Simplifying Progress

Sartorius AG

Policy on Remuneration of Executive Board Members Pursuant to Section 87a of the German Stock Corporation Law (AktG)

The following remuneration policy described in detail for the Executive Board (the "**2022 Remuneration Policy**") was adopted by the Supervisory Board in February 2022. This policy updates and selectively amends the remuneration policy approved by the Annual General Shareholders' Meeting on March 26, 2021 (the "**2021 Remuneration Policy**") essentially by (i) introducing additional, non-financial target parameters for variable remuneration and (ii) by opening eligibility for share-based compensation, which was formerly provided only for the Executive Board Chairman, to all Executive Board members.

A. Main Features of the Remuneration Policy and Contribution Toward Promoting the Corporate Strategy and Long-Term Development of the Company

The remuneration policy for the Executive Board aims to remunerate the members of the Executive Board appropriately in line with their tasks and responsibilities and to consider the performance of each member of the Executive Board and the success of the company. Accordingly, the remuneration policy includes fixed remuneration components as well as short- and long-term variable remuneration components.

The company strategy seeks to achieve profitable growth and a sustained, long-term increase in the value of the company. This strategy is the basis from which the structure of the remuneration policy is derived for the Executive Board of Sartorius AG: The short-term variable remuneration depends on annual corporate targets that are aligned with key performance indicators for profitable growth of the company; in addition to these, this short-term remuneration can also consider significant non-financial targets. Long-term remuneration depends on at least one corporate goal that reflects the sustainable and long-term growth of the company and the Group, on the one hand, and on the long-term performance of the share price, which directly mirrors the development of the company's value, on the other; in addition, part of the long-term remuneration can also be aligned with meeting non-financial targets of the company that are derived from the corporate strategy and are of material significance for the long-term positive further development of the company. As a result, the company's remuneration policy creates incentives to promote the long-term and positive sustainable development of the company.

The policy for remuneration of the Executive Board members is simply, clearly, and understandably structured. It meets the requirements of the German Stock Corporation Law ("Aktiengesetz" abbreviated as "AktG") as well as the recommendations of the German Corporate Governance Code ("**GCGC**") with the exception of any divergences explained in the Declaration of Compliance with the Recommendations of the GCGC as amended from time to time.

B. Details of the Remuneration Policy

I. Remuneration Components

1. Overview of the Individual Remuneration Components

Remuneration consists of fixed and variable components. The fixed components are the fixed annual salary and fringe benefits. The variable performance-based components are comprised of short-term components with a one-year assessment basis and of long-term components with a multi-year assessment basis. In addition, there are pension commitments, which depend, among other things, on the amount of the own contribution made by the respective Executive Board member in the form of deferred compensation for variable remuneration components, and which are therefore also variable.

2. Fixed Remuneration Components

a. Fixed Annual Remuneration

Fixed annual remuneration is cash compensation related to a specific fiscal year, and is based in particular on the area of duties and responsibilities of the respective Executive Board member. This fixed annual remuneration is paid in twelve monthly installments.

b. Fringe Benefits

Beyond the remuneration components stated above, the members of the Executive Board receive the fringe benefits listed below.

As standard benefits, the Executive Board members will each be provided with a company car that can also be used for private purposes and to be covered by accident insurance taken out in the respective Executive Board member's name as a beneficiary. Furthermore, the company maintains a directors' and officers' (D&O) liability insurance policy for the benefit of the members of the Executive Board.

The Supervisory Board can decide that, if necessary, suitable additional benefits in kind (in particular security services and defined medical services, such as preventive medical checkups and other healthcare services to prevent health risks and illnesses) may also be provided or corresponding costs reimbursed.

New members of the Executive Board may also be granted compensation for remuneration/benefit entitlements, which they lose as a result of joining Sartorius. Furthermore, moving expenses and, for a transitional period to be determined by the Supervisory Board, other costs associated with relocation to the company may be reimbursed up to a maximum amount to be determined in individual contracts (in particular costs for traveling home, including incidental expenses, and for running two households). For Executive Board members residing outside Germany, the company may also assume permanently associated costs (in particular costs for flights home, including incidental expenses and for double housekeeping). Such benefits are intended to ensure that the company can recruit the best possible candidates for service on the Executive Board.

