

**REMUNERATION  
SYSTEM FOR  
THE EXECUTIVE  
BOARD**

26

OF EVONIK INDUSTRIES AG

# REMUNERATION SYSTEM FOR THE EXECUTIVE BOARD

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In February 2026, the supervisory board of Evonik Industries AG adopted a resolution on the revision of the remuneration system for the executive board members, which was approved by the shareholders' meeting on May 25, 2022 ("remuneration system 2022"). Contingent upon the approval of the annual shareholders' meeting in 2026, the effective date of the revised remuneration system is January 1, 2026 ("remuneration system 2026").

## 1. Principles and objectives of the remuneration system 2026

The remuneration system 2022 was reviewed in detail. In this context, the supervisory board considered, first and foremost, the alignment of the remuneration system with the new strategic focus and corporate structure of the Evonik Group. The remuneration system 2026 complies with the provisions of the German Stock Corporation Act (AktG) and the recommendations and suggestions of the German Corporate Governance Code in the version dated April 28, 2022. In addition, standard market practice and the feedback from investors and voting rights advisors in recent years was taken into consideration. The principal changes are:

- **Annual bonus/short-term incentive (STI):**
  - Changes to the business targets for the annual bonus;
  - Withdrawal of the accident performance KPI;
  - Scope to include individual targets for each executive board member in the performance factor.
- **Long-term incentive (LTI):**
  - Inclusion of the core management parameter return on capital employed (ROCE) as an additional performance target;
  - Adjustment of the peer group for the LTI and performance measurement of relative total shareholder return (TSR);
  - Determination of the value of the virtual shares.

- **Pension arrangements:** From 2026, all new executive board members appointed for the first time will be offered a pension allowance only.
- **Share Ownership Guidelines:** Addition of a ruling on building up the shareholding until the required level is reached.
- **Discretionary scope for adjustment:** There is no longer any discretionary scope to adjust LTI payments.

The revision of the remuneration system does not entail a change in the previous target remuneration structure, the target remuneration levels, or the defined maximum amounts.

The following overview outlines the principal changes in the remuneration system 2026 compared with the remuneration system 2022 and the background to the changes. The subsequent chapters present and explain all components of the remuneration system 2026.

### Comparison of the remuneration systems 2022 and 2026

T01

Remuneration component	Remuneration system 2022	Remuneration system 2026	Background to the main changes
<b>Annual bonus</b>	<ul style="list-style-type: none"> <li>• Bonus factor with four business targets: 30% adjusted EBITDA, 30% adjusted EBITDA margin, 30% free cash flow, 10% accident performance</li> <li>• Performance factor: uniform targets for all executive board members from the categories strategy/portfolio, performance/costs, and sustainability</li> </ul>	<ul style="list-style-type: none"> <li>• Bonus factor with two business targets: 50% adjusted EBITDA, 50% free cash flow, plus a minimum ROCE hurdle, which can cap target attainment</li> <li>• Performance factor: retention of the categories but scope to set individual targets for executive board members</li> </ul>	<ul style="list-style-type: none"> <li>• ROCE component ensures that the corporate targets for the Evonik Group are aligned with efficient use of capital as well as growth to strengthen the enterprise value in the long term</li> <li>• Individualized targets possible</li> </ul>
<b>Long-term incentive (LTI)</b>	<ul style="list-style-type: none"> <li>• Performance targets: 80% relative TSR, 20% ESG</li> <li>• TSR peer group: MSCI World Chemicals Index<sup>SM</sup></li> <li>• TSR metric: outperformance</li> <li>• ESG component as a separate component of LTI without any reference to share price</li> <li>• Determination of the value of the virtual shares: annual measurement of the share price, which is then fixed</li> </ul>	<ul style="list-style-type: none"> <li>• Performance targets: 40% relative TSR, 40% ROCE, 20% ESG</li> <li>• TSR peer group: STOXX® Europe 600 Chemicals</li> <li>• TSR metric: percentile ranking</li> <li>• ESG component: integral part of the performance targets</li> <li>• Value of the virtual shares determined once at the end of the performance period</li> </ul>	<ul style="list-style-type: none"> <li>• STOXX® Europe 600 Chemicals as the benchmark index provides a more transparent and meaningful peer group and therefore enables measurement using the percentile ranking, which is the market standard</li> <li>• ESG component incentivizes advancement of the corporate objective of sustainable management of the company</li> <li>• Alignment of valuation method with standard market practice by eliminating annual tranches</li> </ul>
<b>Pension arrangements</b>	<ul style="list-style-type: none"> <li>• Defined benefit company pension; option of a pension allowance for new appointments</li> </ul>	<ul style="list-style-type: none"> <li>• Pension allowance only for newly appointed executive board members from January 1, 2026</li> </ul>	<ul style="list-style-type: none"> <li>• Alignment with standard market practice</li> </ul>
<b>Share Ownership Guidelines</b>	<ul style="list-style-type: none"> <li>• 100% of base salary (gross)</li> </ul>	<ul style="list-style-type: none"> <li>• New: 50% of variable annual bonus/STI (net) until target level is fulfilled</li> <li>• Withdrawn: acquisition of shares within 3 years</li> </ul>	<ul style="list-style-type: none"> <li>• Alignment with standard market practice</li> </ul>
<b>Scope for discretionary adjustments</b>	<ul style="list-style-type: none"> <li>• Scope to set LTI payment irrespective of target attainment</li> </ul>	<ul style="list-style-type: none"> <li>• Withdrawn</li> </ul>	<ul style="list-style-type: none"> <li>• Response to feedback from investors</li> </ul>

