Remuneration Policy for the Members of the Management Board of Zumtobel Group AG

Introduction

The remuneration policy (hereafter the "Remuneration Policy 2020/2021") for the Management Board of Zumtobel Group AG (hereafter also the "Zumtobel Group" or the "Company") was approved by the 44th General Meeting on 24 July 2020 with an approval rating of 86.08% and has since applied to all members of the Management Board.

During the 2021/2022 financial year, the Committee for Management Board Matters (hereafter the "Remuneration Committee") of the Supervisory Board reviewed the Remuneration Policy 2020/2021 with the assistance of an independent remuneration consultant. The evaluation focused, above all, on opportunities to improve incentives with a view towards implementation of the Company's strategic goals and support for the long-term, sustainable development of the Zumtobel Group. Other focal points included the expectations of the capital market and the feedback from the shareholders of Zumtobel Group AG on the Remuneration Policy 2020/2021.

The results of this review led to the development of substantial recommendations for the adaptation of the Remuneration Policy 2020/2021 by the Remuneration Committee. Based on a recommendation of the Remuneration Committee, the revised Remuneration Policy (hereafter also the "Remuneration Policy") was approved by the full Supervisory Board on 29 July 2022 in accordance with C-Rule 43 of the Austrian Corporate Governance Code. The revised Remuneration Policy for the Management Board of the Zumtobel Group is described in the following and will be presented to the 46th General Meeting of Zumtobel Group AG on 29 July 2022 for voting in accordance with Section 78b (1) of the Austrian Stock Corporation Act.

The Remuneration Policy, which is described in detail below, will take effect retroactively – subject to the suspensive condition of its approval by the 46th General Meeting of Zumtobel Group AG – on 1 May 2022 for all current and future members of the Management Board.

The most significant changes in comparison with the Remuneration Policy 2020/2021 and the background for these changes are explained under "Overview of the Remuneration Policy".

1. Procedures related to the Remuneration Policy

This Remuneration Policy was finalised by a resolution by the full Supervisory Board on 29 June 2022 and will be presented to the 46th General Meeting of Zumtobel Group AG on 29 July 2022 for voting.

The Management Board reports annually – if necessary, together with additional persons – to the Remuneration Committee on the subject of remuneration. This committee can initiate a revision of the Remuneration Policy if required.

The Remuneration Committee consists primarily of independent members of the Supervisory Board. All members of the Supervisory Board are required to report any conflicts of interest on their own initiative and, if necessary, must abstain from voting.

In accordance with Section 78b (1) of the Austrian Stock Corporation Act, the Remuneration Policy must be presented to the General Meeting for voting at least every fourth year and also in the event of material changes.

The Remuneration Committee therefore reviews the Remuneration Policy at least every fourth financial year – if necessary, together with internal and external experts – and evaluates whether a revision is required.

The Remuneration Committee then makes a recommendation for the Remuneration Policy to the full Supervisory Board. The same applies to any premature material change to the Remuneration Policy.

The Supervisory Board must then pass a resolution on the Remuneration Policy and submit an appropriate resolution to the General Meeting.

2. Goals of the Remuneration Policy

The following goals in particular are taken into account when determining the compensation policy::

- **Strategy congruence**

  The Remuneration Policy makes an important contribution to the implementation of the Company‘s strategic goals with their focus on sustainable and profitable growth. This is reflected in the inclusion of the EBIT margin, free cash flow, revenue growth and targets from the areas of Environment, Social and Governance (in short: ESG) in the variable remuneration.

- **Long-term orientation and sustainability**

  The Remuneration Policy is focused on sustainable, long-term oriented actions. In addition to the predominantly long-term structuring of variable remuneration, relevant targets from the areas of Environment, Social and Governance are also explicitly included.

- **Pay-for-performance**

  The Remuneration Policy for the Management Board and top management of Zumtobel Group AG is designed to link remuneration to performance. It creates a close connection between the remuneration of the Management Board and the development of the Company, i.e. above-average performance has a positive effect and below-average performance a negative effect on the amount of remuneration.

- **Regulatory conformity**

  The Remuneration Policy reflects recognised national and international standards for good corporate governance, including the provisions of the Austrian Stock Corporation Act and the rules of the Austrian Corporate Governance Code. In addition, the Remuneration Policy must be transparent and understandable.

- **Appropriateness and competitiveness**

  It is necessary to ensure that the total remuneration for the members of the Management Board is appropriate in relation to the position of the Company and to the customary remuneration paid by comparable companies. Remuneration should reflect the scope of activity and responsibility as well as the performance of each Management Board member. Moreover, it must be sufficiently attractive to attract and retain appropriately qualified persons for management board responsibility in a globally active, listed company. Remuneration should reflect the customary market compensation for management board members. This market comparison should be based, above all, on other listed domestic companies and also reflect the specific features of the Zumtobel Group as derived, in particular, from the Group’s regional markets and business fields as well as specific corporate indicators. The Remuneration Policy should, therefore, be competitive and aligned with the market.