3. Variable Performance-Based Remuneration Components

a. Short-Term Variable Remuneration with a One-Year Assessment Basis

In addition to receiving fixed remuneration components, all Executive Board members are entitled to receive short-term variable remuneration with a one-year assessment basis.

Target Parameters

Short-term variable remuneration with a one-year assessment basis consists of several individual components, each related to different target parameters.

Currently, there are three individual components that are related to the subordinate financial targets of sales revenue | order intake, underlying EBITDA, and the ratio of net debt to underlying EBITDA. These are to be supplemented in the future by the so-called employee net promoter score (ENPS) as a further non-financial subordinate target.

The target parameter of sales revenue | order intake is a measure of the average calculated from sales revenue and order intake and is a key performance indicator of growth. Underlying EBITDA as a target parameter stands for earnings before interest, taxes, depreciation, and amortization and is adjusted for extraordinary items; this is a key profitability indicator of the Group and is used to provide a picture of the Group's operating development that is also internationally better comparable. The target parameter of the ratio of net debt to underlying EBITDA is calculated as the quotient of net debt and underlying EBITDA and is a key financial ratio regarding the Group's debt financing capacity. The target parameter ENPS (employee net promoter score) reflects the rate at which employees are likely to further recommend a company as an employer and is currently polled twice a year within the scope of global employees' surveys.

To develop these financial target parameters, the company provides regular reports as part of its periodic financial reporting. These targets are key control elements for profitable growth as well as for a sustainable and long-term increase in the value of the company and serve to implement the overarching strategic goals of the Group. The non-financial target parameter ENPS is an indicator of sustained employee retention, which is of essential importance for the competitiveness of a company as an employer on the labor market and thus for the long-term successful further development of the company. As a result, this non-financial target parameter also promotes the overarching strategic goal of the company.

The remuneration policy intentionally does not rigidly prescribe the target parameters currently used, however. Rather, the Supervisory Board can set further financial and | or non-financial target parameters and | or replace existing target parameters by others. In turn, the particular target parameters must be used that the company reports at least once annually as part of its periodic financial reporting. If non-financial target parameters are additionally used, these must be aligned with the targets that are derived from the corporate strategy and are of material importance for the long-term positive development of the company. In adjusting financial target parameters, the Supervisory Board shall ensure that the particular target parameters in their entirety continue to reflect key control elements for profitable growth as well as a sustainable and long-term increase in the value of the company. At least one target parameter is to be based on key indicators that measure the development of business volume and | or earnings.

Measurement of Target Achievement and Bonus Payment

For each target parameter, the Supervisory Board determines a formula that is used to calculate the bonus to be paid for the respective individual component based on the degree of target achievement. In the process, the Supervisory Board also defines (i) the minimum target achievement below which the bonus to be paid is zero, and (ii) the maximum target achievement above which the bonus to be paid no longer increases. As a result, the amount of a bonus to be paid is capped for each subordinate target as a maximum percentage of the individual target amount. This cap is currently 120% for all subordinate targets. However, the Supervisory Board can elect to define a different cap in the future.

For every individual component of short-term variable remuneration with a one-year assessment basis, the Supervisory Board shall set an individual target amount for each Executive Board member before the beginning of a fiscal year. This target amount is used to determine the specific amount of a bonus to be paid based on the level of target achievement defined for the respective fiscal year. The targets are weighted for the individual Executive Board members according to their area of responsibility and, if they are responsible for a division, can be related to the assessment parameters of the particular division, except for the assessment parameters applicable to the Group.

In the case of financial target parameters, the target at which the full target bonus amount is paid out (= 100% target achievement) is derived by the Supervisory Board from the approved annual budget for the respective fiscal year and the level of target achievement is determined by comparison with the actual result, which is yielded by the audited and approved consolidated financial statements for the respective fiscal year. If non-financial target parameters are aligned with values that are reported in the Non-Financial Group Report or in the Non-Financial Group Statement for the respective fiscal year, the degree of target achievement is determined by comparison of the target values with the actual results that are presented in the Non-Financial Group Report or in the Non-Financial Group Statement. In determining the level of target achievement, the Supervisory Board can make adjustments to the actual figure to allow for non-recurring, extraordinary circumstances and | or non-operating items.