## 2. Structure and components of the remuneration system 2026

### 2.1 Overview of the components of the remuneration system and their objectives

The remuneration of the executive board members comprises performance-unrelated remuneration, comprising fixed annual remuneration (base salary), fringe benefits, and a pension or pension allowance; short-term variable remuneration (annual bonus); and long-term variable remuneration (long-term incentive). The remuneration system contributes to the implementation of the corporate strategy and to the sustainable, long-term development of the company. It contains incentives for an increase in growth, earnings, and capital efficiency; customer focus; innovation; a good corporate culture; and the attainment of the ESG targets for the Evonik Group.

The remuneration structure is geared to Evonik's sustainable, long-term development. Therefore, the majority of variable remuneration components are granted on the basis of multi-year performance measurement.

The total remuneration of the executive board members is commensurate with their duties and performance and with the company's situation. The level and structure of the total remuneration are in line with market standards and take into account Evonik's size, complexity, and economic situation.

The remuneration system 2026 ensures that both positive and negative developments are reflected appropriately in the remuneration. The majority of the remuneration comprises variable components, for which ambitious targets are set (pay for performance).

The structure of the individual remuneration components and the underlying objectives are summarized in the table:

#### Structure of the remuneration components and relation to strategy

T02

Remuneration components	Structure	Objective and relation to strategy
<b>Base salary</b>	<ul style="list-style-type: none"> <li>Agreed fixed remuneration, paid monthly at month-end</li> </ul>	<ul style="list-style-type: none"> <li>Reflects member's position on executive board and market conditions</li> </ul>
<b>Fringe benefits</b>	<ul style="list-style-type: none"> <li>Provision of a company car/driver</li> <li>Insurance benefits and medical check-ups</li> <li>Installation of telecommunications equipment</li> <li>Reimbursement of cost of maintaining two households for a limited time period</li> <li>Remuneration for offices held within the company's sphere of interest</li> </ul>	<ul style="list-style-type: none"> <li>Assumption of costs incurred in the company's interests</li> <li>Offsetting of economic disadvantages arising in connection with membership of the executive board</li> </ul>
<b>Pension arrangements</b>	<ul style="list-style-type: none"> <li>Pension allowance: 15% of target total remuneration</li> </ul>	<ul style="list-style-type: none"> <li>Exclusion of typical pension risks</li> <li>Reduction in complexity</li> </ul>
<b>Annual bonus/STI</b>	<ul style="list-style-type: none"> <li>Performance period: 1 year</li> <li>Bonus factor               <ul style="list-style-type: none"> <li>Target 1: Adjusted EBITDA, weighting 50%</li> <li>Target 2: Free cash flow, weighting 50%</li> </ul> </li> <li>Possible target attainment 0 to 200%; capped at 100% if minimum ROCE hurdle is not achieved</li> <li>Individual performance factor: 0.8 to 1.2</li> <li>Possible total target attainment: 0 to 200%</li> </ul>	<ul style="list-style-type: none"> <li>Alignment with the Group's key management parameters</li> <li>Attainment of one-year corporate targets derived from strategic planning</li> <li>Takes into account stakeholders' interests</li> <li>Continuous development of the operating business</li> <li>Scope to incentivize individual targets</li> </ul>
<b>Long-term incentive (LTI)</b>	<ul style="list-style-type: none"> <li>Performance period: 4 years</li> <li>Relative performance targets               <ul style="list-style-type: none"> <li>Target 1: Relative TSR, percentile ranking versus STOXX® Europe Chemical 600, weighting 40%</li> <li>Target 2: ROCE Evonik Industries, weighting 40%</li> <li>Target 3: ESG targets, weighting 20%</li> </ul> </li> <li>Total target attainment: 0 to 200%</li> <li>Payment capped at 200% of LTI value/amount awarded</li> </ul>	<ul style="list-style-type: none"> <li>Incentive to implement the long-term corporate strategy and achieve a long-term increase in value of the company</li> <li>Retention in the Group</li> <li>Strengthen alignment of the interests of executive board members and investors</li> </ul>
<b>Share Ownership Guidelines</b>	<ul style="list-style-type: none"> <li>Acquisition of Evonik shares equivalent to 100% of base salary</li> <li>Annual investment in Evonik shares of 50% of net variable remuneration payment until target level is achieved</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen alignment of the interests of executive board members and investors</li> </ul>
<b>Maximum remuneration pursuant to section 87a AktG</b>	<ul style="list-style-type: none"> <li>Chair of the executive board: €9.7 million</li> <li>Other members: €5.2 million</li> </ul>	<ul style="list-style-type: none"> <li>Cap on payment amounts</li> </ul>

