

**REMUNERATION SYSTEM FOR THE MEMBERS OF THE MANAGEMENT BOARD OF THE GENERAL PARTNER**

This remuneration system describes the principles for determining the remuneration of the members of the Management Board of SCHOTT Pharma Management AG ("SCHOTT Pharma Management"). SCHOTT Pharma Management is the General Partner of SCHOTT Pharma AG & Co KGaA ("SCHOTT Pharma" or "Company"). The provisions of sections 87a and 120a AktG regarding the establishment and approval of a Management Board remuneration system are in any case not directly applicable to SCHOTT Pharma due to its legal form as a partnership limited by shares. SCHOTT Pharma Management as the General Partner is responsible for the management of the Company which is managed by the members of its Management Board ("members of the Management Board"). However, since SCHOTT Pharma Management is not listed on the stock exchange, sections 87a and 120a AktG are neither directly applicable to it nor the members of the Management Board.

As a result of the corporate structure, the members of the Management Board indirectly manage the business of SCHOTT Pharma. For reasons of good corporate governance and transparency, this remuneration system for the members of the Management Board is voluntarily based on sections 87a and 120a AktG and is therefore to be submitted for approval to the Annual General Meeting of SCHOTT Pharma planned for 18 March 2024. Furthermore, the recommendations of the German Corporate Governance Code, as amended ("GCGC"), are also voluntarily taken into account in this remuneration system. Any deviations will be disclosed in the annual declaration of compliance.

**Principles of the remuneration system**

SCHOTT Pharma is a global market leader in the development and production of advanced drug containment solutions and drug delivery systems. SCHOTT Pharma is particularly well positioned in the rapidly growing market for injectable drugs and has built a loyal relationship with customers around the world through its global presence.

Based on this, the remuneration system for the Management Board is intended to contribute to the continuation of the existing profitable growth within the framework of the defined corporate strategy and, in particular, to increase the value of the Company in the long term.

For this reason, the Supervisory Board was guided by the following principles when determining the remuneration system:

- Implement the corporate strategy      The remuneration of the members of the Management Board creates incentives for the implementation of the worldwide corporate strategy.
- Generate profitable growth      The variable remuneration of the members of the Management Board depends to a significant extent upon the growth and profitability of the Company, which is thereby strongly incentivised.
- Create long-term value      The remuneration is designed in particular for long-term value creation and sustainability.
- Remuneration linked to performance      The remuneration is directly linked to the performance of the members of the Management Board ("pay for performance") and is geared towards the Company's success, particularly due to the high share of variable remuneration.

Foster action	sustainable	The remuneration underscores the Company's commitment to take environmental, social and governance ("ESG") aspects into account.
Safeguard compliance	regulatory	The remuneration is designed in such a way that it both voluntarily complies with the statutory requirements for listed companies and takes the recommendations of the GCGC, as amended, into account.

### **Procedure for establishing, implementing and reviewing the remuneration system, first-time application**

The Supervisory Board of SCHOTT Pharma is responsible for presenting the remuneration system to the General Meeting. However, due to its legal form, the Supervisory Board of SCHOTT Pharma Management ("Supervisory Board") is responsible for appointing and dismissing the members of the Management Board and for determining the remuneration of the Management Board. In the interests of good corporate governance, the Supervisory Board therefore determines a remuneration system for the members of the Management Board in line with the regulations for passing resolutions on the remuneration system for the Management Board of a listed stock corporation.

In the course of developing the remuneration system, the Supervisory Board may consult external advisors, whereby attention is paid to their independence from the members of the Management Board as well as from SCHOTT Pharma and SCHOTT Pharma Management. In addition, the general rules of the German Stock Corporation Act and the GCGC in the version dated 28 April 2022 ("GCGC 2022") on the treatment of conflicts of interest were or are observed when establishing and implementing the remuneration system and during its ongoing review.

This remuneration system will be submitted to the General Meeting of SCHOTT Pharma for approval in accordance with section 120a (1) AktG. If the submitted remuneration system is not approved, a revised remuneration system will be presented at the next Annual General Meeting of SCHOTT Pharma in accordance with section 120a (3) AktG.

Since 1 October 2023, this remuneration system has been applied to all current and newly concluded service contracts of members of the Management Board as well as those to be extended. Remuneration entitlements for periods prior to 1 October 2023, in particular those promised with regard to an IPO of SCHOTT Pharma, continue to be based on the respective underlying contractual provisions.