Annual short-term variable remuneration is calculated for a fiscal year ended and paid in the following fiscal year. If an Executive Board member joins or leaves the board without serving for a full year, his or her short-term variable remuneration will be calculated and determined on a pro-rated basis.

b. Long-Term Variable Remuneration Components

The long-term variable remuneration components for all Executive Board members will consist of the following three individual components: One individual component each is related to the development of the consolidated net profit and to the reduction in CO_2 emission intensity as target parameters in a four-year assessment period. In addition to these non-share-based individual components, all Executive Board members will receive a share-based compensation component that is related to the price development of the preference share of Sartorius AG in a likewise (at least) four-year assessment period (phantom stock). As a result, the long-term variable remuneration components are also aligned with target parameters that measure profitable growth and a sustainable and long-term increase in the value of the company and the achievement of the climate targets derived from the company's sustainability strategy, and thus serve to implement the company's overarching strategic objectives.

The remuneration policy intentionally does not rigidly prescribe the target parameters currently used, however. Rather, the Supervisory Board can set further financial and | or non-financial target parameters as non-share-based target parameters with at least a four-year assessment period, and | or replace existing target parameters by others. If the target parameters are financial, the Supervisory Board must use those that the company reports at least once annually as part of its periodic financial reporting. In adjusting financial target parameters, the Supervisory Board shall ensure that the particular target parameters in their entirety continue to reflect key control elements for profitable growth as well as a sustainable and long-term increase in the value of the company. If non-financial target parameters are additionally used, these must be aligned with the targets that are derived from the corporate strategy and are of material importance for the long-term positive development of the company. For long-term remuneration, at least one target parameter not related to the share price is to be based on key indicators that measure the long-term development of business volume and | or earnings. Moreover, for each target parameter not related to the share price, the Supervisory Board determines a formula used to calculate the bonus to be paid for the respective individual component based on the degree of target achievement. In the process, the Supervisory Board also defines (i) the minimum target achievement below which the bonus to be paid is zero, and (ii) the maximum target achievement above which the bonus to be paid no longer increases. As a result, the amount of a bonus to be paid is capped for each subordinate target as a maximum percentage of the individual target amount.

For every individual component of long-term variable remuneration with a one-year assessment basis, the Supervisory Board shall set an individual target amount for each Executive Board member before the beginning of a fiscal year. This target amount is used to determine the specific amount of a bonus to be paid based on the level of target achievement of the associated targets defined for the respective fiscal years. In calculating this amount, the individual component related to the price development of the company's preference shares (phantom stock) must be weighted at least as strongly as the total of the non-stock-based individual components of long-term variable remuneration.

Finally, a particular Executive Board member can additionally be granted compensation in the form of shares in the company (share-based remuneration) as a further long-term variable component. Share-based remuneration and participation in the company's share price performance as a result will also promote the long-term increase in the value of the company as an overarching strategic objective.

Consolidated Net Profit

The individual component related to consolidated net profit has an assessment period of four consecutive fiscal years and begins with the fiscal year in which the tranche concerned is granted. A new tranche is granted on a rolling basis for each fiscal year that a member's appointment lasts. The amount paid out for a particular tranche depends on the individual target amount and on the total target achievement for the respective assessment period, where said total target achievement corresponds to the average target achievement for each of the four fiscal years of the relevant assessment period. For each fiscal year, the Supervisory Board annually defines a target for consolidated net profit in euros, which is derived by the Supervisory Board from the annual budget approved for the respective fiscal year. To determine the level of target achievement for a fiscal year, the consolidated net profit excluding amortization (impairment of the value of intangible assets due to business combinations pursuant to IFRS 3) – as reported in the company's consolidated financial statements audited and approved – is compared to the particular target set by the Supervisory Board. In individual cases, the Supervisory Board may make further adjustments to the actual amount to allow for non-recurring, exceptional circumstances and | or non-operating items.

The amount to be paid out is determined based on the individual target amount and a formula defined by the Supervisory Board. It provides for (i) a minimum target achievement, which must be exceeded to receive a bonus and below which the amount paid out is zero, and (ii) a maximum target achievement, above which the bonus amount to be paid out no longer increases. The bonus paid out is thus capped in each case at a maximum percentage of the individual target amount. This cap is consistently set at 120% and is reached at a target achievement level of 120%. In the future, however, the Supervisory Board may also define a different cap.

