Report of the Management Board on agenda item 10

Pursuant to Section 71 (1) no. 8 sentence 5 in conjunction with Section 186 (4) sentence 2 AktG, the Management Board hereby submits the following report on item 10 of the agenda with regard to the reasons for the proposed authorization of the Management Board to exclude shareholders' tender rights under certain circumstances and to exclude shareholders' subscription rights under certain circumstances in the event of the sale of treasury shares acquired by the Company in accordance with the authorization under agenda item 10.

There is no right to tender shares if, in the case of a public formal offer or public request for shareholders to submit offers to sell, the number of shares offered by the shareholders exceeds the number of shares requested by the Company. In this case, the allocation must be based on quotas. In accordance with the proposed authorization, it is intended to provide for preferential acceptance of smaller sale offers or smaller parts of sale offers up to a maximum of 150 shares. The purpose of this approach is to avoid fractional amounts when determining the ratios to be acquired and to avoid small residual amounts, thus facilitating the technical settlement of the share buy-back. In addition, the buy-back may be carried out according to the ratio of shares offered (tender quotas) instead of according to participation quotas in order to simplify the allocation procedure. Furthermore, a rounding according to commercial principles to avoid arithmetical fractions of shares may be provided for. The acquisition quota and the number of shares to be acquired by individual tendering shareholders may therefore be rounded as required to represent the acquisition of whole shares from a settlement point of view.

When using Derivatives, shareholders shall only have a right to tender their shares for the buy-back of treasury shares to the extent that the Company is obliged to accept the shares from them under the respective options. Otherwise, Derivatives could not be used for the buy-back of treasury shares and the respective advantages for the Company could not be realized. The Management Board considers the authorization not to grant or to restrict any right of shareholders to conclude such Derivatives with the Company and any right of shareholders to tender shares to be justified after weighing up the interests of the shareholders and the interests of the Company, as the use of such financial instruments may be advantageous for the Company compared with a direct acquisition. In addition, it must be taken into account that the rights of the shareholders are safeguarded by the fact that the respective contracting parties to the Derivatives are obliged to acquire the shares in the Company to be delivered to serve the obligations under the Derivative in compliance with the general principle of equal treatment under stock corporation law (Section 53a AktG).

The contemplated exclusion of the subscription right for fractional amounts allows for the requested authorization to be exercised using full amounts. Such exclusion of subscription rights is sensible and customary in practice because the costs of trading in subscription rights in the case of fractional amounts normally are not in reasonable proportion to the related advantages for the shareholders. Since fractional amounts are limited, the potential dilution effect is confined to within negligible limits. The shares thus excluded from the subscription right are therefore realised in the best possible way in favor of the Company.

The authorization under agenda item 10 provides that the purchased treasury shares may be sold to third parties against contributions in kind subject to exclusion of the subscription right of the shareholders, *e.g.* for the purpose of acquiring companies, businesses, parts of companies or businesses and/or equity interests in companies. The Management Board is to be enabled to offer shares in the Company as consideration for the purchase of assets and/or to grant the holders of warrant-linked bonds and/or convertible bonds shares to fulfil their claims without having to conduct a capital increase for this.

To compete for attractive acquisition opportunities both nationally and internationally, it is becoming increasingly necessary to be able to offer not cash, but shares as consideration for the acquisition of companies or equity interests in other companies. The authorization proposed under agenda item 10 gives the Company the necessary flexibility to use treasury shares *e.g.* as an acquisition currency, thus enabling it to respond quickly and flexibly to those offers for the acquisition of companies, equity interests in other companies or other assets which are advantageous for the Company. This is duly taken account of by the proposed authorization to exclude the subscription right of the shareholders.

The proposed authorization to use treasury shares moreover provides for the sale of treasury shares to third parties by means other than via the stock market or through a public offer to all shareholders, provided that the sale of treasury shares is effected against cash payment and at a price which is not significantly lower than the relevant stock market price. In this way the Company is to be enabled to deliver shares to institutional investors, financial investors or other co-operation partners, thereby achieving the highest possible purchase prices and thus strengthening the equity to the greatest possible extent by setting prices that are as close as possible to the market price. This type of sale involves an exclusion of the subscription right of the shareholders, which however is legally permissible because it constitutes a facilitated exclusion of subscription rights pursuant to Section 186 (3) sentence 4 AktG.

The Management Board is further authorized, subject to the exclusion of the subscription right, to fulfill claims of holders of warrant-linked bonds or convertible bonds which are issued by the Company, or by companies dependent on the Company or companies in which the Company holds a majority interest, with treasury shares. Alternatively, conditional or authorized capital may be used for this purpose.