### **Determination of the specific target total remuneration by the Supervisory Board, appropriateness of Management Board remuneration**

This remuneration system forms the framework for the remuneration granted to the members of the Management Board by SCHOTT Pharma Management for their work on the Management Board, taking into account their management responsibility for SCHOTT Pharma.

In accordance with the requirements of the German Stock Corporation Act and the GCGC, the Supervisory Board ensures that the remuneration of the members of the Management Board is commensurate with the tasks and performance of the member of the Management Board and the situation of the Company, is geared towards the long-term and sustainable development of SCHOTT Pharma and does not exceed the customary remuneration without special reasons. For this purpose, both external (horizontal comparison) and internal comparative analyses (vertical comparison) are carried out.

## **Horizontal comparison**

In the horizontal – external – comparison, a suitable group of companies with regard to the market position of SCHOTT Pharma (in particular sector, size, country) is used to assess the appropriateness and customary level and structure of the remuneration. These are companies from the SDAX and MDAX that are comparable in terms of market capitalisation, number of employees and revenue.

## **Vertical comparison**

In addition to the horizontal – external – comparison, a vertical – internal – comparison of the remuneration of the members of the Management Board is carried out. This takes the relation between the remuneration of the members of the Management Board and the remuneration of senior management into account, all of whom report directly to the members of the Management Board of SCHOTT Pharma ("Global Management Teams") (first management level below the Management Board), as well as the employees of SCHOTT Pharma working in Germany, both overall and over time. Apart from that, the employment conditions of the employees working in Germany were not taken into account due to a lack of comparability.

## **Components, structure and limitation of the remuneration of the Management Board**

### **Components of Management Board remuneration**

The remuneration system provides for fixed and variable remuneration components, the sum of which forms the total remuneration of a member of the Management Board.

The fixed remuneration components are paid regardless of the Company's performance and consist of fixed remuneration ("fixed annual salary"), non-cash and other fringe benefits and an annual pension payment.

The variable remuneration components are linked to the achievement of predefined performance targets and consist of short-term variable remuneration in the form of variable remuneration related to the fiscal year ("Short Term Incentive" or "STI") and a remuneration component with a long-term incentive effect in the form of virtual shares ("performance shares") linked to the SCHOTT Pharma share price ("Long Term Incentive" or "LTI").

Furthermore, regulations on the reduction and clawback of variable remuneration as well as specifications for the maximum permissible remuneration and for legal transactions relevant to remuneration are provided for.

Structure of total Management Board remuneration				
Maximum remuneration pursuant to section 87a AktG				
Malus and clawback rules				
Performance-related remuneration	30%	LTI	Term: 4 years	Create long-term value Foster sustainable action
	20%	STI	Term: 1 year	Generate profitable growth
Non-performance-related remuneration	50%	<b>Fringe benefits</b>  <b>Pension payment</b>  <b>Fixed remuneration</b>		

### Relative share of the remuneration components in the target total remuneration

The fixed annual salary, together with the STI and the LTI, each with a target achievement level of 100%, plus the value of the fringe benefits and the annual pension payment, make up the target total remuneration of a member of the Management Board.

The fixed and variable remuneration components are equally weighted in the target total remuneration of the members of the Management Board. Among the variable remuneration components, the share of long-term variable remuneration predominates in the target remuneration structure (i.e. with 100% target achievement). This accounts for 60% of the variable remuneration components, while the share of short-term variable remuneration in the variable remuneration components is 40%.

The relative shares of the fixed and variable remuneration components in relation to the target total remuneration may differ for the individual member of the Management Board due to individual circumstances (e.g. departmental responsibility, individual fringe benefits).

Fringe benefits account for approximately 2% to 5% of the annual target total remuneration. Due to the fluctuating valuation and utilisation of fringe benefits, there may be slight shifts of a few percentage points in the aforementioned relative shares.

The target remuneration structure ensures alignment with the long-term and sustainable development of SCHOTT Pharma. A high weighting of the LTI ensures that the variable remuneration resulting from the achievement of long-term targets exceeds the proportion of short-term targets. At the same time, the annual operating targets are incentivised by the STI.