This remuneration component is paid out upon expiration of the fourth fiscal year in the respective period of assessment for the tranche concerned.

Reduction of the CO_2 Emission Intensity

This individual component related to the reduction of the CO_2 emission intensity has an assessment period of four fiscal years and begins with the fiscal year in which the tranche concerned is granted. A new tranche is granted on a rolling basis for each fiscal year. The amount paid out for a particular tranche depends on the individual target amount and target achievement for the respective assessment period. For each tranche, the Supervisory Board annually defines a target for average annual reduction of the CO_2 emission intensity during the assessment period. This target corresponds to the current target of the company's sustainability strategy as amended in each case (currently a 10% reduction per fiscal year as measured using the baseline value for 2019), where the initial value of this target is provided in the reviewed Group Non-Financial Statement of the previous year. To determine the target achievement of this parameter, the final value used is based on the actual value of the CO_2 emission intensity reached in the last fiscal year of the respective four-year assessment period for the corresponding tranche, as reported in the respective audited Group Non-Financial Statement. In individual cases, the Supervisory Board may make further adjustments to the actual value to allow for base effects and recording inaccuracies.

The amount to be paid out is determined based on the individual target amount and a formula defined by the Supervisory Board. It provides for (i) a minimum target achievement below which the amount paid out is zero, and (ii) a maximum target achievement above which the bonus amount to be paid out no longer increases. The bonus paid out is thus capped in each case at a maximum percentage of the individual target amount. This cap is consistently set at 120% and is reached at a target achievement level of 120%. In the future, however, the Supervisory Board may also define a different cap.

This remuneration component is paid out upon expiration of the fourth fiscal year in the respective period of assessment for the tranche concerned.

Development of the Preference Share Price (Phantom Stock Plan)

Executive Board members receive virtual shares, so-called phantom stock units, as a share-based individual component of long-term variable remuneration. Through the issue of such shadow shares, Executive Board members are treated as if they were owners of a certain number of preference shares in Sartorius AG, without, however, being entitled to receive dividends. The development of the value of this phantom stock is linked with the development of the Sartorius preference share; both increases and decreases in the share price are taken into account. Later, the value of this phantom stock is assessed based on the share price at the time, and its equivalent is paid out in cash, provided that the associated conditions are met. Phantom stock cannot be traded and does not entail any share subscription rights.

According to the Sartorius phantom stock plan, each Executive Board member is credited at the beginning of every fiscal year with phantom stock units valued at an agreed monetary sum. Phantom stock units are granted on a rolling basis for each fiscal year that a member's appointment lasts. The value of this phantom stock can be paid out only as an entire annual tranche. Payment can be requested at the earliest after a period of four years and no later than after eight years. If an Executive Board member's appointment begins during a year, phantom stock will be granted retroactively (on a pro-rated basis as necessary) at the start of a fiscal year.

An Executive Board member is entitled to receive payment for phantom stock units only if, according to the current plan conditions, the share price at the time of such payment request has appreciated at least 7.5% per year relative to the time the phantom stock was assigned or if the share price outperformed a defined comparative index or group, with the current conditions of the phantom stock plan defining the TecDAX as a comparative index. In addition, the value of the phantom shares must be at least 50% of the grant value. The phantom stock plan rules out subsequent changes to the parameters used for comparative stock valuation.

According to the current phantom stock plan conditions, assignment of this phantom stock and later payment of its monetary equivalent depend on the mean value calculated from the average prices of the Sartorius AG preference share, with said prices quoted in the closing auction of Xetra trading on the Frankfurt Stock Exchange over the last 20 days of trading of the previous year (in the case where phantom stock units are assigned) or over the last 20 days of trading prior to submission of a payment request (in the case of payment for phantom stock units). This serves to compensate for any short-term fluctuations in the share prices.

The amount to be paid is capped, however, at a maximum of 2.5 times the share price at the time the phantom stock was assigned, based in each case on the individual annual tranche.

