

# Compensation system for Executive Board members of thyssenkrupp nucera Management AG

## Executive Board compensation system pursuant to § 87a (1) Stock Corporation Act (AktG)

### **1. Basic principles and strategic alignment of Executive Board compensation system**

The green transformation of the economy is a global challenge for the next decades, while it is at the same time an emerging market for companies that provide the technology, which is enabling this transformation. Starting from a strong position in the chlor-alkali market, it is thyssenkrupp nucera's goal to become the number one technology leader for large-scale industrial green hydrogen production in the alkaline water electrolysis market. The company<sup>1</sup> therefore pursues a growth strategy, which is based on technology leadership.

The Executive Board compensation system plays a major role in promoting this strategy, enhancing sustainable growth and operating performance – and thus securing the long-term success of the company. It comprises parameters based on personal performance and on the short- and long-term performance of the company. In addition, a significant share of compensation recognizes the relative and absolute performance of the stock price in order to align the objectives of management even more closely with the direct interests of shareholders.

The compensation system presented below applies to all service contracts of Executive Board members of thyssenkrupp nucera Management AG, the General Partner of thyssenkrupp nucera AG & Co. KGaA.

### **2. Establishment, implementation and review of compensation system**

The compensation system for members of the Executive Board was adopted by the Supervisory Board of thyssenkrupp nucera Management AG in accordance with § 87 (1), § 87a (1) Stock Corporation Act (AktG). In developing the compensation system, the Supervisory Board was advised by an independent compensation expert. In all compensation decisions, the Supervisory Board takes into account the requirements of stock corporation law and is guided by the recommendations of the German Corporate Governance Code as amended on April 28, 2022 (GCGC) as well as the following guidelines:

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<sup>1</sup> The term “company“ in this document is used in an untechnical sense and includes thyssenkrupp nucera AG & Co. KGaA. Strictly speaking, “company” refers only to thyssenkrupp nucera Management AG.

Guidelines for determining Executive Board compensation		
Support corporate strategy	Appropriateness and commensurateness	Create incentives
Conformity with regulatory requirements	Harmonize interests of Executive Board, shareholders, and other stakeholders	Sustainability and long-term view

The Supervisory Board regularly reviews the appropriateness and commensurateness of the Executive Board compensation – both as a whole and in terms of the individual compensation components – and will make adjustments where required to secure a market-customary and at the same time competitive compensation package for Executive Board members within the applicable regulatory and legal framework. Criteria for assessing the appropriateness of compensation are the duties and individual performance of the Executive Board member as well as the economic situation of the company. The commensurateness of compensation is assessed both in comparison with other companies (horizontal benchmarking) and within the company on the basis of the ratio between Executive Board compensation and the compensation of senior management and of the workforce as a whole (vertical benchmarking). On account of the size of thyssenkrupp nucera – based on the criteria of sales, employees and market capitalization – SDAX companies are used for horizontal benchmarking. For assessing the appropriateness of Executive Board compensation within the company, the first management level of thyssenkrupp nucera AG & Co. KGaA is taken as the basis for senior management, and the average compensation of the company's full-time employees in Germany for the workforce as a whole. Both the current ratio and changes in the ratio over time are taken into account.

In the event of material changes to the compensation system, or as a minimum every four years, the compensation system is presented for approval to the Annual General Meeting.

In reviewing the appropriateness of the level of compensation and the market conformity of the system, the Supervisory Board may be advised by an external compensation expert being independent from both the Executive Board and the company.

In accordance with the compensation system in place, the Supervisory Board determines the concrete target compensation and the performance criteria for the forthcoming fiscal year for the variable compensation components in the Executive Board compensation system.

In accordance with the statutory requirements under § 87a (2) sentence 2 AktG, the Supervisory Board can temporarily deviate from the compensation system if necessary, in the interests of the long-term welfare of the company. This can be for example in the case of exceptional, unforeseeable developments such as a severe financial and economic crisis; general unfavorable market trends alone do not constitute such exceptional, unforeseeable developments.

