Beiersdorf

Remuneration System for the Members of the Executive Board

Beiersdorf Aktiengesellschaft, Hamburg
Wertpapier-Kennnummer 520000
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Re item 7 of the agenda: Remuneration system for the members of the Executive Board

The remuneration system for the members of the Executive Board of Beiersdorf AG was last submitted to the Annual General Meeting on April 1, 2021, and approved by it by a majority of 87.02% of the votes cast.

At the recommendation of its Presiding Committee and its Personnel Committee, the Supervisory Board of Beiersdorf AG decided to further develop the remuneration system with effect from January 1, 2025, and to submit it again to the 2025 Annual General Meeting for approval in accordance with § 120a (1) of the German Stock Corporation Act (AktG). In particular, the remuneration system was aligned with the "Win with Care" corporate strategy developed by the Executive Board and adopted in July 2024. In addition, the remuneration system was reviewed with regard to regulatory requirements, market practice, market conditions, and investor expectations.

Accordingly, the further development of the remuneration system essentially relates to the long-term variable remuneration so that relevant control parameters and ESG materiality analyses from the new corporate strategy can be taken into appropriate account as part of the incentives for members of the Executive Board. The main changes to the remuneration system are:

- Redesign of the long-term variable remuneration: Introduction of a rolling long-term bonus system with annual tranches that have a uniform period of four years. This is intended to ensure a targeted, long-term incentive and promote sustainable implementation of the corporate strategy.
- The relative share of short-term variable remuneration was reduced by lowering its target amount in favor of an increase in the base remuneration; this is intended to lessen any inducements to take short-term decisions while strengthening incentives to promote long-term, sustainable growth in the company's enterprise value.
- Removal of the multi-annual bonus ("MAB"): Under the remuneration system applicable up to 2024, Executive Board members could, in individual cases, be granted what was termed a MAB in addition to the LTP, the performance criteria for which were derived from the individual areas of responsibility assigned to the members of the Executive Board. As part of revision of the compensation system, the Supervisory Board removed the possibility of an additional MAB in order to simplify the long-term variable remuneration and standardize it for the entire Executive Board.
- The maximum remuneration for the Chair of the Executive Board and for the ordinary members of the Executive Board has been adjusted in order to take into account any changes in remuneration levels to an appropriate and customary extent. The maximum target achievement for the short-term and long-term variable compensation remains capped at 200% in each case.

Apart from that, the remuneration system in effect remains essentially unchanged.

The adjusted remuneration system applies retroactively from January 1, 2025, to all current Executive Board contracts and those that are to be extended, and to any new contracts to be concluded.

1. Link to strategy and principles of the remuneration system

A passion for skin care lies at the heart of Beiersdorf's vision of being the best skin care company in the world. With its "Win with Care" corporate strategy, Beiersdorf is more focused than ever on delivering outstanding skin care solutions. Beiersdorf is a company full of passion and commitment, has ambitious goals, and is focused on developing innovative skin care products and solutions that make a real difference in the lives of consumers. As part of that, Beiersdorf always acts responsibly.

The corporate strategy is rooted in the clear ambition to grow competitively and sustainably, defines strategic priorities and is characterized by the will to create greater value for people and society in the long term. In this way, Beiersdorf wants to expand its position in the skin care market and ensure sustained profitability.

The "Win with Care" strategy is based on the following strategic decisions; the business purpose "Care Beyond Skin" constitutes fundamental success factors:

In addition, the Core Values with their attributes Care, Trust, Simplicity, and Courage have always shaped Beiersdorf's corporate culture. Together with the corporate strategy, they act as a compass. They are the daily benchmark and ensure consistent communication and action across all business areas at all times. They are the common language of all Beiersdorf employees, regardless of the country, office or team they work in. In a world full of contrasts and constant change, they act as a binding element and make Beiersdorf's corporate culture unique.

The remuneration system for the Executive Board makes a material contribution, both in its entirety and with its individual components, to furthering and implementing the "Win with Care" strategy and fulfilling the Core Values by creating incentives for sustained and value-oriented corporate development and taking into account the interests of the shareholders, customers, employees, business partners, environment, and society (stakeholders). The structure of the remuneration system gives the members of the Executive Board an incentive to pursue and achieve the goals defined in the strategy and the Core Values, and thus to work towards achieving sustainable and long-term growth of the company's enterprise value.

