three-year performance period by comparing the actual earnings before taxes for the respective financial year within the three-year performance period according to the IFRS consolidated income statement with the expected earnings before taxes for these three financial years. The averages of the actual and the expected earnings before taxes are compared in order to calculate and identify the actual achievement of objectives.

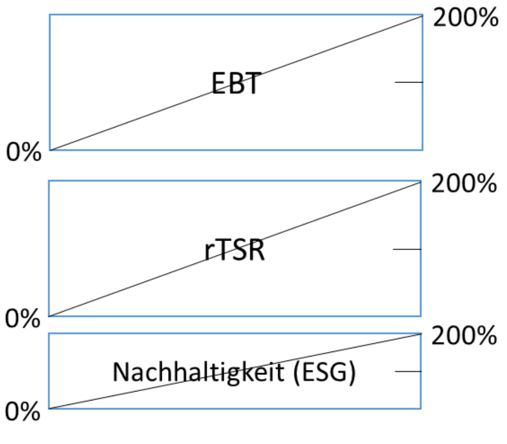
The second KPI reflects share price performance in the form of the "**relative total shareholder return**" ("**TSR**"). Relative TSR describes the performance of the share price plus theoretically reinvested gross dividends during the three-year performance period relative to the performance of other share prices and is determined on the basis of data from a recognized data provider (e.g. Bloomberg, Thomson Reuters). To determine target attainment, the performance of the HEIDELBERG share is compared with the performance of the SDAX during the three-year performance period.

In calculating the performance of the Company's shares and the SDAX during the performance period, the respective arithmetical average closing price (with up to four decimal places) in XETRA trading at Deutsche Börse AG (or a successor to the XETRA system) over the last 60 trading days preceding the start of the measurement period and over the last 60 trading days preceding the end of the measurement period are calculated and compared. The calculation of the arithmetical average closing price at the end of the measurement period also includes the theoretically reinvested gross dividends.

The performance thus calculated is compared with the performance of the SDAX performance index.
Target attainment amounts to 100 percent when the performance of the HEIDELBERG share is the same as the performance of the SDAX. Defined ranges for overfulfillment and underfulfillment are determined at the beginning of the period.

The third KPI encompasses sustainability targets (ESG, i.e. environmental/social/governance). Here, too, targets and ranges for overfulfillment (200 percent) and underfulfillment (0 percent) are defined. The Supervisory Board defines the corresponding targets, which refer to non-financial KPIs such as employee targets, customer targets, environmental targets, diversity targets, transformation targets relating to digitalization and the establishment of new business models, integrity targets, and other sustainability targets that may be defined by the Supervisory Board.

Illustration: LTI schematic diagram



The Supervisory Board may also modify and define the relative weighting of the KPIs as necessary. Corresponding modifications must be made by the start of the respective plan at the latest.

3.3.2. Determining target attainment and cap

The basis of measurement for the payment is the fixed annual remuneration at the date on which the plan is established.

The Supervisory Board determines target attainment at its accounts meeting following the end of the financial year. The basis of assessment for the financial and non-financial KPIs is the figures based on the audited financial statements and the adopted share price.

In the event of the acquisition or disposal of companies, parts of companies or investments in companies or mergers with other companies requiring the approval of the Supervisory Board or other unusual events affecting target attainment, the Supervisory Board may modify the targets for each KPI so as to eliminate any non-recurring effects resulting from the respective measure.

The target attainment ascertained for each KPI results in the final number of virtual shares, also rounded to two decimal places; the cap for the LTI applies accordingly.

Half of these virtual shares are converted into euros at the price determined using the procedure described above and paid out as gross remuneration. Any obligations to purchase shares are taken into account.

The other half of the virtual shares are converted into actual shares, with any fractions being rounded down to the nearest full share. The number of shares thus calculated is credited to the securities account administered by the Company for the respective Management Board member. These shares must be held for an additional year from the credit date.

3.4. Provisions on members joining and stepping down

In the event of members stepping down from the Management Board or joining the Management Board during the course of the financial year, the fixed remuneration is paid in the amount of one-twelfth of the fixed remuneration for each month.

The proportionate Variable Remuneration is calculated on a pro rata basis while observing the other conditions of the plan. Target attainment and the pro rata share are calculated after the end of the performance period for each tranche affected. The amount thus calculated is payable at the respective payment date.

The provisions on early termination as set out in section 11 otherwise apply.

3.5. Reasonable discretion clause

The Supervisory Board is entitled, at its reasonable discretion and taking the Company’s interests into account, to upwardly or downwardly revise the respective Variable Remuneration payment amounts (STI and/or LTI) ex post facto in order to reflect unusual and unforeseeable events. Any such adjustment is limited to +/- 20 percent of the payment amount that would have otherwise resulted.

4. PERSONAL INVESTMENT

During their period of appointment to the Management Board, the Management Board members must use their Variable Remuneration to establish and hold a portfolio of shares in the Company.

The valuation date for the portfolio and the necessary share investment is the date on which the Variable Remuneration is paid.

The portfolio must be filled up to a value corresponding to the respective member's current fixed annual remuneration (minimum value). Shares in the Company that are already held are counted towards this value. There is no obligation to acquire shares using other compensation or private wealth.

The Company is entitled to invest 20 percent of the Variable Remuneration (before deduction of taxes and contributions) in the form of shares in the Company. The Company commissions a bank or financial service provider to execute the transaction, i.e. to purchase the shares on behalf and for the account of the Management Board member, and bears the associated costs of processing and custody. The purchase is arranged at the earliest possible date providing the following conditions are cumulatively satisfied: (1.) the Variable Remuneration for the past financial year has been set, (2.) the interim announcement for the first quarter of the current financial year has been published, and (3.) there are no statutory or regulatory restrictions preventing the share purchase. The Company's entitlement to invest Variable Remuneration to build the share investment portfolio in the form of shares ends when the respective Management Board member leaves office.