## 2.2. Structure of target total remuneration

The target total remuneration comprises the total of the performance-unrelated components and the individual target amounts for the short-term and long-term variable remuneration. In keeping with the pay-for-performance principle and to ensure the long-term

success of the Evonik Group, more than half of the total remuneration is performance-related. Moreover, the performance-related remuneration has multi-year performance period and is based on the share price. The remuneration components are as follows:

### Components of the remuneration system for the executive board

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Total remuneration			
Performance-unrelated components		Performance-related components	
Fixed annual salary	Fringe benefits	Short-term variable remuneration (annual bonus/STI)	Long-term incentive (LTI)
	Company pension		
Average proportion assuming 100% target attainment in each case (variable components)			
Approx. 46%		Approx. 22%	Approx. 32%

## 2.3 Determination of the target remuneration and remuneration review

In accordance with the remuneration system, based on a proposal by the executive committee, the supervisory board sets the target total remuneration for the members of the executive board for the respective fiscal year. When setting the target total remuneration, in addition to ensuring that the remuneration is commensurate with the duties and performance of the executive board members, the supervisory board takes into account Evonik's economic situation, performance, and future prospects.

The remuneration is regularly reviewed by the entire supervisory board. Where necessary, this review is based on remuneration

assessments obtained from independent consultants. The review looks at both the structure and the level of the remuneration of the executive board, especially compared with the external market (horizontal comparison) and with other remuneration within the company (vertical comparison).

### Horizontal comparison

The external comparison uses a peer group comprising comparable companies in the chemicals sector, on the one hand, and companies listed in the MDAX/DAX indices, on the other. If the supervisory board consults an external remuneration expert, it ensures that the consultant is independent of the executive board and the company.

### Vertical comparison

The benchmarks for the vertical comparison are the total remuneration of the executive board members, the average remuneration of executives at the first management level at Evonik Industries AG and its subsidiaries in Germany, and the average remuneration of employees of these companies in Germany.

### Procedure for adjusting remuneration

If the review of the remuneration results in a need to amend the remuneration system, the remuneration structure, or the level of remuneration, the executive committee of the supervisory board presents corresponding proposals to the supervisory board for a resolution. The most recent external review of the appropriateness of the level and structure of the target remuneration was in 2024. The appropriateness (market conformity) was confirmed.

### Conflicts of interest

In the past, there were no conflicts of interest relating to individual supervisory board members on decisions on the remuneration of the executive board. If any such conflicts of interest should arise in the definition, implementation, and review of the remuneration system, the supervisory board will treat them in the same way as any other conflicts of interest pertaining to a member of the supervisory board: The affected supervisory board member will not participate in the resolution or, in the event of a serious conflict of interest, the discussion. If there should be a permanent and unresolvable conflict of interest, the affected supervisory board member will leave the supervisory board. Timely disclosure of any conflicts of interest ensures that decisions of the entire supervisory board and the executive committee are not influenced by any inappropriate considerations.

## 2.4 Cap on performance-related remuneration and level of maximum remuneration

The supervisory board has set maximum amounts for the two performance-related components—the short-term variable remuneration (annual bonus) and the long-term incentive (LTI). The maximum amount resulting from each of the performance-related components is twice the annual target amount.

In addition, in accordance with section 87a paragraph 1 sentence 2 no. 1 of the German Stock Corporation Act (AktG), the supervisory board has defined maximum remuneration for the members of the executive board. The total remuneration for a fiscal year may not exceed this amount. The maximum remuneration comprises all remuneration components, including special payments to offset the loss of salary payments from a previous employment contract. The level of the maximum remuneration is:

- Chairman of the executive board: €9,700 thousand
- Deputy chairman of the executive board: €7,200 thousand
- Other executive board members: €5,200 thousand

The maximum amount has not changed since 2020.

## 3. Performance-unrelated components

The performance-unrelated remuneration comprises the fixed annual remuneration (base salary), fringe benefits and benefits in kind, and a pension allowance or company pension plan. The performance-unrelated and performance-related remuneration together make up the total remuneration of the executive board member.

### Fixed annual remuneration (base salary)

The fixed annual base salary is a cash payment for the fiscal year. It takes into account the scope of responsibility of each executive board member. It is designed to prevent the member taking unreasonably high risks to achieve short-term targets and therefore makes a contribution to the company's long-term development. The individual fixed remuneration is paid out in twelve equal installments.