- **Consideration of employees‘ remuneration and employment conditions**

  The Zumtobel Group operates with a standardised remuneration system for the Management Board, management and employees, whose goal is to achieve high transparency, market conformity and performance-based remuneration. Consequently, the remuneration rules for the members of the Management Board also give consideration to employees’ remuneration and employment conditions.

3. Overview of the Remuneration Policy

3.1. Summary of the Remuneration Policy

The following chart summarises the most important components of the revised Remuneration Policy and provides a comparison with the Remuneration Policy 2020/2021. The main adaptations are highlighted to improve comparability.

Remuneration Policy for the Management Board		
Remuneration Policy 2020/2021		**Revised Remuneration Policy**
Fixed Remuneration		
• Annual base salary which is paid out 14 monthly instalments	Base salary	• Annual base salary which is paid out 14 monthly instalments
• Benefits in kind and customary fringe benefits, in particular a company car, contribution to private health and accident insurance, D&O insurance	Fringe benefits	• Benefits in kind and customary fringe benefits, in particular a company car, contribution to private health and accident insurance, D&O insurance
Variable Remuneration		

• Plan type: Target bonus
• Performance period: 1 year
• Criteria:
  • Adjusted EBIT (75%)
  • Free cash flow (25%)
• Cap: 200% of target amount
	Short-Term Incentive (STI)	• Plan type: Target bonus
		• Performance period: 1 year
		• Criteria:
		  • **EBIT margin (60%)**
		  • Free cash flow **(20%)**
		  • **ESG targets (20%)**
		• Cap: 200% of target amount

• Plan type: Deferral/postponement of STI
• Performance period: 5 years with annual measurement and pay-out
• Criteria:
  • Relative Total Shareholder Return (Peer group: individual comparable companies)
• Cap: 200% of deferred amount
	Long-Term Incentive (LTI)	• Plan type: **Performance Cash Plan**
		• Performance period: **4 years**
		• Criteria:
		  • **Revenue growth (CAGR) (50%)**
		  • Relative Total Shareholder Return **(50%)** (Peer group: **STOXX® Europe 600 Industrial Goods & Services**)
		• Cap: 200% of target amount

• Possibility to grant additional discretionary remuneration up to a maximum of 20% of target remuneration • Consideration of non-financial criteria, especially sustainability targets	Discretionary remuneration	• **No** discretionary remuneration
Further design parameters		
• Clawback option if variable remuneration components were based on obviously false data and subsequently paid out	Malus and clawback	• Possibility for reduction **(malus)** and reclaim **(clawback)** of variable remuneration **in the event of incorrect consolidated financial statements or compliance violations**
• No Share Ownership Guideline	Share Ownership Guideline (SOG)	• **Share Ownership Guideline**: 100% of annual gross base salary (SOG target)

Overall, the revision of the Remuneration Policy 2020/2021 results in:

- a substantial strengthening of the pay-for-performance connection,
- an even closer link between the incentives and strategic goals of the Zumtobel Group,
- an effective connection between the interests of the Management Board and shareholders, and
- an adapted design that is better aligned with the market and shareholders' expectations.

The background for the most significant adaptations to the Remuneration Policy 2020/2021 are explained below:

Revision of the STI

The performance criteria in the STI were adapted in connection with the revision of the Remuneration Policy 2020/2021 to base the incentive effects even stronger on the current corporate strategy. That includes the explicit inclusion of ESG targets with a weighting of 20%. This reflects the Zumtobel Group's targeted orientation on long-term, sustainably focused actions. The EBIT margin will represent the central financial performance criterion in the future (previously: adjusted EBIT) with a weighting of 60%. Together with the LTI performance criterion "revenue growth", the implementation of the strategic goal of profitable growth is thus clearly pursued through corresponding targets in the variable remuneration. The performance criterion "free cash flow" is still very important for the Zumtobel Group and will therefore remain in the STI with a weighting of 20%.

Introduction of an independent LTI

Variable remuneration in the Remuneration Policy 2020/2021 consists of an STI and an LTI, whereby the latter is designed as a deferral or postponement mechanism of the STI. Thus, the deferred amount in the LTI can be subject to significant fluctuations. Since incentives to meet long-term goals represent a key element of the Remuneration Policy, the target amount of the LTI will be separated from the STI through the elimination of this connection and the LTI will be established as an independent variable remuneration element.