Pursuant to the current phantom stock plan conditions, payment for phantom stock is blocked for the four weeks preceding the scheduled publication date of quarterly and half-year results and for the 30 calendar days before the scheduled publication of the half-year results and preliminary year-end results, as well as for 20 days of trading on the stock exchange following the actual publication of quarterly and preliminary year-end results. These blackout periods are intended to ensure that payments are only made during periods in which the most recent business results have already been processed in the capital market and the regular publication of further business results is still sufficiently far in the future.

However, the remuneration policy does not specify the details of the share price calculation on which the allocation and payment of the phantom stock units are based, the minimum annual increase in value, the benchmark for measuring the relative share price performance, or the relevant payment windows. They can therefore also be regulated by the Supervisory Board in the future in divergence from the current plan conditions; in particular, the benchmark for measuring relative share price development can be suitably adjusted in the event of a change of the company's index or a change in the composition of the index previously used.

Share-Based Payment

Remuneration in the form of company shares can additionally be granted on an individual basis to the Executive Board members. These shares are subject to a holding period of at least four years as of the beginning of the time the respective member is appointed. With these shares, the Executive Board member as the beneficiary of share-based payment thus participates in positive and negative share price developments for a period of several years. The shares granted may be the company's own ordinary and | or own preference shares. For the purposes of share-based remuneration, the Supervisory Board shall define a total grant date fair value that is converted in a corresponding number of shares based on the current stock market price of the respective class of share at the time of granting. The shares in question will then be transferred in full to the beneficiary at the beginning of his appointment, but may not be sold before the holding period has expired. If the beneficiary leaves the Executive Board prior to the end of his or her appointment, conditions can be set so that the shares granted are forfeited in whole or in part, depending on the time of the beneficiary's resignation or departure, and must be transferred from the beneficiary back to the company.

4. Pension Commitments

The members of the Executive Board generally receive pension commitments as defined-benefit plans for their first reappointment. At the request of the Executive Board member concerned, the company shall take out a corresponding insurance policy for the duration of the employment relationship; the respective pension contributions will be paid into this policy. If no other retirement benefits were granted during a member's first time of appointment, the respective pension contributions can also be subsequently granted for a member's initial term of appointment.

Each benefit contribution consists of a basic amount of up to 14% of the particular member's annual fixed remuneration. On request, the particular Executive Board member concerned can additionally pay in, as a personal benefit contribution by way of deferred compensation, a partial sum of up to 7% maximum out of the gross amount paid to this Executive Board member in the respective fiscal year as short-term variable compensation and as long-term variable compensation based on net profit. If a member of the Executive Board exercises this right, the company on its part will make an additional contribution in the same amount (matching benefit contribution).

Pursuant to the insurance terms and conditions, the pension benefit can be granted in the form of a retirement pension or a lump-sum payment for reaching the regular retirement age or needing to retire due to disability, as well as in the form of surviving dependents' benefits for widows and orphans, according to which particular option an Executive Board member elects. The company does not guarantee the paid-in capital or an annual interest rate.

The regular retirement age for all pension commitments is 65. There are no early retirement regulations, except in the case of disability.

Insofar as further pension benefits were granted or promised to individual Executive Board members in the past, these shall remain unaffected and the corresponding pension entitlements shall continue unchanged.

5. Other Remuneration Components

The remuneration policy provides that the Supervisory Board may grant special compensation at its reasonable discretion for extraordinary performance by a member of the Executive Board.

II. Target Total Remuneration; Relative Percentages of Fixed and Variable Remuneration Components

The Supervisory Board determines a specific target total remuneration for each Executive Board member according to his or her area of tasks and responsibilities. The target total remuneration is related to each full fiscal year and is the sum of all remuneration components relevant for total remuneration. In the case of benefits in kind promised as fringe benefits, the relevant value for income tax purposes shall be applied in each case. The D&O insurance taken out by the company for the benefit of the Executive Board members is not considered separately as this is not a compensation benefit in the narrower sense.

Where target values are measured, the variable components are based on the target amount for 100% target achievement. For participation in the phantom stock plan, the annual grant date fair value shall be used for calculation; for any share-based compensation, the pro-rated grant date fair value for each year associated with a member's term of appointment.