### Fringe benefits and benefits in kind

Fringe benefits and benefits in kind principally comprise benefits such as a company car and driver, insurance, subsidies for health-care and nursing care insurance contributions, medical check-ups, and the installation of telecommunications equipment. Executive board members may receive a rent subsidy if performance of their duties requires them to rent a second apartment.

Further, members of the executive board may receive additional remuneration for offices they hold in the interests of the company. Apart from fees for the attendance of meetings, insofar as such fees are paid to executive board members, such remuneration is deducted from their annual bonus or paid over to the company.

If newly appointed executive board members provide evidence of a loss of remuneration from their previous employment (for example, eligibility for long-term variable remuneration), the supervisory board can approve a compensation payment in exceptional cases. In such cases, this will be disclosed separately and in detail in the remuneration report.

As part of the total remuneration, the fringe benefits and benefits in kind are capped by the maximum amount set for remuneration.

### Pension allowance and company pension plan

#### Pension allowance for new appointments

Instead of a pension commitment, from January 1, 2026, newly appointed members of the executive board will receive an annual pension allowance of 15 percent of their gross annual target remuneration (base salary plus target bonus); this will be paid out to them without being earmarked for a specific purpose.

#### Defined benefit pension plan for executive board members appointed previously

The present defined benefit pension system will remain in place for executive board members appointed before January 1, 2026, even if they are reappointed. This is a capital-based system funded by provisions. The company pays a fixed annual contribution of 15 percent of the annual target remuneration (base salary plus target bonus). The guaranteed annual return is 5 percent. The pension benefit comprises the amount that has accrued on the account, i.e., contributions credited to the account plus accumulated interest. In the event of death or disability, the amount that would be available on the account on the member's 55th birthday, including projected contributions and interest, is calculated.

Payment normally comprises a lifelong pension. Alternatively, executive board members may opt for disbursement of part of the capital (maximum 50 percent) in six to ten installments. At the request of a (former) executive board member and taking into account the company's economic interests, the supervisory board may decide that the capital should be paid out in full as a single lump sum. Such application must be submitted before the balance on the pension account is drawn. Where executive board members accrued pension entitlements from their work at Evonik Industries prior to their appointment to the executive board, these are either integrated into the system as an initial

contribution or continue to be managed separately. If an executive board member’s contract ends before benefits are payable, no further contributions are credited to the account. However, it continues to earn interest at the common market interest rate based on the average interest paid by major German life insurers (at least 2.25 percent p.a.) until benefits are claimed.

Members of the executive board are entitled to pension benefits after they leave the company if they leave on or after reaching the individually agreed retirement age or if they leave as a result of permanent incapacity to work. In addition, Mr. Kullmann and Mr. Wessel can claim pension benefits from the date of premature termination or non-extension of their executive board contracts by the company, providing they do not give due cause for such termination. This claim only relates to pension entitlements they accrued during periods of service prior to their appointment to the executive board.

## 4. Performance-related components

### Short-term variable remuneration—annual bonus

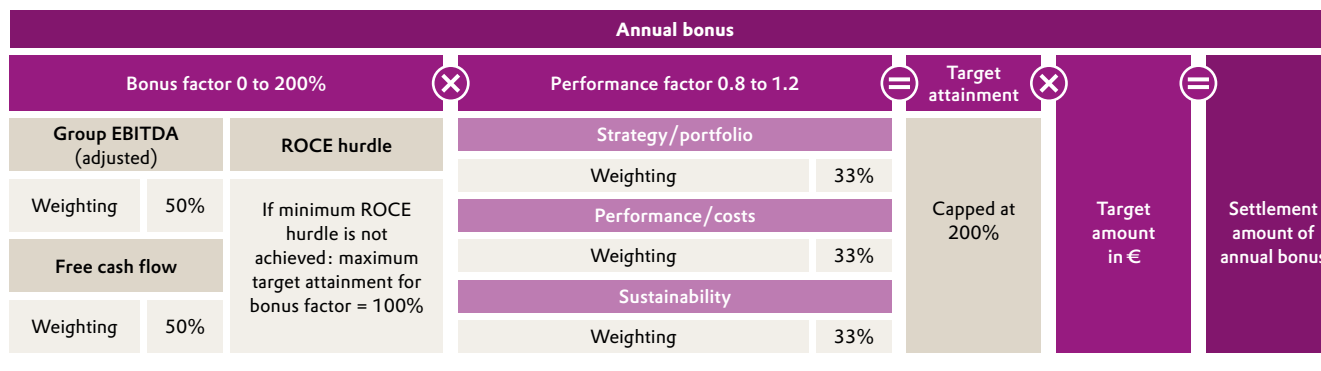
The annual bonus is dependent on the attainment of business targets measured by key performance indicators (bonus factor) and the attainment of non-financial targets (performance factor). The bonus factor and performance factor are multiplied.