Deviations from the compensation system are only possible subject to a corresponding resolution by the Supervisory Board following careful review of the need. Elements of the compensation system that can be modified in the above circumstances are the procedure, the compensation structure, the individual compensation components and their performance criteria. In this case the Supervisory Board can also temporarily grant additional compensation components or replace individual compensation components with other compensation components where necessary to restore the appropriateness of Executive Board compensation in the concrete situation.

The rules for dealing with conflicts of interest of Supervisory Board members must also be observed in the procedures for establishing, implementing and reviewing compensation and the compensation system.

### 3. Overview of the design of the compensation system

#### 3.1 General overview of the Executive Board compensation system

The following table shows the basic components of the compensation system and their design. All components are explained in detail in Section 4.

#### Overview of all compensation components

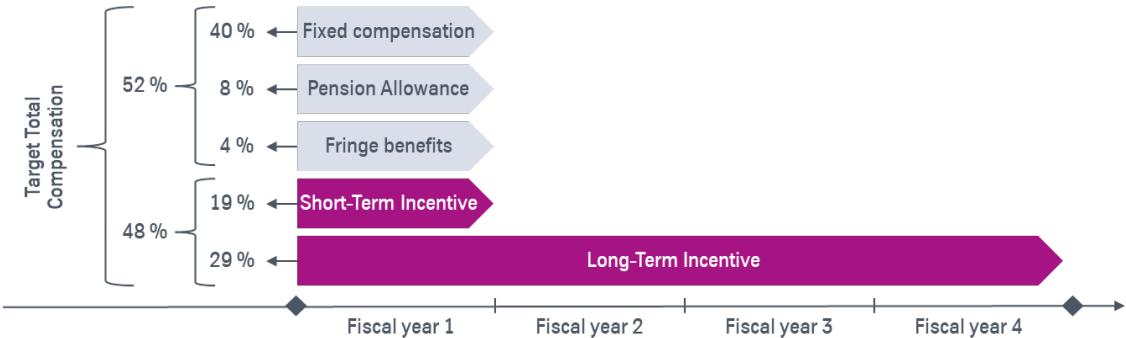
Compensation component	Assessment basis / parameters
<b>Performance-independent compensation</b>	
Fixed compensation	The fixed compensation of Executive Board members is paid monthly as a salary
Fringe benefits	Company car, insurance premiums and health checks as standard; further once-only or time-limited (transitional) benefits for new members subject to explicit resolution of Supervisory Board
<b>Pensions</b>	
Pension allowance	Executive Board members receive an annual pension allowance in cash for personal pension provision in lieu of a company pension plan. Protection of vested rights for previous pension plans.
<b>Performance-related compensation</b>	
Short-Term Incentive (STI)	<p>Annual performance bonus</p> <p>Basis for target achievement::</p> <ul style="list-style-type: none"> <li>• 70% company's financial performance criteria (40 % Order Intake, 30 % EBITDA)</li> <li>• 30 % individual performance</li> </ul> <p>Supervisory Board sets financial targets based on annual planning and individual performance criteria for each fiscal year</p> <p>Cap: 200% of target amount</p>
Long-Term Incentive (LTI)	<p>Performance Share Plan</p> <p>Performance period: 4 years</p> <p>Basis for target achievement:</p> <p>Relative Total Shareholder Return (Ranking against individual stocks included in the Solactive Hydrogen Economy Index NTR)</p> <p>Cap: 250% of target amount</p>
<b>Other compensation rules</b>	
Share Ownership Guidelines (SOG)	<p>Requirement to purchase and hold thyssenkrupp nucera shares for the amount of one year's fixed compensation (gross)</p> <p>Until this amount is reached, Executive Board members must invest each year at least 25% of the net amount of performance-related compensation paid at the close of the fiscal year (STI + LTI) in thyssenkrupp nucera shares</p>
Maximum compensation	<p>Cap for total compensation granted for one fiscal year in accordance with § 87a (1) sentence 2 no. 1 AktG:</p> <ul style="list-style-type: none"> <li>• Chair: € 2 million</li> <li>• Ordinary Executive Board members: € 1,35 million</li> </ul>
Severance cap	Severance payments limited to maximum of two years' annual compensation; compensation over remaining contract term must not be exceeded
Malus and clawback rule	<p>Malus:</p> <p>In the event of serious infringement of applicable law or internal policies, Supervisory Board may reduce or cancel variable compensation components (STI/LTI) for the relevant assessment period</p> <p>Clawback:</p> <p>Option of Supervisory Board to reclaim already paid variable compensation if a malus is subsequently discovered or if inaccuracies are identified in the consolidated financial statements (difference)</p>