### Maximum remuneration

The amount of the variable remuneration components is capped in each case. Disbursement of the STI is limited to 150% of the corresponding target remuneration. For the LTI, the disbursement cannot exceed 180% of the target amount.

In addition, the Supervisory Board has set an upper limit for the total amount of all remuneration elements that a member of the Management Board can receive in return for their Management

Board activities for one year, i.e. currently consisting of fixed remuneration, fringe benefits and short-term and long-term variable remuneration components ("maximum remuneration"). Payments of the long-term variable remuneration component are allocated to the year in which the underlying performance shares are granted. Fringe benefits are recognised at their taxable monetary value. The maximum remuneration further restricts the maximum achievable total remuneration (sum of the individual components with maximum target achievement). It amounts to EUR 2,000,000 gross p.a. for the Chairperson of the Management Board and EUR 1,500,000 gross p.a. for ordinary members of the Management Board.

Any severance payments in the event of premature termination of Management Board membership and other special benefits not granted by SCHOTT Pharma Management in return for the services of the member of the Management Board are not included in the maximum remuneration and are not limited by it. The same applies to payments in fulfilment of any remuneration claims for periods prior to 1 October 2023, in particular those promised with regard to an IPO of SCHOTT Pharma.<sup>1</sup>

## **The components of the remuneration system in detail**

### **Fixed remuneration**

#### **Fixed annual salary**

Each member of the Management Board receives a fixed annual salary for their work on the Management Board, which is paid in twelve equal monthly instalments. The amount of the fixed annual salary granted reflects the role on the Management Board, the experience and area of responsibility of the member of the Management Board as well as the market conditions.

#### **Fringe benefits**

Each member of the Management Board also receives benefits in kind and fringe benefits. These include the granting of customary fringe benefits. These currently include the private use of a company car and the assumption of costs for private liability and accident insurance. The private use of the company car is taxed as a non-cash benefit; the tax is borne by the member of the Management Board. The costs associated with the use of the company car are borne by SCHOTT Pharma Management.

SCHOTT Pharma Management also pays 50% of the contributions to private health insurance, but no more than the maximum employer's contribution to statutory health and long-term care insurance. In addition, the costs of a preventive medical check-up can be covered by SCHOTT Pharma Management.

Business and travelling expenses are reimbursed in accordance with the reimbursement guidelines applicable to the Management Board.

In general, all members of the Management Board are entitled to the same fringe benefits; however, they may vary in individual cases depending on the personal situation and utilisation, particularly in terms of amount. The Supervisory Board may grant other or additional customary fringe benefits. In particular, expenses for extraordinary fringe benefits (e.g. security measures) may also be reimbursed on a temporary basis if required and special payments may be made on taking up office (e.g. special payments to compensate for the loss of variable remuneration entitlements from a previous service relationship due to the change to the Company or to cover relocation costs).

#### **D&O insurance**

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<sup>1</sup> Specifically, this includes the "NIP commitment", consisting of an "IPO bonus" and a "retention bonus".

In addition, there is a standard D&O insurance policy in favour of the members of the Management Board along with criminal law protection. In accordance with section 93 (2) sentence 2 AktG, the deductible for members of the Management Board under the D&O liability insurance is 10% of the loss or one and a half times the fixed annual remuneration.

**Pension payment**

In addition to their fixed annual salary, members of the Management Board receive an annual amount for the purpose of a private pension ("pension payment"), which is paid out in twelve equal monthly instalments. The pension payment does not constitute a company pension within the meaning of the German Company Pensions Act (*Betriebsrentengesetz*) and is therefore not recognised as such in the balance sheet.

**Variable remuneration**

The variable remuneration components for Management Board activities are designed to take into account both operational annual targets and the long-term, sustainable development of the Company. The remuneration system comprises a short-term variable remuneration component (STI) and a long-term variable remuneration component, the LTI. These two components assess the performance of the members of the Management Board and the Company over different periods (performance periods). Financial and non-financial performance criteria are also taken into account.

When selecting the performance criteria, the focus is on the implementation of the corporate strategy. In particular, the criteria support the Company's growth strategy and at the same time promote an increase in profitability and competitiveness.