#### Bonus factor

The level of the bonus factor depends on the achievement of the business targets and may be between 0 percent and 200 percent. The business-related KPI targets are the adjusted EBITDA of the Evonik Group and the free cash flow, each of which has a weighting of 50 percent. The supervisory board derives a specific target for these two KPIs and a minimum hurdle for the ROCE from the company’s strategic planning. Furthermore, performance

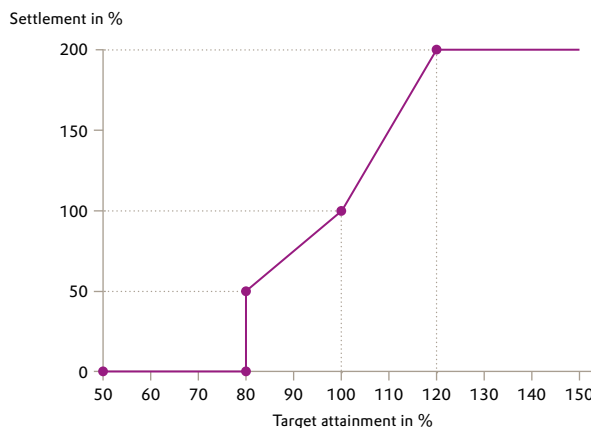
### Overview and calculation of short-term variable remuneration

C02



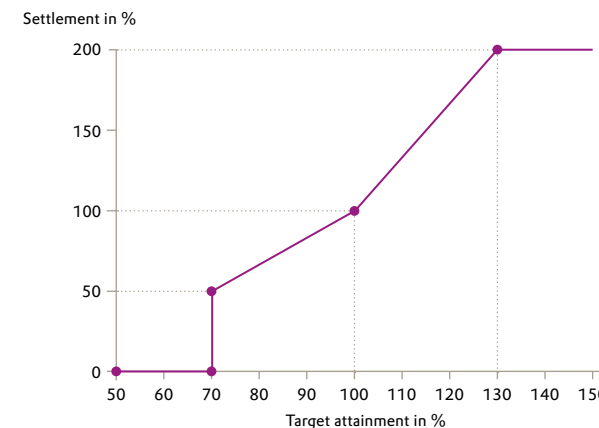
### Calculation of target attainment: adjusted EBITDA

C03



### Calculation of target attainment: free cash flow

C04



ranges, i.e., a minimum and a maximum level are set for the adjusted Group EBITDA and free cash flow KPIs. If the minimum level is not achieved, target attainment for the KPI is 0 percent. If the minimum level is achieved, target attainment is 50 percent, and if the defined target is achieved, target attainment is 100 percent.

If the maximum level is achieved, target attainment set at the maximum possible level of 200 percent. If the values actually achieved are between the target and minimum level or between the target and the maximum level, the settlement factor is determined by linear interpolation.

However, if the return on capital employed (ROCE) at the end of the fiscal year is below the minimum threshold (hurdle), which is defined annually in advance, target attainment for the bonus factor is capped at 100 percent.

**Adjustments to the business targets for the bonus factor**

If there are material changes to Evonik Industries’ corporate strategy, the supervisory board may replace the business targets for the bonus factor by other business targets, provided that these are included in the external financial reporting, or alter the weighting of the adjusted Group EBITDA and free cash flow. The supervisory board shall define any such replacement of KPIs or change in their weighting before the start of a fiscal year. In the event of such changes, the remuneration report will disclose why the selected KPIs and the altered weighting are better aligned with the operating targets for the fiscal year. Furthermore, the performance criteria may only be substituted by closely related financial indicators of the same category. In principle, retrospective replacement of the business targets is not permitted.

**Performance factor**

The performance factor rewards the attainment of the non-financial targets and can vary between 0.8 and 1.2. The reference indicators are aligned with the performance objectives for the executive board and normally have a multi-year context within the target-setting framework. The targets for the categories strategy/portfolio, performance/costs, and sustainability are agreed annually in writing at the start of each fiscal year between the supervisory board and each member of the executive board. Each target category has a weighing of 33.33 percent in the performance factor. Alongside targets that apply collectively for all members of the executive board, individual targets can be agreed with each executive board member. Target attainment is determined by the supervisory board after the end of the fiscal year. The agreed targets and target attainment are explained in detail in the remuneration report. The list of targets will be updated before the annual shareholders’ meeting.