### 3.2 Compensation components and structure

The compensation of Executive Board members is made up of performance-independent and performance-related elements. The former comprise fixed compensation, fringe benefits and pension allowance. The performance-related compensation includes the short-term incentive with a performance-period of one year (STI) and the long-term incentive with a performance-period of four years (LTI). The amounts of the performance-related compensation components are set on the basis of financial and, in case of the STI, also on non-financial performance criteria set by the Supervisory Board (for details see section 4.2).

The sum of all performance-independent and performance-related compensation components forms the total compensation of Executive Board members. Almost half of the target total compensation (fixed compensation + pension allowance + fringe benefits + target STI amount + target LTI amount) of the Executive Board consists of performance-related compensation elements in order to strengthen the performance focus of the compensation system.

The structure of compensation is aimed at supporting the sustainable and long-term performance of the company. Performance-independent compensation makes up approx. 52% of the target total compensation. Fixed compensation contributes approx. 40% to the target total compensation, pension allowance approx. 8%, and regular fringe benefits normally approx. 4%. Performance-related compensation makes up altogether approx. 48% of the target total compensation. The share of the target STI amount in the target total compensation is around 19%, while the target LTI amount accounts for around 29% of the target total compensation. This ensures that variable compensation resulting from the achievement of long-term targets exceeds the share resulting from short-term targets.



Guaranteed compensation, discretionary bonuses or additional (special) payments not included in this Executive Board compensation system are not paid.

### **3.3. Maximum compensation**

The compensation paid to Executive Board members is subject to two caps. First, caps are set for the performance-related components and individual elements thereof (STI: 200% of target amount, LTI: 250% of target amount).

Second, in accordance with § 87a (1) sentence 2 no. 1 AktG the Supervisory Board has set a maximum compensation amount which limits the total compensation amount actually paid for a specific fiscal year (fixed compensation + pension allowance + fringe benefits + STI payout + LTI payout). For the Executive Board chair, the maximum compensation amount is €2,000,000 and for ordinary Executive Board members €1,325,000 each.

## **4. Compensation system in detail**

### **4.1. Performance-independent compensation components**

#### **4.1.1. Fixed compensation**

The fixed compensation is paid to Executive Board members monthly as a salary and represents a steady, plannable income for Executive Board members.

#### **4.1.2. Pension**

Executive Board members receive a pension allowance (*Versorgungsentgelt*) for their own private pension provision which is paid out annually. As well as giving Executive Board members responsibility and discretion to take care of their own pension provision, this relieves thyssenkrupp nucera of the long-term financial burden of recognizing corresponding pension provisions.

In case that Executive Board members had received an occupational pension commitment under a previous employment or service relationship with a thyssenkrupp group entity, this pension commitment is taken over by the Company so that the Company owes the pension entitlements acquired so far. In individual cases, it may also be agreed to continue a previous pension commitment from the time prior to appointment as Executive Board member, resulting in the acquisition of additional pension entitlements under that commitment.

#### **4.1.3. Fringe benefits**

In addition to the fixed compensation the Executive Board members receive fringe benefits; standard benefits include a car for business and private use, insurance premiums and health checks. In principle all Executive Board members are entitled to these fringe benefits, the amount varies according to personal situation.

In addition, the Supervisory Board may decide in individual cases to grant new Executive Board members compensatory payments for verified compensation entitlements lost due to their move to thyssenkrupp nucera, as well as further transitional benefits for a limited period, such as relocation costs or costs in connection with the need to maintain two households for work purposes. The aim is to ensure that thyssenkrupp nucera can recruit the best possible candidates. Where

corresponding benefits are granted in individual cases, this is explained in the compensation report.