	Category	Performance criterion	Weighting
<b>STI plan</b>	<b>Growth</b>	<b>Revenue growth</b>	<b>40%</b>
	<b>Profitability</b>	<b>ROCE</b>	<b>30%</b>
		<b>EBITDA</b>	<b>30%</b>
<b>Disbursement</b>	<ul style="list-style-type: none"> <li>✓ Target achievement capped at 200%</li> <li>✓ Disbursement capped at 150% of target amount</li> </ul>		
<b>Malus/ clawbacks</b>	<ul style="list-style-type: none"> <li>✓ Malus and clawback rules have been defined.</li> </ul>		

**STI**

**Basic features and performance criteria**

The members of the Management Board are entitled to short-term variable remuneration in the form of a short-term incentive. The amount of the STI depends on the achievement of certain financial performance criteria.

The STI is determined on the basis of the following performance criteria:

- Earnings before interest, taxes, depreciation and amortisation ("EBITDA")
- Growth of revenue of SCHOTT Pharma ("Revenue growth")
- Return on Capital Employed of SCHOTT Pharma ("ROCE")

The performance criteria are additively linked and are weighted differently. The influence of the revenue growth target on the STI is the most significant of the performance criteria, with a weighting of 40%. The STI depends on the achievement of the EBITDA and ROCE targets, each with a weighting of 30%.

### **Functionality, target achievement and payment**

The STI granted by SCHOTT Pharma Management is organised in the form of a target bonus system. An individual target amount, which corresponds to the STI in the event of 100% target achievement ("annual target amount"), is specified in the service contracts of each member of the Management Board. Depending on the achievement of financial performance criteria, an individual payment is made at the end of the fiscal year (maximum 150% of the annual target amount).

The financial performance criteria of EBITDA, revenue growth and ROCE are based on an ambitious target achievement system. For all performance criteria, the Supervisory Board sets an annual target value as well as a threshold and cap based on the annual planning. If the specified target value of the respective financial performance criterion is achieved, the target achievement is 100%. If the value achieved for a financial performance criterion is equal to or lower than the threshold value, the target achievement is 0%. If the value achieved for a financial performance criterion equals or exceeds the cap, the target achievement in this respect is 200%. If the value achieved is between the threshold and the target value or between the target and the cap, the target achievement is determined by linear interpolation in each case.

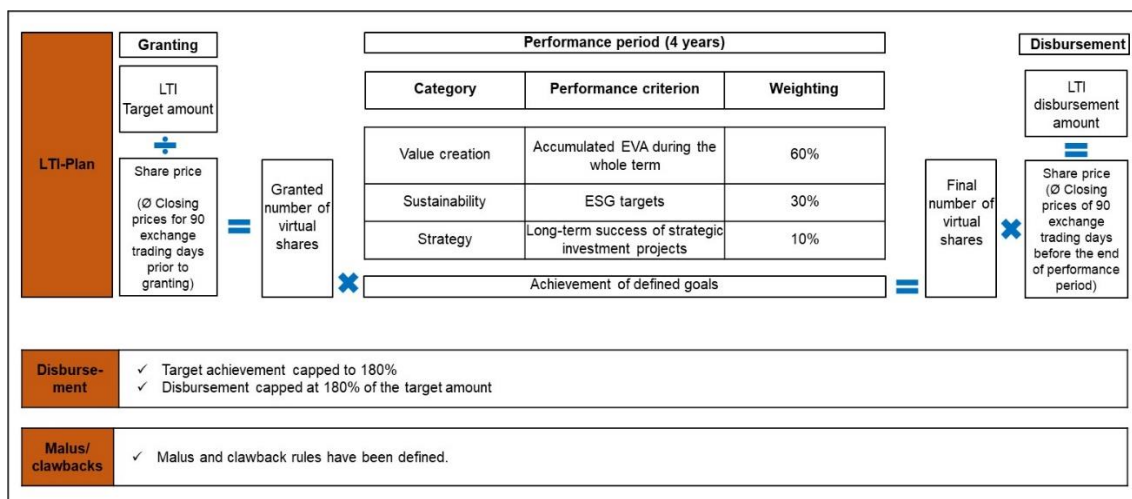
For the purpose of determining the target achievement, the Supervisory Board may decide to adjust for any special effects (such as those following an acquisition or sale of a company or parts of a company or investments in companies, as well as a merger with another company).

The target achievement for each performance criterion is weighted as shown and the individual degrees of target achievement weighted in this way add up to the overall degree of target achievement for a fiscal year. The amount of the STI is calculated on the basis of the annual target amount specified in the service contract using the overall degree of target achievement, whereby the amount paid out is limited to 150% of the annual target amount ("STI cap").