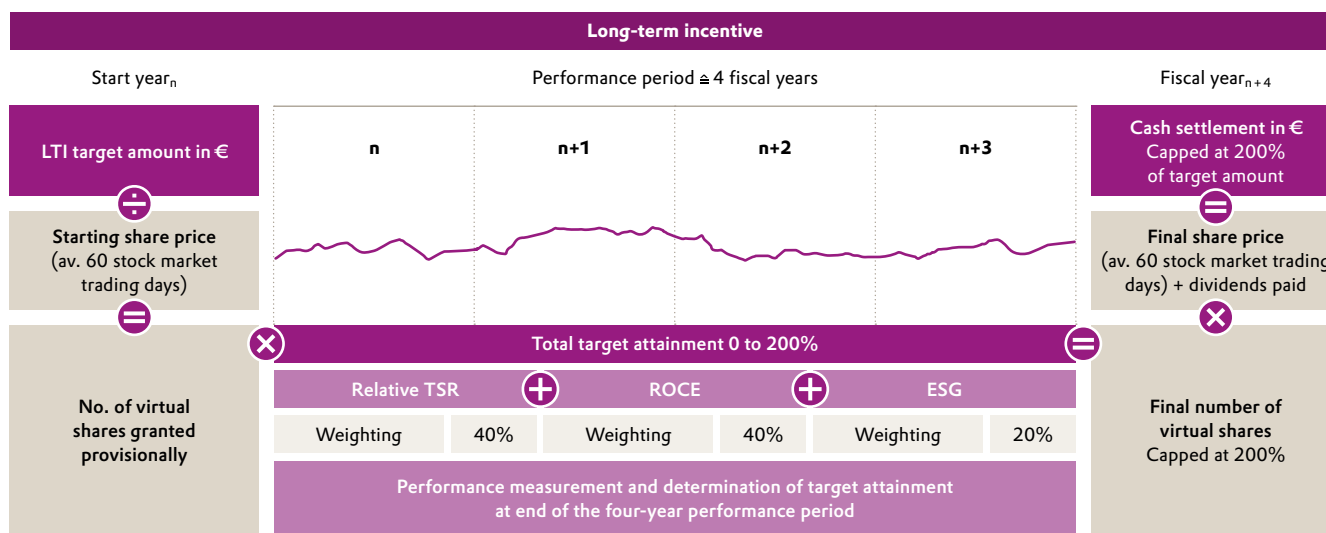
**Long-term variable remuneration—long-term incentive (LTI)**

The long-term variable remuneration is granted annually as virtual shares and is calculated at the end of a four-year performance period. The number of virtual shares may be increased or reduced depending on the long-term performance of Evonik

Industries, measured over a four-year performance period. The final value of each virtual share is determined by the share price at the end of the performance period, plus the dividends paid during the performance period. The structure of the LTI plan is as follows:

**Calculation of long-term incentive from LTI 2026**

C05



A contractual LTI target amount in euros is calculated at the start of the performance period by dividing the number of virtual shares by the starting price and granted conditionally. The starting share price corresponds to the arithmetic mean of the closing price of Evonik shares in the Xetra trading system or an equivalent successor system during the last 60 stock market trading days prior to the start of the performance period.

If the employment contract begins or ends during a fiscal year, the target LTI amount for this fiscal year is calculated on a pro rata temporis basis.

The final number of virtual shares allocated depends on the attainment of three factors: the total shareholder return of Evonik Industries compared with the companies in the STOXX® Europe 600 Chemicals (40 percent weighting), the return on

capital employed (ROCE, 40 percent weighting), and the attainment of ESG criteria (20 percent weighting). The total target attainment is calculated by adding the target attainment for the various targets and may be between 0 percent and 200 percent. The final number of virtual shares is calculated by multiplying the total target attainment by the number of virtual shares provisionally granted.

The final settlement amount is derived by multiplying the final number of virtual shares by the arithmetic mean of the closing prices of Evonik shares on the Xetra trading system or an equivalent successor system during the last 60 stock market trading days period to the end of the four-year performance period. In addition, the dividends paid during the performance period (dividend equivalent) are included in the calculation of the final settlement amount. The settlement amount is capped at 200 percent of the individual contractual target LTI amount.

### Relative total shareholder return (TSR)

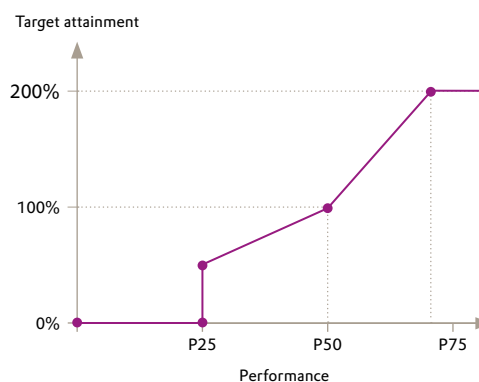
The relative TSR is defined as the ranking of the TSR performance of Evonik Industries compared with the TSR performance of the companies listed in the STOXX® Europe 600 Chemicals. This index contains European chemicals companies that are confronted by challenges similar to those of Evonik Industries and therefore comprise a suitable peer group.