## 4.2. Performance-related compensation components

The two performance-related compensation components are the STI with a performance-period of one year and the LTI with a performance-period of four years. For the STI the Supervisory Board sets concrete performance criteria before the start of each fiscal year based mainly on the company's economic situation, while for the LTI the performance criteria are already firmly established in the compensation system. This means that performance-related compensation components cannot be determined purely on a discretionary basis.

### 4.2.1. Short-Term Incentive (STI)

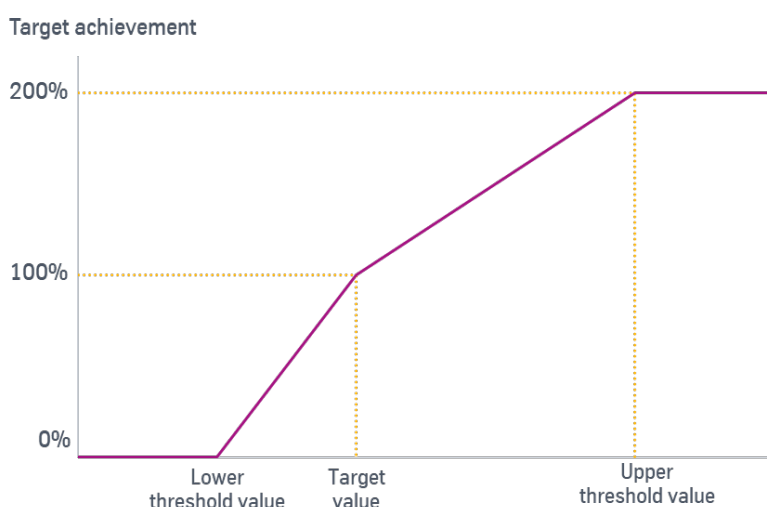
70% of the STI amount depends on the performance of the company - 40% on Order Intake volume, measuring the company's growth, and 30% EBITDA, measuring the company's operational performance – while the remaining 30% depend on the personal performance of Executive Board members.

#### Contribution of STI to supporting business strategy

The STI is aimed at promoting the strategy of the company by enhancing sustainable growth and operating performance and thus securing the successful development of the company.

In addition, the inclusion of individual performance also places a focus on operational targets as well as strategic objectives.

At the start of each fiscal year, the Supervisory Board sets ambitious target and threshold values for the financial performance criteria. The target value of each performance criterion is derived from the corporate planning and corresponds to 100% target achievement. The lower threshold value is 0% and target achievement is capped at an upper threshold value of 200%, giving the following target achievement curve ranging from 0% to 200%:



To measure individual performance, the Supervisory Board sets up to three individual targets for the members of the Executive Board prior to each fiscal year. Alongside operational targets, these

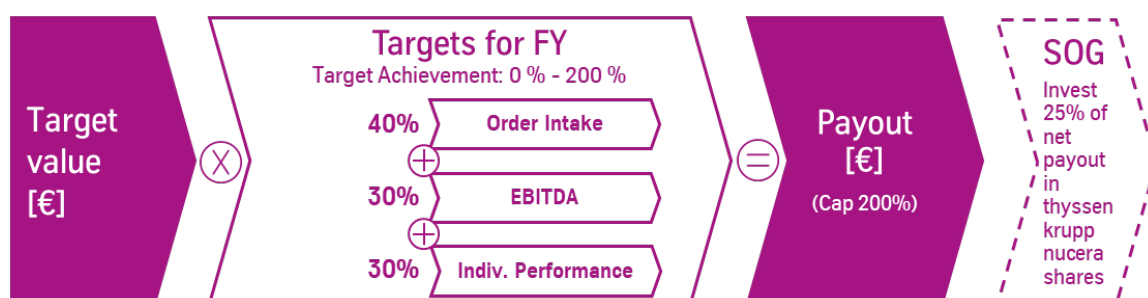
are primarily based on strategic objectives. Targets can also be selected which are jointly relevant for several or all members of the Executive Board. These can be formulated as concrete measurable indicators or as expectations for the Executive Board members. The Supervisory Board takes care to ensure that target achievement is comprehensible and verifiable in all cases.