Beyond this strategic link, the Supervisory Board has always been guided by other factors in structuring the remuneration system and determining the amount of remuneration:

Beiersdorf's condition	The remuneration system is based on the company's operating, financial and economic situation as well as its successes and outlook for the future.
Duties and performance	The remuneration system takes into account the duties and performance of the Executive Board as a whole as well as of the individual members.
Pay for performance	The remuneration system defines appropriate performance criteria for determining the performance-tied variable remuneration, which accounts for most of the total remuneration, to ensure that the Executive Board's performance is appropriately rewarded, while taking due account of any failure to achieve the defined targets (pay for performance).
Appropriateness	The structure and amount of the Executive Board remuneration reflects customary market practice and is competitive. This is ensured by means of regular benchmarking against the relevant peer groups. In addition, the remuneration for the Executive Board is appropriately balanced in relation to the remuneration for the company's senior management and employees.
Consistency	The remuneration system for the Executive Board and senior management create comparable incentives and have predominantly uniform objectives (consistency of the remuneration system). In addition, the corporate targets for employees' variable remuneration are defined on the basis of the corporate goals defined for the remuneration of the Executive Board. This ensures consistent incentives and, hence, a uniform control effect.
Conformity	The new remuneration system for the Executive Board is consistent with the German Stock Corporation Act and takes account of the recommendations and suggestions of the German Corporate Governance Code.

2. Procedure for determining, implementing and reviewing the remuneration

The Supervisory Board draws up and approves the remuneration system in accordance with the statutory requirements and in the light of the recommendations and suggestions of the German Corporate Governance Code (except where the company has declared a deviation from that Code, as is the case in relation to sentence 1 of Recommendation G.10). In doing so, it is advised and supported by its Presiding Committee, particularly on questions concerning the appropriateness and market conformity of the amount of the remuneration, and by the Personnel Committee, particularly on questions concerning the remuneration structure. If necessary, the Supervisory Board is assisted by external consultants; the Supervisory Board satisfies itself that they are independent of the Executive Board and the company in awarding the mandate.

The Supervisory Board regularly reviews the remuneration system, particularly with regard to its appropriateness and also in relation to comparable companies (horizontal comparison, see section 4.2) on the one hand and also within the company in relation to senior management and the workforce as a whole on the other (vertical comparison, see section 4.3). The review of the remuneration system is prepared by the Presiding Committee, which recommends any necessary adjustments to the remuneration system to the Supervisory Board. The Supervisory Board submits the remuneration system for approval by the Annual General Meeting in accordance with § 120a AktG in the event of any material change to the remuneration system, but at least every four years. If the Annual General Meeting fails to approve the remuneration system submitted, the Supervisory Board will submit a revised remuneration system for approval at the following Annual General Meeting at the latest.

All members of the Supervisory Board are committed to preserving the company's best interests and must refrain from engaging in any personal or third-party interests. Accordingly, the relevant rules for the avoidance of conflicts of interest apply to all decisions made on the remuneration system and the implementation of these decisions. In particular, all members are under a duty to disclose any potential conflicts of interest without undue delay to the Chairwoman/Chairman of the Supervisory Board; the Chairwoman/Chairman must disclose potential conflicts of interest to the Presiding Committee. Members must resign their office if faced with material conflicts of interest that are not merely temporary. The Supervisory Board discloses any conflicts of interest to the Annual General Meeting in its annual report.

3. Temporary deviation from the remuneration system

Under § 87a (2) AktG, the Supervisory Board may temporarily deviate from the remuneration system if this should be necessary to preserve the company's long-term interests. Such deviations from the remuneration system require a corresponding resolution by the Supervisory Board specifically stating why the deviation is in the company's long-term interests. The resolution passed by the Supervisory Board must also state the duration of the deviation and the components of the remuneration system to which the deviation applies. The Supervisory Board will report transparently on any temporary deviation from the remuneration system.

Temporary deviations as defined above are possible (for individual members of the Executive Board or for all its members as a whole) with respect to the amount of and performance criteria for short-term and long-term variable remuneration elements, as well as ratio between fixed and variable remuneration components among each other or the ratio of the variable remuneration elements and expenses for exceptional circumstances or achievements. If it is not sufficient to restore appropriate Executive Board remuneration or the incentive effect of the Executive Board remuneration by adjusting the existing remuneration components, the Supervisory Board is able in the event of any extraordinary developments to temporarily grant additional remuneration components or to replace existing remuneration components.

