

Publication on the company's website

Supplementary information on topic 6 of the agenda of the invitation to the Annual General Meeting of the Company: Approval of the remuneration system of the Management Board)

**Preliminary remark:**

Following publication of the Management Board remuneration system submitted for approval by the Annual General Meeting, questions and comments regarding the system were received from various sides which we publish as follows for additional explanation. The new remuneration system is intended to achieve sustainable, share-based and appropriate remuneration.

**1. A note refers to the 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.

This clause is not intended to undermine the performance reflected in the target achievement levels. Rather, it is intended to allow ex post special features and extraordinary, unforeseeable circumstances to be taken into account in the course of the performance period. Such a decision is reserved for the Supervisory Board and is made in accordance with the principles of equitable discretion, taking into account the circumstances and events triggering the discretionary decision. The Supervisory Board intends to exclude any adjustment of the calculated performance results and to limit the reasonable discretion to the triggering events specified in the remuneration system. If the Supervisory Board exercises its discretionary powers and the variable compensation components are adjusted, this will be reported in accordance with the legal regulations.

**2. One note refers to the fact that no information on commitments to the amount of the gross annual salary is included**

The concrete amount of the gross annual salary of a Management Board member is the result of individual contract negotiations and can therefore not be determined in advance. This would restrict the negotiating position of the Supervisory Board.

The specific amount of the Management Board's compensation including the fixed annual compensation follows the principle of appropriateness. The appropriateness of the fixed annual compensation was assessed with the assistance of an external, independent expert, taking into account the industry, size, complexity and economic performance of the company. This external certificate also includes customary market practice. Such a certificate also been issued for the current fixed annual compensation of the Management Board, with the result that the remuneration is within normal market ranges. The specific amounts are disclosed in the remuneration report. The gross annual salary is part of the employment contract and is therefore agreed for the duration of the employment contract with a commitment to review it at regular intervals.

The results of the compensation certificate on horizontal and vertical comparability as well as their appropriateness shall be published in accordance with the legal regulations.

### **3. One comment refers to the fact that no specific targets have been defined**

The remuneration system defines the elements of remuneration and thus provides the framework for the individual components and their interaction. The remuneration system generally defines the underlying volumes and performance parameters for the individual elements, but not the specific annual KPIs, thresholds and maximum values. These are formulated and decided by the Supervisory Board on the basis of the multi-year plan, the specific fiscal year plan (SOP) and the criteria relevant to the Company. The remuneration system defines the guidelines and elements, while the concrete formulation is left to the Supervisory Board to ensure the necessary proximity between planning and target setting. In doing so, the Supervisory Board is guided by the principles described in section 1.3 of the compensation system, so that the formulation of the concrete targets enables consistency with the development of the Company.

Upon approval of the remuneration system, it is intended to explain the performance parameters (KPIs) on which the performance period is based, as well as the result of the assessment of the targets achieved, more clearly than before in the remuneration report, so that an assessment can be made of the level of ambition of the targets, their relevance for the success of the Company and their weighting.

The same applies to the ESG targets. Their concrete design is the responsibility of the Supervisory Board as part of the agreement on the KPIs. As the current contracts of the Management Board have not yet been drawn up in accordance with the new system, the issue of concretization does not arise at present.

Upon approval of the remuneration system, it is intended to present the derivation and design of the KPIs on ESG in the remuneration report as soon as they are concretely applied.

### **4. One note relates to the pension benefits of Management Board members**

The pension benefits of Management Board members have so far been governed by individual contracts.

The inclusion of this element in the remuneration system creates transparency in this respect and takes it into account in the maximum remuneration. This does not entail any change in the amount previously granted.

The specific amount of the pension commitments is in line with customary market levels and is also supported by an external market comparison.

### **5. A note refers to the shares of the variable remuneration**

According to the remuneration system, the target amount of the STI for 100% target achievement is 50% of the annual fixed compensation and the target amount of the LTI for 100% target achievement is 100% of the annual fixed compensation. This corresponds to a grant of the STI of 50% of the fixed annual compensation and a grant of the LTI of 100% of the fixed annual compensation (total 150%) if 100% of the targets are achieved. The volume of variable remuneration has not changed; previously the proportions were 60% of a fixed annual compensation for the STI and 90% for the LTI (total

150%). The adjustment aims at ensuring a majority share-based variable remuneration by strengthening the LTI.

#### **6. One note relates to the share orientation of the long-term incentive**

The LTI is in line with the requirements of the German Corporate Governance Code. After the three-year performance period, which is based not only on absolute share price performance but also on ambitious target achievement in terms of both EBT and relative TSR, the value achieved for the further year of the holding period is converted only to the extent necessary for the payout amount. By basing incentives in the fourth year of the performance period exclusively on the share price, a system is proposed which precisely reinforces this emphasis on share orientation and which has currently been successfully introduced in a comparable way at other companies.