The target achievement system reflects the strict pay-for-performance concept of the Management Board remuneration system. The target values of all financial performance criteria as well as the threshold values and caps are based on the multi-year expectation of SCHOTT Pharma's business development. The actual values achieved and the resulting target achievement for the respective fiscal year are published ex-post in the remuneration report.

Payment is made in the month following the adoption of the consolidated financial statements, but no later than 12 months after the end of the relevant fiscal year.

### **LTI**



## Basic features and performance criteria

In addition to the STI, the members of the Management Board are granted an annual remuneration component with a long-term incentive effect in the form of virtual shares linked to the SCHOTT Pharma share price ("performance shares"). The share-based model ensures that the performance shares of the members of the Management Board are dependent on the development of the share price over the performance period of four years.

An individual annual target amount is defined in the service contract of the members of the Management Board, on the basis of which each member of the Management Board is allocated a certain number of performance shares per fiscal year depending on the Company's share price at the beginning of a performance period. The number of performance shares may increase or decrease depending on whether the performance criteria set in advance by the Supervisory Board are met at the end of the performance period. At the end of the four-year performance period, the final number of performance shares is determined and these in turn are converted into a disbursement amount depending on the Company's share price at the end of the performance period.

The final number of performance shares depends on a financial company target that measures the increase in the value of the Company, non-financial sustainability targets (so-called environmental, social, governance targets / ESG targets) and strategic targets.

The accumulated *economic value added* ("EVA") is used as the value enhancement target in order to emphasise the importance of increasing the value of the Company. The definition of an accumulated target value over the entire performance period ensures that this target has a sustainable effect.

The Supervisory Board sets the ESG targets with regard to areas of sustainability that are important to the Company, in particular targets in the areas of environmental (generally with regard to ratings achieved in external ratings, such as Ecovadis, and the reduction of greenhouse gas emissions) and social (increasing diversity and internationality). The ESG targets from the catalogue of the aforementioned areas can vary from performance period to performance period. Particular attention is paid to the transparency and measurability of the targets.

The relevant strategic objectives are clearly measurable and are derived by the Supervisory Board directly from the corporate strategy and are aimed in particular at the future success of significant investment projects, such as the construction of new plants or the launch of new innovative products.



## **Target achievement and weightings**

At the beginning of each performance period, the Supervisory Board sets a target value for each of the performance criteria, at the fulfilment of which the target achievement is 100%. The Supervisory Board also sets a threshold value for each of the performance criteria as the lower end of the target corridor, at which the target achievement is 0% ("threshold value"), as well as a cap, which if reached or exceeded, results in 180% target achievement ("cap").

The target achievement is determined over the duration of the performance period. If the value achieved for a performance criterion reaches or falls below the threshold value at the end of a performance period, the degree of target achievement for this performance criterion corresponds to 0%. If the value achieved for a performance criterion exceeds the threshold value at the end of a performance period but does not reach the target value, the degree of target achievement for the relevant performance criterion is determined by linear interpolation between the respective threshold value and the target value. If the value achieved for a performance criterion exceeds the target value at the end of a performance period, the degree of target achievement for the relevant performance criterion is determined by linear interpolation between the target value and the cap. If the value achieved for a performance criterion reaches or exceeds the cap at the end of a performance period, the degree of target achievement is 180%.

The performance criteria are additively linked, with EVA being weighted at 60%, the ESG targets at a total of 30% and the strategic targets at a total of 10%. The sum of the weighted individual target achievement levels of the performance criteria results in an overall target achievement level. The Supervisory Board determines the specific performance criteria and the weighting within the ESG targets and the strategic targets before the start of a performance period depending on the current strategic direction of the Company and a corresponding prioritisation.

## **Functionality and disbursement**

The number of performance shares at the start of a performance period corresponds to the individual target amount divided by the (arithmetically calculated) average closing price of the Company's share over the last 90 exchange trading days prior to the start of the performance period, commercially rounded to the nearest whole share. In deviation from this, the starting share price for the first performance period is determined on the basis of the (arithmetically calculated) average closing price of the Company's share over the first 90 exchange trading days from the IPO. At the end of the respective performance period, the initial number of performance shares is multiplied by the total target achievement level and commercially rounded to the nearest whole number. This multiplication results in the final number of performance shares for the respective performance period. The disbursement amount is obtained by multiplying this final figure by the (arithmetically calculated) average closing price of the Company's share over the last 90 exchange trading days of the performance period. The disbursement amount in relation to a performance period may not exceed 180% of the respective target amount ("LTI cap").