Regarding pension commitments, it is assumed that, for the purposes of defining the target total remuneration, the Executive Board members will exercise their right to receive deferred compensation of their variable remuneration components (based on 100% achievement of targets) to the maximum extent permitted and that the company will therefore also pay each member a corresponding additional amount as a matching contribution. If, upon initial reappointment, corresponding pension amounts are also subsequently granted for the first term of appointment, these amounts shall not be allocated to the new term of appointment, however, but to the previous term of appointment for the purposes of the target total remuneration.

The relative percentage of fixed remuneration components (fixed annual salary and fringe benefits) for the Executive Board Chairman is between 25% and 40% of his total target remuneration and the percentage of his short-term and long-term variable remuneration components is between 55% and 70%. For the further Executive Board members, the relative percentage of their fixed remuneration components (fixed annual salary and fringe benefits) is between 35% and 55% of their respective total target remuneration and the percentage of their short-term and long-term variable remuneration components is between 40% and 60%, with the percentage of long-term variable components higher for each member than that of the short-term variable target remuneration. The percentage of their pension commitments is currently between 0% and 10% (inclusive in each case) of their respective target total remuneration. In the case of remuneration components granted on a one-time basis or for a limited period, the Supervisory Board may also deviate from the above-mentioned relative percentages of the individual remuneration components in the target total remuneration for individual financial years.

III. Reclaiming or Reducing Variable Remuneration (Clawback)

The remuneration policy provides that the company is entitled to reclaim from Executive Board members variable remuneration components already paid out to them in the following cases described:

1. Performance Clawback

If the entitlement to payment of annual short-term variable remuneration and of remuneration with a multi-year assessment basis in relation to the individual component of consolidated net profit is based on audited and approved consolidated financial statements that were objectively incorrect and therefore had to be subsequently corrected in accordance with the relevant accounting standards, and if no or a lower entitlement to payment of variable remuneration components would have arisen based on the corrected audited consolidated financial statements, the company may reclaim the corresponding amount of overpayment from the respective Executive Board member.

2. Compliance Clawback

If an Executive Board member commits, either through gross negligence or willful intent, any dereliction of the duty to exercise the skill and care of a prudent manager faithfully complying with his duties in accordance with Section 93, Subsection 1, of the German Stock Corporation Law "AktG," the company shall be entitled to reclaim from the respective Executive Board member the full or partial repayment of the annual short-term variable remuneration paid out to him or her for the respective assessment period in which the breach of duty occurred, the remuneration with a multi-year assessment basis related to the individual component of the consolidated net profit, and of the liquidated phantom stock units and | or to declare that member's forfeiture with respect to tranches of phantom stock units yet to be granted.

The Executive Board member shall not be obligated to reimburse the company if more than three years have elapsed as counted from the payment of the respective variable remuneration components up to the time a claim against said member for reimbursement is asserted. The objection of disenrichment in accordance with Section 818, Subsection 3, of the German Civil Code "BGB" is excluded under the remuneration policy. The right to claim damages pursuant to Section 93 of the German Stock Corporation Law "AktG" shall remain unaffected.

IV. Maximum Remuneration for Individual Executive Board Members

The total remuneration consisting of a fixed salary including fringe benefits, employee benefit expense and the short- and long-term variable remuneration components for a fiscal year – irrespective of whether it is paid in the fiscal year in question or at another time – is limited to a maximum gross amount of €4,500,000 for the Executive Board Chairman and €2,250,000 for each of the other Executive Board members. The maximum remuneration covers the maximum possible non-performance-related fixed and performance-related variable remuneration components, including employee benefit expense. Benefits in kind granted as fringe benefits are recognized at their value for income tax purposes. Regarding any share-based compensation, this compensation paid as part of the member's maximum remuneration is calculated based on the pro rated grant value attributable to one year.

V. Remuneration-Related Legal Transactions

1. Terms and Prerequisites for Termination of Remuneration-Related Legal Transactions

The employment contracts of Executive Board members are concluded for the term of their respective appointments. Initial appointments are each for a maximum of three years; extensions of an appointment term are for up to five years.