For each target, criteria are defined on the basis of which the Supervisory Board determines target achievement after the end of the fiscal year. The maximum target achievement for individual performance is also 200%.

The set individual targets are reported in the compensation report at the beginning of the fiscal year and the achievement of financial and individual targets in the subsequent compensation report, provided the disclosure of the targets does not result in a competitive disadvantage for thyssenkrupp nucera due to their continuing strategic relevance.

In accordance with the recommendation in G.11 GCGC, the Supervisory Board takes the right of taking extraordinary developments into account by making adjustments when determining the degree of target achievement for the STI. In case that any adjustments to STI target achievement are made, these are comprehensively presented in the compensation report following the adjustment.

The actual payout from the STI is calculated as follows:



The maximum payout amount from the STI is limited to 200% of the target value. There is no guaranteed minimum target achievement; therefore, there might also be no payout at all.

The Executive Board members are required to invest at least 25% of the net payout from the STI in thyssenkrupp nucera shares until the agreed investment volume under the Share Ownership Guidelines of one annual fixed salary (gross) is reached (see also section 4.3.1).

#### 4.2.2. Long-Term Incentive (LTI)

The second performance-related compensation element is the LTI, which is designed as a long-term incentive with a performance period of four years. The LTI is also share-based; the resulting participation of the Executive Board members in the relative and absolute performance of the share price of thyssenkrupp nucera AG & Co. KGaA brings the objectives of management and the direct interests of the shareholders into even greater alignment. This creates an incentive to increase the value of the company sustainably in the long term.



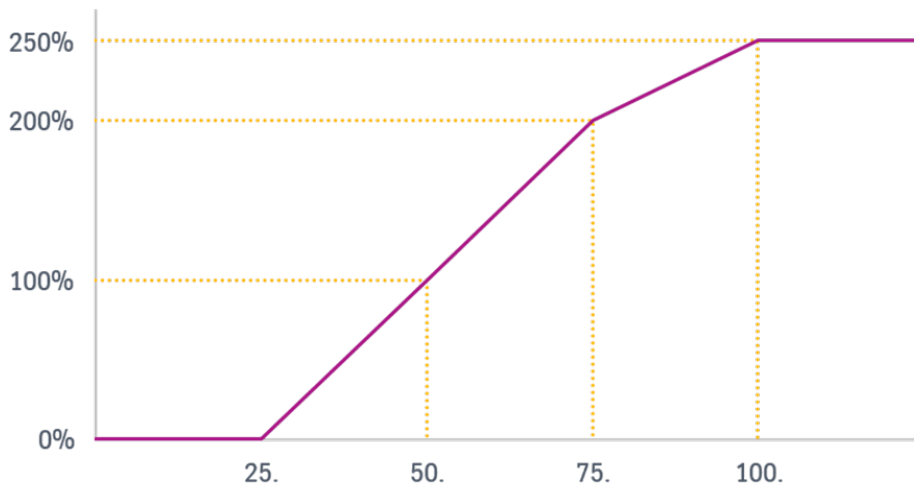
## Contribution of LTI to supporting business strategy

The share link further harmonizes the interests of the Executive Board and the shareholders. The implementation of relative Total Shareholder Return introduces an external performance criterion geared to the capital market which allows a comparison with relevant competitors. As a result an incentive to outperform competitors is created.

The LTI is granted in annual installments. At the beginning of each installment, a certain number of virtual shares is initially allocated on a provisional basis. This number is calculated by dividing the initial value of the annual LTI installment by the average thyssenkrupp nucera AG & Co. KGaA share price, calculated as the arithmetic mean of the closing prices on the last 30 stock exchange trading days before the start of the fiscal year for which the respective LTI installment is issued; this number is rounded half even. The provisionally granted number of virtual shares can therefore vary from year to year.

The final number of virtual shares at the end of the four-year performance period depends on the target achievement with regard to the relative Total Shareholder Return (TSR) for thyssenkrupp nucera AG & Co. KGaA compared to a peer group. The Supervisory Board has decided on the companies comprising the Solactive Hydrogen Economy Index NTR as a suitable peer group, against which the TSR will be measured relatively.