4. Definition of specific target total remuneration and determination of the amount of remuneration

4.1 Overview

On the basis of the remuneration system, the Supervisory Board defines the specific target total remuneration for the individual members of the Executive Board comprising all fixed and variable remuneration components for the year (the latter in the case of hundred-percent target achievement in the financial year) including benefits (see section 5). In particular, the Supervisory Board ensures that the target remuneration appropriately reflects the duties and performance of the member of the Executive Board as well as the company's net assets, financial position and results of operations and prospects for the future and does not exceed the customary remuneration without reason. In assessing market conformity, the Supervisory Board particularly considers the relevant competitive situation. When determining the variable target total remuneration, the Supervisory Board ensures that the amount of the target remuneration under long-term remuneration components is higher than that under the short-term remuneration component.

The Supervisory Board defines the performance criteria for all variable remuneration components at the recommendation of its Presiding Committee for the financial year ahead (or, in the case of the long-term variable remuneration, for the period in which it commences). As a rule, the Supervisory Board deals at its final meeting for the financial year with the basic determination of the performance criteria and targets including the relevant target parameters for the following year or for the following performance period; if necessary, it defines the target values at the beginning of the new financial year particularly in accordance with the annual planning. When defining the performance criteria, the Supervisory Board also determines the weighting of the individual performance criteria within the specific remuneration component. As part of that, it ensures as a rule that the target remuneration under the variable remuneration components is generally tied more closely to strategic objectives than to operational ones.

After the end of the financial year (or, in the case of long-term variable remuneration, after the end of the performance period), the Supervisory Board sets the specific target achievement at the recommendation of its Presiding Committee. For this purpose, achievement of the financial targets is determined in connection with the preparation of the annual and consolidated financial statements. Achievement of the non-financial targets is determined after detailed consultation as a percentage derived from a comparison of the target/actual achievement of the individual performance criteria. The Supervisory Board sets the variable remuneration and the total remuneration for the previous financial year or the previous performance period on the basis of the target achievement. Target achievement and the remuneration granted and owed are disclosed transparently in the remuneration report after the end of the respective financial year.

4.2 Horizontal comparison

In determining the specific target total remuneration and in reviewing its appropriateness, the Supervisory Board considers relevant peer groups, which are selected on the basis of Beiersdorf's market position (particularly country, sector, and size). The peer groups comprise the relevant companies listed in the German DAX and MDAX equity indices, on the one hand, and an international sector peer group, on the other. The sector peer group is generally composed of the following twelve international peers (although the Supervisory Board may take appropriate account of special circumstances at individual competitors in the sector peer group): Colgate-Palmolive, Coty, Estée Lauder, Henkel, Kao, Kenvue, L'Oréal, Procter & Gamble, Puig, Reckitt Benckiser, Shiseido, and Unilever. This peer group largely corresponds to the group of companies used as a benchmark for the performance criterion of relative sales growth in the market comparison as part of the long-term variable remuneration.

The horizontal comparison ensures that the Executive Board receives competitive remuneration that conforms to standard market practice.

4.3 Vertical comparison

To ensure appropriate Executive Board remuneration in conformance with standard market practice, the Supervisory Board also considers its relationship to the company's internal remuneration structure. To this end, it compares the amount of the average annual target remuneration paid to senior management, comprising the first and second management group (MG 1 and MG 2) of the Consumer Business Segment in Germany below the Executive Board, with the Executive Board remuneration. Moreover, the Executive Board remuneration is compared with the amount of the average annual remuneration across all employees in the Consumer Business Segment in Germany (including senior management). The ratio thus determined is also reviewed over time.

4.4 Duties and performance of the member of the Executive Board

With the remuneration system, the Supervisory Board is able to take account of the duties, including division responsibilities and the area of responsibility for specific markets and regions, as well as the performance of the individual members of the Executive Board at its own due discretion when determining the target total remuneration. In addition to distinctions based on specific functions, e.g. the position of Chairwoman/Chairman of the Executive Board, the Supervisory Board may also take account of other criteria such as location, experience, and length of service.