In addition, the Company is to be given the possibility of partially excluding the subscription right of the shareholders in the case of a sale of treasury shares through an offer to all shareholders in favor of the holders of warrant-linked bonds or convertible bonds conferring an option or conversion right or establishing a conversion obligation in order to grant them subscription rights for the shares to be sold in the scope to which said holders would be entitled after exercise of their conversion or option rights or after fulfillment of their conversion obligation. In this way, a reduction in the conversion or option price that might otherwise occur can be avoided, thus strengthening the Company's financial resources.

Treasury shares may also be offered for purchase to employees of the Company and its group companies and to members of the governing bodies of group companies (employee shares). The issue of treasury shares to these persons, usually subject to an appropriate lock-up period of several years, is in the interest of the Company and its shareholders, as it promotes the identification of the beneficiaries with the Company. At the same time, the understanding and willingness to assume greater, especially economic responsibility can be strengthened. The issue of shares also enables long-term incentive arrangements that can take into account both positive and negative developments. The shares are intended to provide an incentive to achieve a sustained increase in value for the Company. In order to be able to issue corresponding employee shares, the subscription rights of shareholders must be excluded. In determining the purchase price to be paid by the beneficiaries, an appropriate discount based on the Company's performance and customary for employee shares may be granted. Treasury shares bought back may also be used under arrangements that have been or will be agreed with members of the Management Board of the Company as a component of their remuneration for their activities. This also requires the exclusion of shareholders' subscription rights. The details of the remuneration for the members of the Management Board are determined by the Supervisory Board. Variable remuneration components may be granted as an incentive for long-term, sustainable corporate governance, for example by granting part of the variable remuneration in shares instead of cash or in the form of share commitments, which may also be subject to a lock-up period. In addition, variable remuneration components can be linked to specific performance targets. The remuneration system for the Management Board approved by the Annual General Meeting 2021 does not provide for the granting of shares to members of the Management Board. In view of possible future changes to the remuneration system, a corresponding option is to be created as a precautionary measure. In accordance with legal requirements, any such change to the remuneration system would first be submitted to the Annual General Meeting for approval.

Furthermore, the Management Board is to be authorized to exclude shareholders' subscription rights in connection with a so-called scrip dividend. In this case, only whole shares are offered to the shareholders for purchase; with regard to the part of the dividend entitlement which does not reach (or exceeds) the subscription price for a whole share, shareholders will be referred to the cash dividend and will not be able to subscribe for any shares to this extent; an offer of partial rights is not envisaged, nor is the establishment of trading in subscription rights or fractions thereof. As the shareholders receive a cash dividend instead of the subscription of new shares, this appears to be justified and appropriate. The general principle of equal treatment under stock corporation law (Section 53a AktG) is complied with.

Moreover, the sum of the shares to be sold subject to the exclusion of the subscription right, together with new shares issued by the Company from an authorized capital during the term of this authorization until its exercise by exercising another authorization subject to the exclusion of subscription rights of the shareholders, as well as together with rights issued during the term of this authorization until its exercise by exercising another authorization subject to exclusion of subscription rights and enabling the conversion into or the subscription of shares in the Company or establishing an obligation for such conversion or subscription, may not exceed a pro rata amount of the share capital of 10% of the share capital. This limitation further restricts the potential for dilution effects in favor of the existing shareholders. This includes in particular measures in direct or analogous application of Section 186 (3) sentence 4 AktG. In the case of such measures, the legislator considers it reasonable for existing shareholders to maintain their shareholding, if necessary by acquiring shares via the stock exchange. Shares issued to serve convertible bonds issued on the basis of the authorization of the Annual General Meeting on May 24, 2013, under agenda item 6 are not included in the calculation. The reason for this is that subscription rights were already excluded when the convertible bond was issued in 2016. The increase in share capital from conditional capital in the event of conversion rights being exercised is not at the discretion of the Management Board but arises from a legal obligation under the terms and conditions of the convertible bond. A consideration of these new shares possibly to be issued in the future to fulfill conversion rights would also have the consequence that the Company would not be able to issue or sell shares excluding subscription rights for the entire term of this convertible bond and would thus lead to a massive limitation of its financing possibilities. Finally, a consideration does not appear necessary because the shareholders will resolve on the new authorization in the knowledge of the outstanding convertible bond issued in 2016 and can therefore already take the possible future capital increase into account in their decision.

For the possible issuance of employee shares or to Management Board members under possible future remuneration arrangements, the volume is limited to 5% of the relevant share capital figure in order to protect the interests of existing shareholders and prevent possible disincentives in the structuring of remuneration.