The relative TSR is calculated per fiscal year on the basis of share price performance plus distributed dividends. The start and end values are based on the average share price, calculated as the arithmetic mean of the closing prices on the last 30 stock exchange trading days before the beginning and end of the fiscal year. On this basis, the TSR performance of all companies in the aforementioned index including thyssenkrupp nucera AG & Co. KGaA is ranked. Target achievement is then determined by thyssenkrupp nucera's positioning, measured as a percentile rank, with intermediate values being rounded up to the respective full percentile. The lower threshold value corresponds to the 25th percentile; below and including this threshold value, target achievement is 0%. A positioning at the 50th percentile corresponds to a target achievement of 100%, while a positioning at the 75th percentile corresponds to a target achievement of 200%. The maximum target achievement of 250% is reached at the 100th percentile. Intermediate values are interpolated linearly, resulting in the following overall target achievement curve with a range of 0% - 250%:



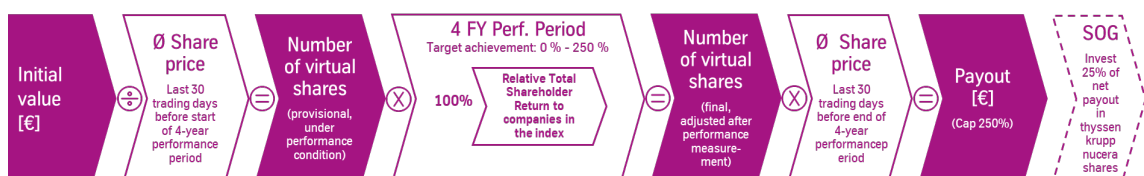
The annual degree of target achievement is explained transparently in the compensation report for the respective fiscal year.

The overall target achievement for the respective LTI installment after the end of the four-year performance period is determined by the arithmetic mean of the four annual degrees of target achievement. This target achievement is multiplied by the number of granted virtual shares to calculate the final number of virtual shares earned.

To determine the final payout amount, the final number of virtual shares reached at the end of the performance period is multiplied by the average thyssenkrupp nucera AG & Co. KGaA share price, calculated as the arithmetic mean of the closing prices on the last 30 stock exchange trading days of the final fiscal year of the four-year performance period. Instead of a cash payment, the LTI can also be granted in whole or in part in the form of thyssenkrupp nucera AG & Co. KGaA shares at the decision of the Supervisory Board.

In accordance with the recommendation in G.11 GCGC, the Supervisory Board can also take extraordinary developments into account when determining the degree of target achievement for the LTI. If the Supervisory Board makes use of this possibility and makes adjustments to LTI target achievement, this will be reported in the compensation report following the adjustment.

The actual payout from the LTI is therefore calculated as follows:



The payout amount calculated in this way is limited to 250% of the LTI target amount.

With the LTI too, the Executive Board members are required to invest at least 25% of the net payout in thyssenkrupp nucera shares until the agreed investment volume under the Share Ownership Guidelines of one annual fixed salary (gross) is reached (see also section 4.3.1).

### **4.3. Other contractual provisions**

#### **4.3.1. Share Ownership Guidelines**

All Executive Board members are required to purchase thyssenkrupp nucera AG & Co. KGaA shares to a total value of one annual fixed salary (gross) and hold them for the duration of their appointment. This will further align the interests of the Executive Board and shareholders and further strengthen the sustainable long-term development of thyssenkrupp. An annual investment amount of 25% of the net payout from the performance-related compensation components (STI and LTI) applies until the full investment volume in the amount of one annual gross fixed compensation is reached. Fulfillment of the share buy and hold requirement is determined based on the purchase price at the time of acquisition. The shares are acquired via an independent service provider within a fixed annual investment period.

#### **4.3.2. Malus and clawback rules**

In the event of serious violations by Executive Board members of applicable law or the applicable internal company or group guidelines and policies, the Supervisory Board has the option to reduce or completely cancel any variable compensation components (STI and LTI) not yet paid (“malus”). The decision by the Supervisory Board is made at its own due discretion. Furthermore, the Supervisory Board has the option to reclaim already paid variable compensation components from the Executive Board members in whole or in part if a malus is subsequently discovered (compliance clawback). In addition, the Supervisory Board may, in the event that variable compensation components are paid out on the basis of incorrect consolidated financial statements, reclaim the difference determined on the basis of corrected financial statements (performance clawback). The possible requirement of an Executive Board member to pay damages to the company in accordance with § 93 (2) AktG remains unaffected by this.