A new LTI will be introduced in the form of a Performance Cash Plan with a market common performance period of four years. The relative TSR remains in effect as a performance criterion. However, the Supervisory Board approved the use of the STOXX® Europe 600 Industrial Goods & Services instead of the previous individual peer group to place the capital market performance comparison on a broader and more stable foundation of relevant companies in similar industries which is easy to calculate and understandable to the general public. Revenue growth will be established as a second performance criterion to relative TSR in order to ensure a strong focus not only on capital market performance but also on the achievement of the Zumtobel Group's long-term strategic goals.

Elimination of the discretionary remuneration option

The Remuneration Policy 2020/2021 includes an option to grant the Management Board members additional discretionary remuneration of up to 20% of the target remuneration considering non-financial criteria, especially sustainability targets. This option is not be included in the revised Remuneration Policy in order to strengthen the pay-for-performance concept of the Remuneration Policy and incorporate feedback from the shareholders of Zumtobel Group AG.

The revised Remuneration Policy now explicitly includes ESG targets as a performance indicator in the STI with a weighting of 20%. This anchors the sustainability concept firmly in the Remuneration Policy for the Management Board.

Expansion of the malus and clawback rules

The Remuneration Policy 2020/2021 includes a clawback option that takes effect if variable remuneration components were determined and paid out on the basis of obviously incorrect data. This option will now be expanded to include a malus and clawback rule that also covers compliance violations.

Introduction of a Share Ownership Guideline

The revised Remuneration Policy includes a Share Ownership Guideline for the Management Board members. It is intended to strengthen the Company‘s capital market orientation and equity culture and better align the interests of the Management Board members and the shareholders of Zumtobel Group AG.

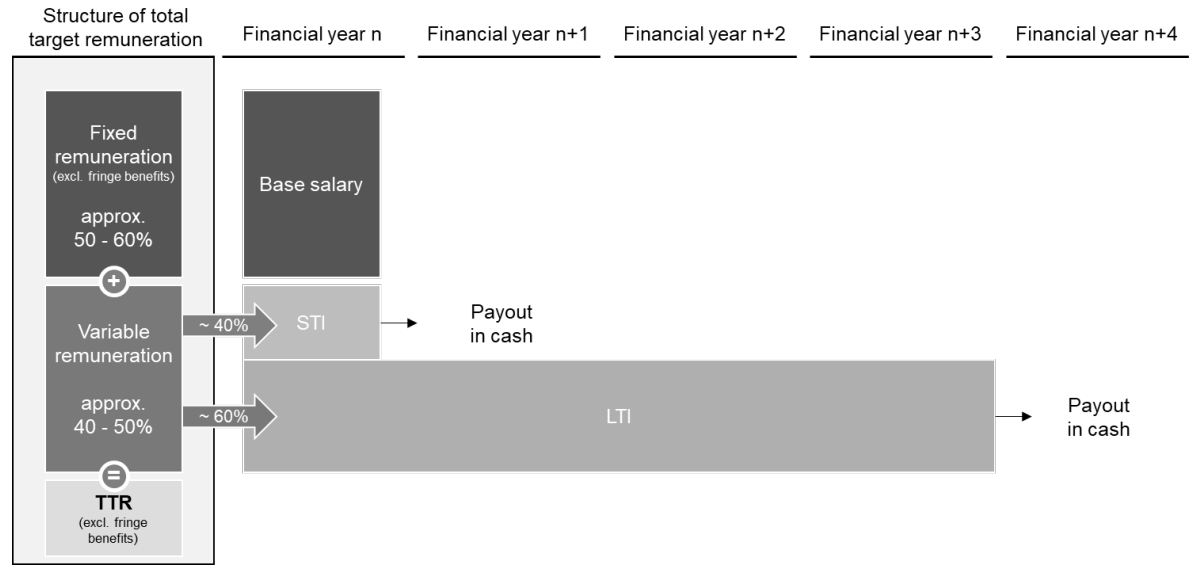
3.2. Remuneration structure

The total target remuneration for the Management Board members consists of the fixed remuneration components, which comprise a basic salary and fringe benefits, as well as the target amounts for the variable remuneration components, which comprise short-term variable remuneration (STI) and long-term variable remuneration (LTI). The target amount in each case represents the amount for the variable remuneration component based on 100% target achievement.

The Management Board's remuneration is, to a great extent, dependent on performance. This is ensured by the significant share of variable remuneration in total target remuneration. Variable remuneration is predominantly tied to the achievement of ambitious, long-term oriented targets. In this way, the remuneration structure places a strong focus on the long-term, sustainable development of the Company.

The structure of the total target remuneration can vary slightly between the individual Management Board members, especially between the chairman and members of the Management Board. When determining remuneration, the Supervisory Board ensures that the individual remuneration components move within the ranges shown in the following illustration. Fringe benefits are not included in this presentation because they are naturally subject to annual fluctuations. The fringe benefits generally comprise 1 - 3% of the total target remuneration.