Termination of their employment contracts by giving due and proper notice is excluded. For this reason, an employment contract of an Executive Board member can only be terminated by mutual agreement based on a termination agreement or by termination for cause with immediate effect. The company may terminate an Executive Board member's employment contract for good cause defined by the German Stock Corporation Law "AktG" as "grave cause," particularly in the event that the Supervisory Board revokes this member's appointment for said grave cause pursuant to Section 84, Subsection 3, of AktG. In this case, the statutory periods of notice pursuant to Section 622 of the German Civil Code "BGB" shall apply, unless there is also a compelling reason ("good cause") for termination without notice pursuant to Section 626 of BGB.

2. Severance Payments

The employment contracts for Executive Board members provide that a member will receive a severance payment in the event the company terminates the employment contract of said member with immediate effect, provided that said member is not responsible for any grave cause or compelling reason warranting said termination ahead of the regular contract expiration date. The amount of the severance payment shall be two years' salary maximum, but shall not exceed the amount of remuneration that would be payable until the end of the contract term.

Furthermore, in the event of early termination of employment on the Executive Board by mutual agreement, the company may also grant, or agree to grant, severance payments, the amount of which is, in turn, limited to a maximum of two years' remuneration and compensates no more than the remaining term of the member's employment contract.

For the purpose of determining the maximum remuneration, severance payments are to be allocated (pro-rated, if applicable) to the fiscal year for which they are granted, regardless of whether they are paid out or received in the fiscal year in question or at another time.

3. Non-Competition Clause

The Executive Board employment contracts provide for a post-contractual non-competition clause for a duration of up to two years upon termination of employment with the company. In the event that this non-competition clause is not waived or is nullified, half of the remuneration last paid by the company shall be granted to the respective Executive Board member as compensation for non-competition throughout the non-competition period. Any severance to be paid in connection with the termination of an employment contract to an Executive Board member shall be deducted in full from said compensation for non-competition.

VI. Procedure for Establishing and Implementing as well as Reviewing the Remuneration Policy

The Supervisory Board shall establish and regularly review the remuneration policy for the Executive Board in accordance with the legal requirements. In the process, the Executive Task Committee of the Supervisory Board shall support the latter in this effort. The Executive Task Committee of the Supervisory Board prepares the remuneration policy for approval by the full Supervisory Board and makes the respective suggestions.

In the process, the Supervisory Board also reviews the appropriateness of such remuneration in comparison to the remuneration of the Executive Board within the peer group of the company (horizontal appropriateness). The peer group is defined by the Supervisory Board and covers domestic and foreign companies that are comparable based on sector, size, and sales.

In establishing the remuneration for the Executive Board members, the Supervisory Board further considers both the compensation of senior management and that of the remaining workforce in relation to the German Group companies (vertical appropriateness) and compares it to the particular remuneration of the Executive Board. For these purposes, the Supervisory Board defines senior management as the group of executives of the first two management levels below the Executive Board. The Supervisory Board looks not only at the current compensation ratio, but also at how it has developed over time. The current remuneration policy is also based on a review of vertical appropriateness in accordance with these principles.

If necessary, the Supervisory Board will engage an independent compensation consultant to review vertical and horizontal appropriateness. When external compensation consultants are engaged, their independence shall be ensured. The compensation consultants engaged shall be changed from time to time. Furthermore, the Supervisory Board also takes into account the requirements of the German Corporate Governance Code when determining and reviewing the remuneration of the Executive Board.

Any conflict of interest in the establishment, implementation and review of the remuneration policy shall be treated by the Supervisory Board in the same way as other conflicts of interest in the person of a Supervisory Board member. The Supervisory Board member concerned is therefore required to disclose any conflict of interest to the Chairman of the Supervisory Board and will not participate in the adoption of resolutions or in the deliberations concerned. Disclosure of any conflicts of interest at an early stage ensures that the decisions of the Supervisory Board are not influenced by inappropriate considerations.

The remuneration policy resolved by the Supervisory Board shall be submitted to the Annual General Shareholders' Meeting for approval.

The Executive Task Committee prepares for the regular review of the policy for remuneration of the Executive Board members. If necessary, this committee will recommend that the Supervisory Board make changes to this policy. In the event of material changes, but at least every four years, however, the remuneration policy shall be submitted to the Annual General Shareholders' Meeting for approval.