#### **4.3.3. Compensation-related legal transactions**

##### **Durations of Executive Board member service contracts**

The Supervisory Board observes the requirements of § 84 AktG and the recommendations of the GCGC when appointing Executive Board members and establishing the duration of the Executive Board member service contracts. The contracts are concluded for the duration of the respective appointment. In the case of first-time appointment, the appointment period is generally three years; in the case of reappointment, the maximum duration is five years. Executive Board member service contracts do not provide for the possibility of ordinary termination by either party. This does not affect the mutual right of both parties to terminate the Executive Board member service contract without notice for cause.

##### **Severance payments**

The service contracts of Executive Board members contain severance payment provisions that comply with the recommendations of the GCGC. In case of early termination of the service contract

at the instigation of the company before the end of the agreed contract period, the Executive Board member is entitled to receive a severance payment. The amount of the severance payment is determined by the sum of the annual fixed salary and the actually paid STI for the past fiscal year and of the annual fixed salary and the expected STI for the current fiscal year in which the service contract ends, but must not exceed the sum of the annual fixed salaries and the expected STI benefits for the remaining term of the service contract. The Supervisory Board determines the amount of the expected STI at its reasonable discretion. Other compensation components, in particular pension allowance, LTI and fringe benefits are not considered for the severance calculation.

Company benefits under the contract for the period between the end of the appointment and the end of the contract will be deducted from the severance payment. The severance payment will be reduced by 15% to take account of discounting and other earnings if the remaining term of the contract is more than six months at the time of early termination of the appointment; the reduction will apply to the part of the severance payment exceeding six months.

The above arrangements ensure that payments in connection with the termination of an Executive Board member's contract do not exceed two years' compensation (fixed salary and STI; severance cap) and compensate no more than the remaining term of the contract.

No severance payment shall be granted if good cause exists entitling the company to terminate the service contract for cause or if the Executive Board member resigns without good cause. Furthermore, no severance payment will be granted if the service contract ends due to permanent disability or if the Executive Board member has reached the relevant regular retirement age in the statutory pension insurance scheme (or alternatively in an applicable professional pension scheme).

### Change of Control

Executive Board member service contracts do not include any commitments for benefits in the event of early termination by the Executive Board member due to a change of control.

### Entry and exit during the year

In the event of an Executive Board member joining or leaving the company during the course of a year, the overall compensation is granted pro rata temporis according to length of service in the relevant fiscal year. Such pro rata reduction also applies for periods in which the Executive Board member is released from his duty of service under the service contract.

If the appointment terminates, the entitlement to the payment of the (as the case may be pro-rated) STI and LTI for the service period until termination in principle continues. As regards the LTI, the not yet paid out virtual shares of already running LTI installments will remain in the agreed amount and will be paid out in accordance with the regular arrangements after the Supervisory Board establishes target achievement. There is no entitlement to payout of the STI or LTI if good cause exists entitling the company to terminate the service contract for cause or if the Executive

Board member resigns without good cause. In these cases, the virtual shares lapse without replacement.

### Post-contractual non-competition clause

A post-contractual non-competition clause is currently not generally agreed in the service contracts of Executive Board members. Nevertheless, the Supervisory Board has the option to agree such a clause in individual cases. If a post-contractual non-competition clause is agreed in the context of contract termination, the Supervisory Board will ensure that any severance payment is offset against a waiting allowance.

### Compensation for supervisory board positions within and outside the thyssenkrupp nucera

If Executive Board members hold supervisory board positions within thyssenkrupp nucera subsidiaries and receive compensation for these positions, such compensation is offset against their remuneration as Executive Board members.

If Executive Board members hold external supervisory board positions and the position is assumed in connection with Executive Board work and in the interest of thyssenkrupp nucera, any compensation paid is also offset.