Structure of Total Target Remuneration (TTR)



4. The Remuneration Policy in Detail

4.1. Fixed remuneration

The fixed remuneration of the Management Board members comprises the base salary and customary fringe benefits. There are no pension commitments for the Management Board members.

4.1.1. Base salary

Every member of the Management Board is entitled to a fixed annual base salary. It is oriented on the scope of activity and responsibility of the Management Board member and, as is customary in Austria, paid out in 14 equal monthly instalments. The base salary is principally intended as compensation for the acceptance of the Management Board appointment and the related overall responsibility in accordance with the allocation of duties.

The Remuneration Committee of Zumtobel Group AG reserves the right – after appropriate resolutions over capital measures are approved by the General Meeting – to pay part of the base salary (e.g. one-third) in the Company's shares when a Management Board appointment is extended or a new appointment is made; these shares must be held until the member leaves the Management Board.

4.1.2. Fringe benefits

As an additional contractual benefit, every member of the Management Board can participate in the collective accident insurance policy for work-related accidents that is provided for the Management Board members. The related premiums are carried by the Company.

The Company can reimburse documented costs for global health insurance for each Management Board member and his/her family.

The Company provides each Management Board member with a company car (upper middle class) in accordance with the current company car guideline of Zumtobel Group AG, which may also be used for private purposes. The taxes and duties attributable to the non-monetary remuneration value for private use must be carried in full by the Management Board member.

In the event of illness or no-fault accidents, the provisions of the Austrian Salaried Employees Act apply to the continuation of salary payments.

The Company transfers the contributions to the employee pension scheme on behalf of the Management Board members.

Every Management Board member is covered, as are all other corporate bodies, by the criminal law insurance policy and the pecuniary damage liability insurance ("D&O insurance") concluded by the Company. The related premiums are carried by the Company.

In individual cases, the Supervisory Board has the option of granting a one-off payment to a new Management Board member when he/she takes office. This is intended, for example, to cover relocation or rental costs or other losses of previously allocated remuneration from a former employer which arise due to the acceptance of a position with the Zumtobel Group. This gives the Supervisory Board the necessary flexibility to attract the best possible candidates.

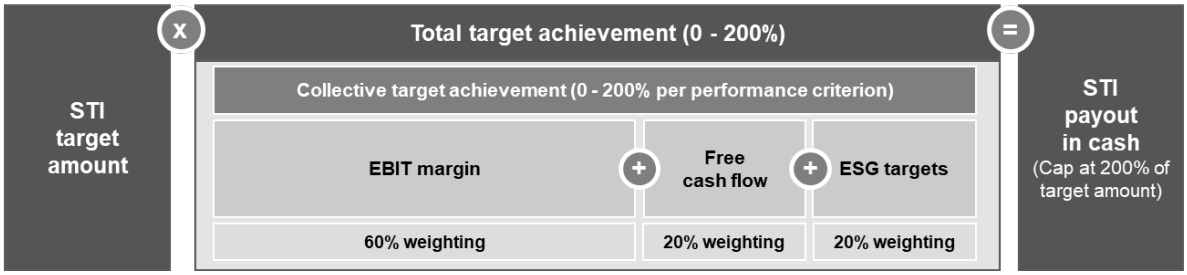
4.2. Variable Remuneration

4.2.1. Short-Term Incentive (STI)

The STI is designed as a target bonus, whereby the amount of the payout from the STI is dependent on the achievement of financial targets as well as selected targets from the areas of Environmental, Social and Governance (in short: ESG). As financial performance indicators, the Supervisory Board selected the EBIT margin with a weighting of 60% and free cash flow with a weighting of 20%. The ESG targets are included in the overall STI total target achievement with a weighting of 20%. The two financial targets represent key indicators for the Zumtobel Group's operational success. The performance criteria for the STI, in total, are essential steering elements for the achievement of the Zumtobel Group's central strategic goals, sustainable and profitable growth, and the continuous improvement of liquidity. The maximum payout from the STI is limited to 200% of the target amount (which defines the amount of the payout at 100% target achievement).

The STI is paid out in cash and calculated as follows:

Overview: Short-Term Incentive (STI)