The payment for the respective performance period is due in the month following the adoption of the consolidated annual financial statements for the last year of the respective performance period, but no later than on 30 September of the fiscal year following the end of the performance period. The payment for the first performance period is not due until three months after the fourth anniversary of the start of the performance period.

## **Capital measures and change of control provisions**

If capital measures lead to a reduction or increase in the value of SCHOTT Pharma shares (e.g. share split), the number of performance shares will be adjusted in such a way as is necessary at the reasonable discretion of the Supervisory Board in order to offset the effects of the capital measure on the value of SCHOTT Pharma shares as far as possible.

In the event of a change of control, the LTI can be adjusted at the discretion of the Supervisory Board or replaced by a new form of long-term variable remuneration that is comparable in value and economic terms.

### **Adjustments in the event of extraordinary developments**

In accordance with the recommendation of the GCGC 2022, the Supervisory Board has the option of taking into account extraordinary developments to an appropriate extent. The Supervisory Board can take into account extraordinary developments during a performance period in relation to all variable remuneration components at its reasonable discretion, which can lead to an increase or decrease in the respective variable remuneration. However, even in the event of an adjustment, any amounts paid out in relation to both the STI and the LTI are limited by the corresponding caps. Extraordinary developments may include, for example, a severe economic or financial crisis, natural disasters, terrorist attacks, high inflation or significant changes in accounting and valuation methods or significant fluctuations in exchange rates or interest rates, but also an acquisition or sale of a company or parts of a company or interests in companies requiring approval, a merger with another company and significant changes to the shareholder structure, insofar as these or their specific effects were not foreseeable and they resulted in the corresponding targets being met, exceeded or missed without any involvement of the member of the Management Board. General deteriorations in the economic environment do not constitute extraordinary developments as defined above.

If the Supervisory Board should make use of the possibility of adjustment in the event of extraordinary developments, the reasons and the manner of any adjustment will be explained and disclosed. Furthermore, the possibility of a reduction in accordance with section 87 (2) AktG remains unaffected.

### **Malus and clawback rules**

The service contracts of members of the Management Board contain malus and clawback provisions which, in certain cases, allow the Supervisory Board to reduce or reclaim variable remuneration components at its reasonable discretion. This possibility exists if a member of the Management Board demonstrably breaches their duties in such a way that a legally effective extraordinary termination is possible or demonstrably breaches their essential duties of care in accordance with section 93 AktG either intentionally or through gross negligence.

If variable remuneration components are determined or paid out on the basis of incorrect data, e.g. incorrect consolidated financial statements, the Supervisory Board can correct the determination or reclaim remuneration components that have already been paid out.

A reduction or clawback is possible in the aforementioned cases up to two years after payment of the variable remuneration component. The reduction or clawback is generally made for the year in which the breach of duty was committed.

The malus and clawback provisions do not affect any liability for damages on the part of the member of the Management Board towards SCHOTT Pharma Management.

### **Term and termination of Management Board activity, other contractual provisions**

#### **Contract term and duration of appointment**

The service contracts are concluded for the duration of the appointment period. This is generally three years for an initial appointment and three to five years for each subsequent appointment. In accordance with the German Stock Corporation Act, the service contracts do not provide for ordinary termination; the right of both parties to terminate the service contract without notice for good cause remains unaffected.

During the period in which the appointment of a member of the Management Board has been revoked with an assurance of reappointment in accordance with section 84 (3) AktG, the service contract is suspended and no remuneration is owed for this period.

The service contract ends automatically if the member of the Management Board becomes permanently unable to work. It also ends if the appointment is revoked by the Supervisory Board in accordance with section 84 (4) AktG upon expiry of the statutory notice period in accordance with section 622 (2) of the German Civil Code ("BGB") (so-called linking clause).