The Management Board member may only sell shares from the personal investment share portfolio during their term in office if it can be demonstrated that the aforementioned minimum value is complied with and there are no statutory or regulatory restrictions preventing the sale.

5. LIMIT ON TOTAL REMUNERATION - MAXIMUM REMUNERATION

The annual Management Board remuneration is limited to a maximum of € 3.6 million for the Chairman of the Management Board and a maximum of € 2.4 million for an ordinary member of the Management Board.

6. ANCILLARY ACTIVITIY AND CONTRIBUTION OF REMUNERATION

The Management Board members must provide the Company with their entire knowledge and ability and their full efforts and work to advocate the Company's interests. This means that other activities, such as ancillary activities or positions on supervisory boards, should only be performed to an extremely limited extent.

Investments in companies and any secondary employment, whether in return for payment or otherwise – including memberships of supervisory bodies or advisory boards – may only be assumed or maintained with the written approval of the Chairman of the Supervisory Board.

The performance of intragroup mandates is considered to be remunerated through the payment of the contractually agreed Management Board remuneration. Any remuneration received for memberships of supervisory boards and advisory boards of Group companies or affiliates must be paid on to the Company.

The performance of ancillary activities on the part of Management Board members, whether in return for payment or otherwise – especially memberships of external supervisory boards – is subject to the approval of the Supervisory Board.

7. MALUS AND CLAWBACK PROVISIONS

The Company has the right to demand that the Management Board member repay payments made under the STI and/or LTI or to postpone or refrain from making outstanding payments if it transpires that the payment was made incorrectly because targets were not actually attained or were not attained to the extent assumed when the amount of the payment was determined.

The Company may also demand the repayment of Variable Remuneration that has already been paid out if the Management Board member is found to have substantially participated in or been responsible for behavior resulting in significant losses or a regulatory sanction for the Company or to have engaged in a serious breach of relevant external or internal regulations regarding aptitude and conduct.

A claim for repayment is triggered by misconduct on the part of the Management Board member with regard to compliance and appropriate conduct or the incorrect calculation of the Variable Remuneration.

A claim for the repayment of bonuses that have already been paid out arises if it transpires after the end of the reference period that target attainment did not take place (“bonus-malus”).

Payment may be partially or fully suspended if a significant deterioration in the Company’s position is subsequently identified after the payment amount is determined but before the payment date.

If the appointment of a member of the Management Board is revoked for good cause during a financial year in accordance with section 84 (3) AktG, the Supervisory Board may decide at its reasonable discretion whether any claims for the payment of Variable Remuneration components no longer apply, either for the current financial year or for past or future financial years.

The Supervisory Board also has the option of postponing the payment of these components following careful consideration if the Management Board member is not discharged or if there is good cause, particularly in the case of ongoing internal or external investigations.

The remuneration may be dispensed with altogether if the Management Board member was responsible for circumstances that entitled or would have entitled the Supervisory Board to revoke their appointment or to terminate their Management Board contract for good cause within the meaning of section 626 of the *Bürgerliches Gesetzbuch* (BGB – German Civil Code).

8. BONUSES AND TEMPORARY DEVIATIONS

At its reasonable discretion and in accordance with applicable law – particularly section 87 AktG – the Supervisory Board may grant special payments, bonuses or similar in addition to the gross annual salary, either on one or more occasions. Special payments, bonuses or similar always constitute voluntary payments and do not substantiate a legal claim.

Additional payments may only be made within the defined maximum remuneration.

The Supervisory Board may temporarily deviate from the remuneration system if this is necessary to ensure the long-term welfare of the Company. For example, this includes adapting the remuneration system to reflect a significant change in business strategy or a severe economic crisis. The exceptional circumstances underlying and requiring the deviation must be resolved by the Supervisory Board. The components of the remuneration system for which deviations are permitted are the procedure, the maximum remuneration, the individual components, and the structure and amount of the individual components.

In addition, the Supervisory Board has the right to grant new members of the Management Board special payments to offset the loss of salary from a previous employment contract or to cover relocation costs, capped at twice the total annual fixed remuneration.

The provisions of section 162 AktG concerning the preparation of the Company’s remuneration report otherwise apply.

9. CHANGE OF CONTROL CLAUSE

No commitments in the event of the early termination of Management Board activity due to a change of control (change of control clause) are agreed, nor are any commitments for severance payments.

10. EMPLOYMENT CONTRACTS

The employment contracts of the Management Board members are concluded for the duration of their appointment and are extended for the duration of any reappointment.

The contract term for the initial appointment of a Management Board member is typically three years.

However, members may only be appointed or reappointed for terms up until their 63th birthday.

11. EARLY TERMINATION OF EMPLOYMENT CONTRACT

If a member's appointment to the Management Board is revoked for good cause within the meaning of section 626 BGB, their employment contract also expires on the date on which the revocation becomes effective. In this case, no payments are made to the Management Board member from the date on which the revocation becomes effective.

If a Management Board contract is terminated, any outstanding Variable Remuneration components relating to the period up until the contract termination date are paid in line with the originally agreed targets and comparative parameters and the due dates defined in the remuneration system.

Any payments to a Management Board member on early termination of their Management Board activity may not exceed the value of two years' annual compensation (severance cap) and may not remunerate more than the remaining term of the employment contract. In the event of a post-contractual restraint on competition, the severance payment is counted toward the compensation for non-competition.

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