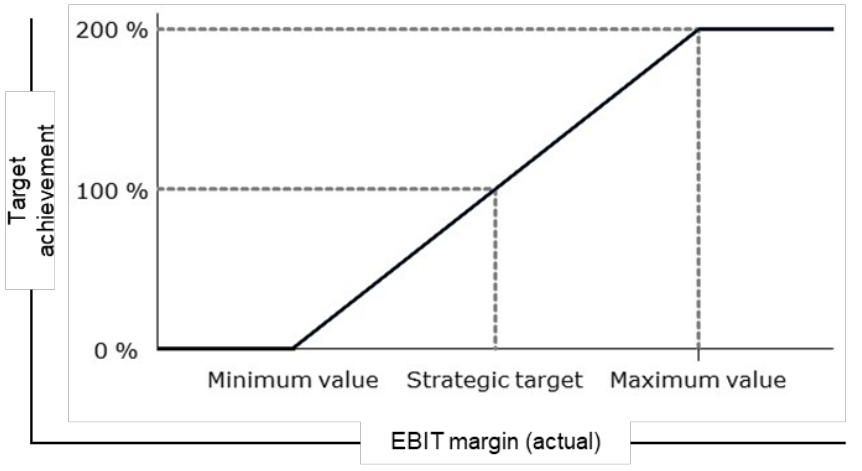


Performance criterion: EBIT margin

The EBIT margin is defined as EBIT (Earnings Before Interest and Taxes) divided by revenue for the respective financial year. It is based on the consolidated financial statements for the Company which were reviewed by the auditor and presented by the Supervisory Board to the General Meeting.

To calculate the target achievement, the Supervisory Board defines the strategic target and a minimum and maximum value for the EBIT margin before the beginning of the respective financial year. The target achievement equals 100% when the actual EBIT margin for the financial year reflects the strategic target. If the EBIT margin is equal to or lower than the minimum value, the target achievement equals 0%. An EBIT margin equal to or exceeding the maximum value results in a target achievement of 200%. If the maximum value is reached, a higher EBIT margin will not lead to a further increase in the target achievement. Target achievement values between the defined target achievement points will be interpolated on a linear basis. The following graph shows the target achievement curve for the EBIT margin performance criterion:

Target achievement curve: EBIT margin



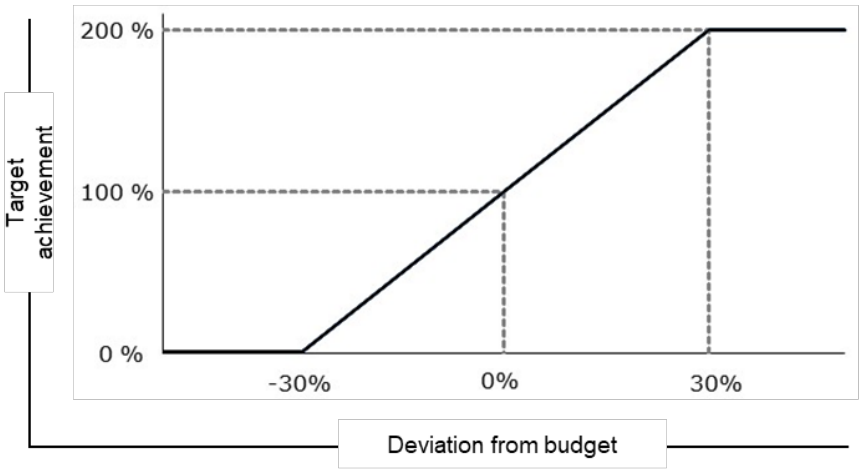
If companies or parts of companies are acquired or sold during the financial year and these transactions were not included in planning for the EBIT margin, the resulting effects are adjusted for the calculation of the EBIT margin (i.e. for the determination of EBIT and revenue). This is the case when an acquisition or a sale was not included in establishing the target values for the EBIT margin for the financial year and when the effects (based on EBIT) exceed € 5,000,000. The sale of parts of companies also includes the termination of business fields or parts of companies, providing this takes places with the agreement of the Supervisory Board.

Performance criterion: Free cash flow

The 100% target for the free cash flow performance criterion represents the budget approved by the Supervisory Board for the respective financial year. Minimum and maximum values are defined by the Supervisory Board before the beginning of the respective financial year. The target achievement equals 100% when the free cash flow for the financial year, based on the consolidated financial statements of the Company as reviewed by the auditor and presented by the Supervisory Board to the General

Meeting, exactly corresponds to the budgeted free cash flow for this financial year. If free cash flow differs by -30% or more from the budget, the target achievement equals 0%. A deviation of 30% or more in free cash flow from the budget results in a target achievement of 200%. If the maximum value is reached, a higher free cash flow will not lead to an increase in the target achievement. Target achievement values between the defined target achievement points will be interpolated on a linear basis. The following graph shows the target achievement curve for the free cash flow performance criterion:

Target achievement curve: Free cash flow



If companies or parts of companies are acquired or sold during the financial year and these transactions were not included in planning for free cash flow, the determination of actual free cash flow is adjusted to reflect the effects of these acquisitions and/or sales for the calculation of the target achievement of the free cash flow performance criterion. This is the case when the effects (based on free cash flow) exceed € 5,000,000. The sale of parts of companies also includes the termination of business fields or parts of companies, providing this takes places with the agreement of the Supervisory Board.