## **Termination**

### **Severance payments**

In the event of premature termination of the Management Board activity, severance payments may be granted as compensation for the remuneration entitlements lost as a result of the premature termination. In the event that the appointment is revoked and the service contract is terminated prematurely as a result, the service contracts provide for an entitlement to a severance payment for members of the Management Board. In accordance with the recommendations of GCGC 2022, the severance payment is limited to twice the annual remuneration excluding pension payments, benefits in kind and other fringe benefits ("severance payment cap") and in no case exceeds the remuneration for the remaining term of the service contract. In the event of legally effective termination of the service contract by SCHOTT Pharma Management for good cause, no severance payment will be made.

### **STI**

If the service contract of a member of the Management Board or his office as a member of the Management Board of SCHOTT Pharma Management ends during the year (in relation to the fiscal year), an STI is granted pro rata temporis for each month of the service contract or office on the Management Board in the fiscal year of termination on the basis of a correspondingly reduced annual target amount.

### **LTI**

If a service contract or a Management Board office ends during the year, the initial number of performance shares granted for the fiscal year in which the service contract or Management Board position ends is reduced pro rata temporis by 1/12 for each month that the service contract or Management Board office ends before the end of the fiscal year in question. The remaining instalments are not reduced.

If the service contract is terminated by SCHOTT Pharma Management before the end of the performance period for good cause in accordance with section 626 (1) BGB or if the member of the Management Board resigns from office without SCHOTT Pharma Management having given good cause, any rights and entitlements of the member of the Management Board under the LTI expire without compensation. This does not apply to the Management Board member's entitlements from performance shares that are no longer in the performance period at the time the service contract or Management Board office ends.

### **Incapacity to work, remuneration in the event of death**

In the event of temporary incapacity to work due to illness, accident or another reason for which the member of the Management Board is not responsible, SCHOTT Pharma Management will continue to pay the fixed remuneration as well as the short-term and long-term variable remuneration for a period of six months, but no longer than until the end of the service relationship.

If the member of the Management Board dies, life partners may be entitled to continued payment of the fixed remuneration for the three calendar months following the month of death, but no longer than until the end of the service relationship. In the case of the STI, the annual target amount is reduced pro rata temporis; in the case of the LTI, the initial number of performance shares is reduced pro rata temporis by 1/12 for each month that the service relationship or Management Board office ends before the end of the fiscal year in question.

### **Non-competition clause**

During their activity as members of the Management Board, the members of the Management Board are subject to a comprehensive non-competition clause.

Post-contractual non-competition clauses can also be agreed with members of the Management Board. These are limited to a maximum duration of two years. If a post-contractual non-competition clause is agreed in the service contract, appropriate compensation is granted based on the provisions of section 74 (2) HGB.

### **Secondary employment of the members of the Management Board**

In general, the fixed remuneration covers all activities within the SCHOTT Group. This includes, in particular, Supervisory Board mandates and similar offices held by the member of the Management Board in companies in which SCHOTT Pharma Management holds a direct or indirect interest. When accepting Supervisory Board mandates from outside the Group, the Supervisory Board decides on a case-by-case basis whether and to what extent the remuneration is to be taken into account.

### **Temporary deviations**

As provided for in section 87a (2) sentence 2 AktG, the Supervisory Board has the option of temporarily deviating from the remuneration system in special and exceptional circumstances if this is necessary in the interests of the long-term benefit of the Company. Such deviations may be necessary, for example, to ensure adequate incentivisation in the event of a serious corporate or economic crisis or in a particularly competitive market environment. These exceptional circumstances requiring a deviation must be determined by a resolution of the Supervisory Board. Generally unfavourable market developments do not constitute exceptional circumstances in this sense.

Even in the event of a deviation from the existing remuneration system, the remuneration must continue to be geared towards the sustainable and long-term development of SCHOTT Pharma and must not overstretch the financial capacity of SCHOTT Pharma Management.

The components of the remuneration system that can be deviated from in this respect are the procedure, the provisions on the remuneration structure and amount, the performance criteria for the variable remuneration components as well as the assessment bases and threshold, target and cap values for the individual remuneration components. In addition, the Supervisory Board may temporarily grant additional remuneration components in certain cases or replace individual remuneration components with other remuneration components or deviate from the maximum remuneration if this is necessary to ensure an appropriate level of incentive for the remuneration of the members of the Management Board.

A deviation from the remuneration system requires a corresponding resolution by the Supervisory Board, which determines the exceptional circumstances and the necessity of a deviation.