The percentile ranking method is used to measure target attainment for the relative TSR indicator. If the TSR percentile ranking of Evonik Industries is equal to the median (50th percentile), target attainment for the relative TSR is 100 percent. If the TSR percentile ranking of Evonik Industries is below the 25th percentile, target attainment for the relative TSR is 0 percent. If the TSR percentile ranking of Evonik Industries is at the 25th percentile, target attainment for the relative TSR is 50 percent. If the TSR percentile ranking of Evonik Industries is at or above the

75th percentile, target attainment for the relative TSR is 200 percent. Intermediate values are determined using linear interpolation. This gives the following target attainment curve:

### Calculation of target attainment TSR

C06



The percentile ranking and thus the target attainment are determined at the end of the four-year performance period.

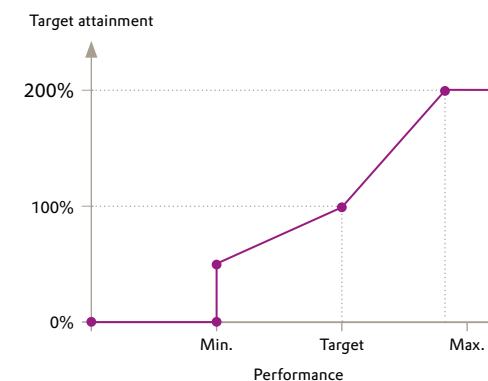
### Return on capital employed (ROCE)

The return on capital employed (ROCE) is a key management parameter at Evonik Industries and is used, not least, to measure the success and profitability of the current transformation process. ROCE reflects Evonik Industries' aspiration to earn a significant return on the cost of capital. It is calculated from adjusted EBIT in relation to average capital employed. Comparison with the cost of capital, which shows the risk-adjusted return expectations of our investors, indicates the relative value creation of Evonik Industries.

For each tranche of the LTI plan, the supervisory board sets a lower threshold, target, and upper limit for ROCE in the final year in the four-year performance period. If the defined target amount for ROCE is achieved, target attainment is set at 100 percent. If the actual value of ROCE is below the lower threshold, target attainment is set at 0 percent. If the actual value of ROCE is at the lower threshold, target attainment is set at 50 percent. If the actual value of ROCE is at or above the upper limit, maximum target attainment is set at 200 percent. If the values actually achieved are between the target and lower threshold or between the target and the upper limit, target attainment is determined by linear interpolation. An example target attainment curve for ROCE is presented below:

### Calculation of target attainment ROCE

C07



The ROCE achieved and thus target attainment are measured at the end of the four-year performance period.

### ESG (environmental, social, governance) component

The ESG component is determined from between one and three measurable ESG targets from the categories environment, social, and governance (sustainability targets). The supervisory board decides on the specific targets and their calibration by setting the minimum thresholds, targets, and upper limits for each new tranche.

The ESG criteria for the three categories specified may be, for example: a reduction in CO<sub>2</sub> emissions, an increase in the proportion of the portfolio with an outstanding sustainability profile (Next Generation Solutions), the health ratio, or the commitment index used to assess employee satisfaction.

If the target defined for an ESG criterion is achieved, target attainment is 100 percent. If the value actually achieved is at or below the minimum threshold, target attainment is 0 percent. If the value actually achieved for the ESG criterion is at or above the upper limit, target attainment is the maximum level of 200 percent. If the values actually achieved are between the target and the minimum threshold or between the target and the upper limit, target attainment is determined by linear interpolation.

The targets set for each LTI tranche and their calibration are described in detail in the remuneration report.

### Adjustments to LTI targets

In the event of significant changes in Evonik Industries' corporate strategy, the supervisory board may replace the business targets and sustainability targets for the LTI plan by other business and sustainability targets, provided that they are part of the external financial reporting, or may alter their weighting. The supervisory board shall define any such replacement or change in weighting prior to the start of a new LTI tranche. In the event of such changes, the remuneration report will disclose why the selected KPIs and their weighting are better aligned with the strategic focus. Furthermore, the performance targets may only be replaced by closely related financial indicators of the same category. In principle, retrospective adjustment of the targets for the LTI plan is not permitted.

## 5. Share Ownership Guidelines

The members of the executive board have a contractual obligation to acquire Evonik shares equivalent to at least 100 percent of their fixed annual remuneration (gross) on their own account during their first term of office (and not, as in the past, within a period of three years from appointment) and to hold them for the duration of their service on the executive board. Until this amount is achieved, executive board members must invest at least 50 percent of the net amount of the short-term variable remuneration paid to them in Evonik shares. In addition, they may contribute any Evonik shares they hold that they have acquired privately.