Performance criterion: ESG

The ESG targets are derived from the Zumtobel Group's sustainability report or from the following criteria catalogue prepared by the Supervisory Board. The criteria for the ESG targets are based on the categories of Environment, Social und Governance and operationalised with concrete targets. The concrete targets, together with minimum and maximum values, are established annually by the Supervisory Board before the start of the respective financial year. The target achievement for the ESG targets is also limited to 200%.

Criteria Catalogue for ESG Targets

Environment	Social	Governance
Product responsibility	Responsible employer	Corporate governance & compliance
Sustainable procurement	Product responsibility	Sustainable management
Op. environmental protection	Sustainable procurement	Responsible employer
	Sustainable management	

Information on the amount of the STI payout is subsequently provided in the remuneration report. The targets for the EBIT margin, free cash flow and ESG targets as well as the respective target achievements are disclosed and explained in the remuneration report.

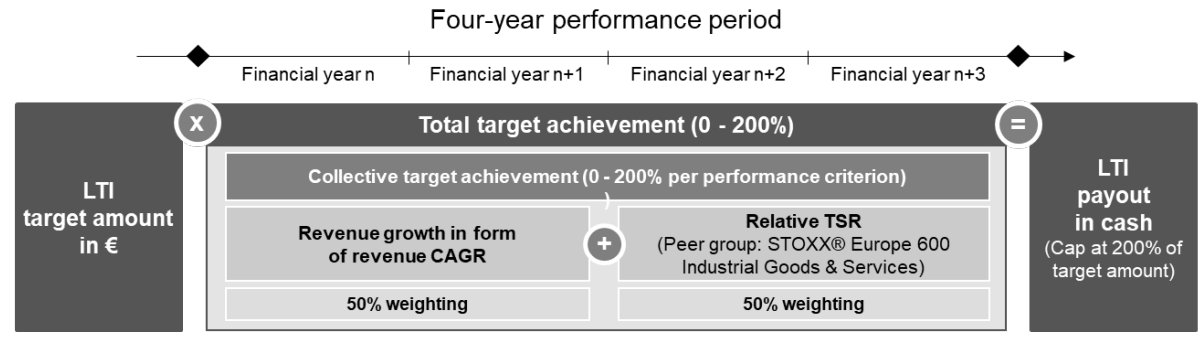
4.2.2. Long-Term Incentive (LTI)

The LTI is designed as a Performance Cash Plan with a four-year performance period. A new LTI tranche is allocated each year. As the key performance criteria for the measurement of the LTI payout, the Supervisory Board defined relative Total Shareholder Return ("relative TSR") in relation to the STOXX® Europe 600 Industrial Goods & Services and revenue growth. Both performance criteria are

included in the calculation of the final payout amount with a weighting of 50%. This creates, on the one hand, a clear incentive to meet the Zumtobel Group‘s long-term growth ambitions. On the other hand, it also provides a method to compare the Zumtobel Group‘s performance on the capital market with a relevant industry index, which aligns the interests of the Management Board and the Zumtobel Group’s shareholders. The maximum payout under the LTI is limited to 200% of the target amount (which defines the amount of the pay-out at 100% target achievement).

The LTI is paid out in cash and calculated as follows:

Overview: Long-Term Incentive (LTI)

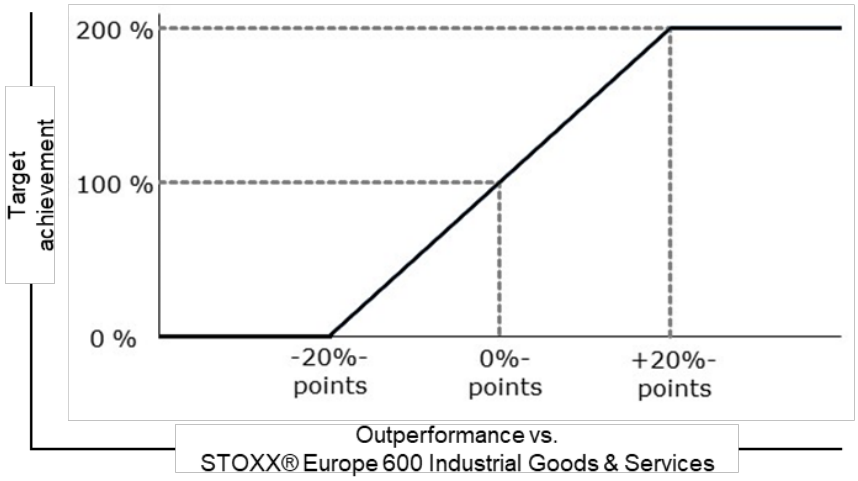


Performance criterion: Relative TSR

The TSR describes the development of the Company’s share price, including notional reinvested dividends. The relative TSR compares the TSR of Zumtobel Group AG with the TSR of other companies. To determine the target achievement of the relative TSR, the absolute TSR development of Zumtobel Group AG is compared annually during the term at the end of the respective financial year with the absolute TSR development of the STOXX® Europe 600 Industrial Goods & Services. The outperformance method is used for this purpose. It involves the calculation of the difference between the TSR development of Zumtobel Group AG and the TSR development of the comparative index in percentage points. The target achievement is calculated based on the outperformance relative to the index in percentage points.