If the Annual General Shareholders' Meeting does not approve a particular remuneration policy submitted to it for approval, a revised remuneration policy shall be submitted at the latest to the next Annual General Shareholders' Meeting for approval.

The current Executive Board contracts already correspond, except for a few divergences, to the 2021 remuneration policy in force and, at the same time, to the 2022 remuneration policy described above; the non-financial target parameters provided in the 2022 remuneration policy for variable remuneration will be applied only subject to approval of the 2022 remuneration policy by the Annual General Shareholders' Meeting in 2022 – in this case retroactively for the full year of 2022 – on the basis of a corresponding agreement with the current Executive Board members. Apart from this, there are only isolated discrepancies from the 2021 remuneration policy and, at the same time, from the 2022 remuneration policy according to Mr. Lehmann's currently effective Executive Board contract for the long-term component of variable remuneration aligned with the consolidated net profit, the individual tranches of which still provide for a partial payment after the first fiscal year in each case in accordance with a previously applicable remuneration system up to the year 2025. A further difference is provided in Mr. Lehmann's Executive Board contract for a term up to 2025 in which any severance in the event of his early resignation will not be deducted from compensation for non-competition under the post-contractual non-competition clause.

When aligning legacy contracts with the 2022 remuneration policy, the Supervisory Board is authorized to limit said alignment – insofar as it relates to the existing term of the contract in question – also to individual remuneration components or individual aspects of the remuneration component in question.

C. Temporary Deviations from the Remuneration Policy

Pursuant to Section 87a, Subsection 2, sentence 2, of the German Stock Corporation Law "AktG," the Supervisory Board is entitled to deviate temporarily from the company's Executive Board remuneration policy if this is necessary in the interest of the long-term prosperity of the company. A Supervisory Board resolution for such a deviation shall be necessary, with said resolution explaining the reasons, the manner, and the intended period of this deviation in the individual case. Based on such a resolution, deviations from the remuneration policy are possible for all remuneration components. However, a deviation from the specified maximum remuneration shall be excluded.

D. Overview of the Policy on Remuneration of Executive Board Members

The following diagram provides a schematic overview of the remuneration policy.

Remuneration Policy for the Executive Board | Overview

<table>
<tr><th></th><th></th><th></th><th>Remuneration components</th><th colspan="2">Structure of the remuneration components</th><th>Maximum bonus (in % of the target amount)</th><th>Maximum remuneration</th><th>Further benefits</th></tr>
<tr><td rowspan="3">Fixed</td><td rowspan="10">Cash</td><td rowspan="8"></td><td>Fixed remuneration</td><td>Basic remuneration +</td><td>Fringe benefits</td><td>100%</td><td rowspan="10">Maximum amount of all cash remuneration components for the respective fiscal year</td><td rowspan="3">Compensation for post-contractual non-competition clause (50% of most recent remuneration)</td></tr>
<tr><td rowspan="2">Retirement benefits</td><td colspan="2">Basic amount</td><td>100%</td></tr>
<tr><td colspan="2">Additional amount (matching contribution)</td><td>120%</td></tr>
<tr><td rowspan="8">Variable</td><td rowspan="4">Short-term variable remuneration</td><td colspan="2">Sales revenue | Order intake (Group and | or division)</td><td rowspan="4">120%</td><td rowspan="4">Clawback</td></tr>
<tr><td colspan="2">Underlying EBITDA (Group and | or division)</td></tr>
<tr><td colspan="2">Ratio of net debt to underlying EBITDA (Group)</td></tr>
<tr><td colspan="2">Employee Net Promoter Score (Group)</td></tr>
<tr><td rowspan="4">Long-term variable remuneration</td><td colspan="2">Consolidated net profit</td><td>120%</td><td rowspan="3">Severance cap in the event of early contract termination</td></tr>
<tr><td rowspan="3">Share-based payment</td><td colspan="2">Reduction of CO_2-equivalent emission intensity</td><td>120%</td></tr>
<tr><td colspan="2">Phantom stock units</td><td>250%</td></tr>
<tr><td>Shares</td><td colspan="2">Share-based payment</td><td>One-time allotment; afterwards, no measurement of inflow</td><td>+ Proportional grant date fair value of share-based payment for the respective fiscal year</td><td>Extraordinary performance</td></tr>
</table>