## 6. Other rules

### Term of employment contracts and periods of notice

Employment contracts with executive board members are concluded for a fixed term and end upon expiration of the term without a separate period of notice. Furthermore, the employment contracts are linked to the appointment to the executive board, and end, without requiring a specific declaration by either of the contractual parties, when the appointment as a member of the executive board ends.

### Appointment to/leaving the executive board during a year

If an executive board member is appointed to or leaves the executive board during a fiscal year, the base salary and variable remuneration components will be calculated and paid out on a pro rata basis.

### Permanent incapacity to work or death

If a member of the executive board is permanently unable to work, contrary to the general rule on the term of contracts, his or her contract shall end at the end of the sixth month following establishment of his/her permanent incapacity to work. Appointment to the executive board shall end at the end of the month in which his/her permanent incapacity to work occurred.

If a member of the executive board dies during the term of the contract, his/her spouse will be granted the remuneration (base salary plus target bonus) for six months following the end of the month of decease.

### **Cap on termination benefits in the event of premature termination of term of office**

In compliance with recommendation G.13 of the German Corporate Governance Code, the employment contracts with all executive board members set a general cap on termination benefits. Accordingly, payments to executive board members in the event of premature termination of their term of office may not exceed two years' annual remuneration, including variable remuneration components; in no case may remuneration exceed the remaining term of their employment contract. The contracts specify that no termination benefits are payable if an executive board member's contract is terminated for reasons for which he or she is responsible. The cap on termination benefits is based on total remuneration, including fringe benefits, in the previous fiscal year and, where appropriate, the anticipated total remuneration for the current fiscal year.

Apart from the rules outlined here, there are no termination agreements for the event of premature termination of the appointment to executive board due to a change of control or in connection with a takeover bid.

### **Post-contractual non-compete agreements**

On principle, post-contractual non-compete agreements are not concluded with executive board members.

### **Penalty and claw-back clause**

The payment of performance-related remuneration components is subject to rules on the retention of payments (penalty clause) and reclaiming payments (claw-back). In compliance with recommendation G.11 sentence 2 of the German Corporate Governance Code, variable remuneration may be retained or reclaimed in justified cases. In the event that a member of the executive board commits a serious breach of his or her statutory duties or internal rules of conduct, contracts with members of the executive board contain a clause providing for the reimbursement (compliance claw-back) or retention (compliance penalty), in full or in part, of any variable remuneration components paid to the member of the executive board for the performance period in question.

In the event that performance-related remuneration components are determined or paid on the basis of incorrect data, for example, incorrect consolidated financial statements, the supervisory may correct the amount determined (restatement penalty) or reclaim remuneration components that have already been paid (restatement claw-back).

## **6.1 Exceptional developments and temporary deviation from the remuneration system**

Pursuant to section 87a paragraph 2 sentence 2 of the German Stock Corporation Act (AktG), in exceptional circumstances, the supervisory board has the right to temporarily deviate from individual components of the remuneration system at any time if this is in the long-term interests of the company. Exceptional circumstances are defined as drastic, rare events that were not foreseeable when the targets were set, such as wars, pandemics, natural disasters, and fundamental changes in the corporate structure (e.g., acquisitions or divestments). Generally unfavorable market developments are explicitly not classified as exceptional circumstances. The components of the remuneration system from which it is possible to deviate in exceptional circumstances are the short-term and long-term variable remuneration and the defined average ratio of the remuneration components to one another.

Temporary deviation from the remuneration system is only permitted by resolution of the supervisory board. Any adjustments and the underlying considerations shall be presented transparently in the remuneration report.

## Glossary

### Financial and economic terms

- **Adjusted EBITDA**

Earnings before financial result, taxes, depreciation and amortization, after adjustments. Earnings indicator showing Evonik's operating earnings performance irrespective of the structure of its assets and its investment profile. This is a cash flow-related indicator, which is used, in particular, in the adjusted EBITDA margin to show the relationship to sales as a basis for comparison with competitors.

- **Adjusted EBITDA margin**

The adjusted EBITDA margin is calculated from the ratio of external sales to adjusted EBITDA.

- **Adjusted EBIT**

Adjusted EBIT comprises earnings before financial result and income taxes, after adjustments.

- **Adjustments**

Evonik Industries refers to the special items that are factored out when calculating the operating earnings indicators adjusted EBITDA and adjusted EBIT as adjustments. They

include structural measures, impairment losses/reversals of impairment losses, income and expenses in connection with acquisitions and divestments, and other income and expense items that, by nature or amount, do not reflect the typical operating business.

- **Free cash flow**

The free cash flow is a measure of the company's internal financing capacity. It is calculated from the cash flow from operating activities, continuing operations, less outflows for capital expenditures on intangible assets, property, plant and equipment.

- **ROCE**

The return on capital employed (ROCE) is calculated from adjusted EBIT in relation to average capital employed. Comparison with the cost of capital, which shows the risk-adjusted return expectations of our investors, indicates the relative value creation of Evonik Industries.