The annual target achievement equals 100% when the TSR performance of Zumtobel Group AG reflects the TSR of the comparative index, meaning the outperformance equals zero percentage points. Underperformance of -20 percentage points or less represents an annual target achievement of 0%. Outperformance of 20 percentage points or more leads to an annual target achievement of 200%. If the maximum value is reached, higher relative TSR performance will not result in a further increase in the target achievement. Target achievement values between the defined target achievement points will be interpolated on a linear basis. The following graph shows the target achievement curve for the relative TSR:

Target achievement curve: Relative TSR



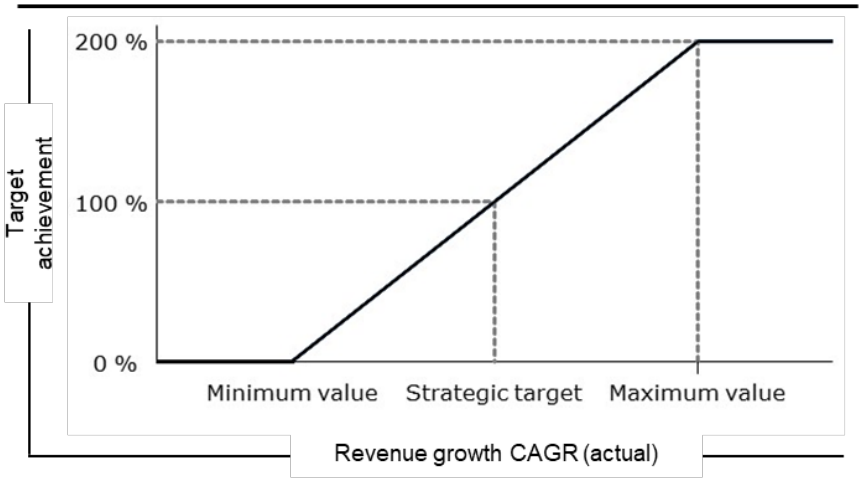
The calculation of the relative TSR target achievement for the entire performance period is based on the average annual target achievement during the performance period.

Performance criterion: Revenue growth

Revenue growth is calculated by comparing the revenue, as reported in the consolidated financial statements, generated by Zumtobel Group AG in the last financial year of the respective performance period with the revenue of the financial year prior to the start of this performance period. The decisive factor is the average annual increase in revenue (Compound Annual Growth Rate, CAGR).

The strategic target and the minimum and maximum values for the revenue growth performance criterion are defined by the Supervisory Board before the start of the performance period. The target achievement equals 100% when actual average revenue growth equals the strategic target for the respective performance period (zero percentage points difference). If actual average revenue growth equals or falls below the lower limit, the target achievement equals 0% (“minimum value”). If the actual revenue growth equals or exceeds the upper limit, the target achievement equals 200% (“maximum value“). Target achievement values between the defined target achievement points will be interpolated on a linear basis. The following graph shows the target achievement curve for revenue growth:

Target achievement curve: Revenue growth



If companies are acquired or sold during the financial year and these transactions were not included in establishing the target value for the revenue growth performance criterion, the determination of actual revenue growth is adjusted to reflect the effects of these acquisitions and/or sales for the calculation of the target achievement of the revenue growth performance criterion. This is the case when the effects (based on revenue) exceed € 100,000,000. The sale of parts of companies also includes the termination of business fields or parts of companies, providing this takes places with the agreement of the Supervisory Board.

Information on the amount of the LTI payout is subsequently provided in the remuneration report. The targets for revenue growth and the relative TSR as well as the respective target achievement are disclosed and explained in the remuneration report

4.3. Other Contractual Provisions

4.3.1. Share Ownership Guideline

A Share Ownership Guideline (SOG) was established for the Management Board members. The SOG is designed to strengthen the Company‘s capital market orientation and equity culture and, in this way, align the interests of the Management Board members and shareholders of der Zumtobel Group AG.

Every Management Board member is required to invest in a minimum amount of Zumtobel Group AG shares and to hold these shares throughout his/her entire appointment to the Management Board. The minimum amount of the share investment, i.e. the so-called SOG target, equals 100% of the annual gross base salary.

A build-up period of five years was established to reach the SOG target. During this period, the Management Board members are also required to invest at least 15% of the SOG target in Zumtobel Group AG shares each year. This is intended to ensure the continuous accumulation of investments to reach the SOG target, which must be met in full by the end of the fifth year after the start of the build-up period. Zumtobel Group AG shares held by a Management Board member at the start of the build-up period count towards the fulfilment of the SOG target.

This holding requirement for shares applies to all Management Board members who are newly appointed after the Remuneration Policy takes effect. For the Management Board members in office when the Remuneration Policy takes effect, the holding requirement for shares applies at the beginning of the next re-appointment.

4.3.2. Malus and clawback rules

The Supervisory Board is entitled, in pre-defined cases, to reduce variable remuneration which has not yet been paid out in part or in full to zero (“malus“) or to reclaim the net amount of variable remuneration which has already been paid out in full or in part (“clawback“).

Pre-defined cases include the following: intentional breaches of duty in the form of violations of major provisions of the Corporate Code of Conduct, the violation of material obligations under employment contracts, or the violation of due diligence obligations as defined in Section 84 of the Austrian Stock Corporation Act, where the violations meet the requirements for a gross breach of duty that would justify termination of the appointment as a member of the Management Board pursuant to Section 75 (4) of the Austrian Stock Corporation Act. A clawback is excluded when the material violation occurred more than five years ago.

Moreover, if the determination or payment of variable remuneration was based on incorrect consolidated financial statements, the Management Board members are required to repay any difference resulting from subsequent corrections. Any claim for repayment ceases to exist if the relevant financial year ended more than five years ago.

The malus and clawback rules do not interfere with any claims by the Company for compensation for damages, especially arising from Section 84 of the Austrian Stock Corporation Act, the Company’s right to cancel an appointment pursuant to Section 75 (4) of the Austrian Stock Corporation Act and the Company’s right to cancel an employment contract for good cause.

4.3.3. Design of the contracts for the Management Board members

Term

The terms of the contracts (employment contracts) for the Management Board members principally equal three years.

Premature termination

A member of the Management Board can be prematurely removed from his position by the full Supervisory Board for good cause as defined by Section 75 (4) of the Austrian Stock Corporation Act. In particular, this includes gross breach of duty, the inability to carry out due and proper management, or loss of confidence by the General Meeting.

The Company is entitled, in the event of recall, to prematurely cancel the employment contract when the reason was caused by the Management Board member and the Company is entitled to dismissal in analogous application of Section 27 of the Austrian Salaried Employees Act.

The employment contract can be cancelled by the Company or by the Management Board member in keeping with a six-month notice period as of the end of each month. This also applies in the event of a change of control.

Consequences of termination

In principle, the end of the employment relationship is followed by the determination and payment of variable remuneration based on the originally agreed measurement criteria (performance targets,

performance periods etc.) and settlement dates. The target amount for the STI, respectively the LTI tranche of the financial year in which the employment relationship ends will be reduced by 1/12 for every full month in which the employment relationship did not exist in that financial year.

If the employment relationship is terminated by the Company for good cause before the end of the performance period, all current tranches of the LTI will be forfeited without replacement or compensation.

In the event of permanent disability or death of a Management Board member, the STI and all current tranches of the Performance Cash Plan whose performance period has not yet ended, will be paid out immediately. The payout amount will represent the accumulated target amounts from the STI and all outstanding LTI tranches, whereby the respective target amount for the financial year in which the employment relationship ends will be reduced by 1/12 for every full month in which the employment relationship did not exist in that financial year.

If a Management Board member does not commence adequate employment considered reasonable for his/her person within the agreed termination period, he/she will be entitled to three further monthly compensation payments including a proportional share of variable remuneration.

Non-competition clause

The Company can conclude an agreement with the members of the Management Board which subjects them to non-competition after the end of their term of office in exchange for the continuation of fixed and variable payments for a maximum of 12 months.

5. Temporary deviation from the Remuneration Policy

Deviation from this Remuneration Policy is only permitted under exceptional circumstances and on a temporary basis and may only involve Points 4.1 (Fixed remuneration) and 4.2 (Variable remuneration). Any deviations must be reported to the General Meeting, together with an explanation of the underlying exceptional circumstances.

Exceptional circumstances include, above all, the following:

- Material changes in the legal or regulatory environment
- A change in the basis for evaluating a performance criterion which no longer permits determination of the target achievement
- The unforeseen departure of a Management Board member for whatever reason, when a comparable re-appointment to the position does not appear possible within the framework of this Remuneration Policy
- Significant macroeconomic upheavals or changes, respectively military conflicts or terrorist events

The Remuneration Committee or the Supervisory Board must pass a resolution in such cases to establish that an exceptional circumstance has occurred and confirm that deviation from the Remuneration Policy is necessary for the long-term development of the Company or the protection of its profitability. If the Remuneration Committee or the Supervisory Board reaches this conclusion, it can enter into contractual obligations of an appropriate scope with the Management Board members on behalf of the Company which deviate from this Remuneration Policy.