5. Remuneration structure and elements

5.1 Overview

The total remuneration payable to the members of the Executive Board is composed of fixed and variable elements. The fixed remuneration, which is not tied to performance, comprises the base remuneration plus ancillary benefits. The variable remuneration is composed of a short-term variable bonus with annual targets ("**Annual Bonus**") and a long-term variable bonus with strategic targets (long-term performance, "**LTP**"). In the case of new appointments, the Supervisory Board may guarantee variable remuneration in an appropriate amount in individual cases for the initial period of the appointment, especially in the case of entries during the year. Furthermore, compensation may be paid to cover particular burdens sustained by the member of the Executive Board by joining Beiersdorf (including compensation for a member of the Executive Board's salary losses resulting from the move from a previous employer). In addition, at the Supervisory Board's own due discretion, the members of the Executive Board may be granted a re-appointment bonus, which may also be tied to performance.

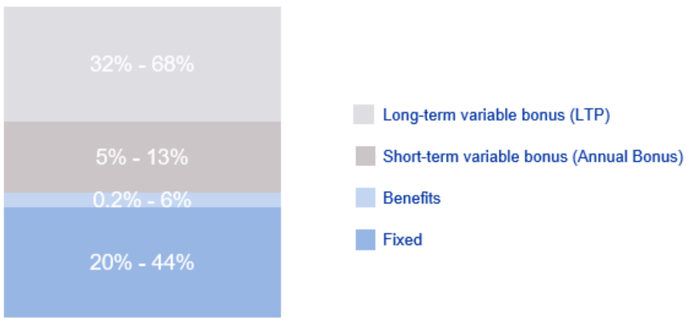
The members of the Executive Board do not receive any pension commitments from and financed by the company. Executive Board members can decide in individual cases to convert their LTP into a defined contribution benefit commitment for which a reinsurance policy can be concluded.

REMUNERATION COMPONENTS

Non-performance-tied remuneration	Base remuneration	• Fixed annual amount • Paid in 12 equal installments at the end of the calendar month
	Benefits	• Customary benefits: Provision of a company car, standard insurance benefits, reimbursement of job-related relocation costs • Secondment-related benefits
Performance-tied remuneration (Retention and claw-back)	Annual Bonus	• Period: One year (is paid out after the Annual General Meeting of the following year) • Performance criteria: Short-term performance of the Consumer Business Segment; joint (financial/non-financial) and individual targets • Cap: 200%
	LTP	• Period: Four years (is paid out after the Annual General Meeting of the 5th year) • Performance criteria: Strategy-related, financial and non-financial targets (predominantly joint targets) • Cap: 200%
Maximum remuneration		• Chairwoman/Chairman of the Executive Board: €12 million per year • Ordinary members of the Executive Board: €8 million per year

As a rule, the relative shares of the base remuneration, on the one hand, and the short-term and long-term variable remuneration, on the other hand, breaks down as follows (including regular benefits but excluding any payments for compensating forfeited benefits from the previous employer, secondment-related benefits and reappointment bonuses):

RELATIVE SHARES OF THE REMUNERATION COMPONENTS



The share of long-term variable remuneration may be higher than the relative share shown in individual cases, particularly in the case of long-standing members of the Executive Board with a higher overall target remuneration. For the purposes of determining the relative shares of the remuneration components, the amounts from the long-term variable remuneration are included with the full annual target value, notwithstanding the fact that the tranches are not due for payment until the end of their respective period.

If a member of the Executive Board is granted a reappointment bonus, this is generally up to 50% of the annual target total remuneration at the beginning of the first appointment period. The secondment-related benefits may equal an amount up to 100% of the base remuneration depending on the location (see section 5.3 for a breakdown of benefits). The relative shares accounted for by the other remuneration components are modified correspondingly in these cases.

The variable remuneration is predominantly measured over a multi-year period. In addition, the share of variable remuneration from long-term targets exceeds the share from short-term targets. The possible total remuneration is capped at a maximum amount for each member of the Executive Board (maximum remuneration, see section 5.6).

5.2 Base remuneration

The base remuneration is a fixed annual amount paid in 12 equal installments at the end of each calendar month. The base remuneration ensures that the members of the Executive Board receive a reasonable income overall and thus avoid taking inappropriate risks for the company.

5.3 Benefits

Each Executive Board member receives customary non-cash remuneration components and other ancillary benefits. The regular benefits may include:

- Provision of a company car, which may also be used for private purposes. In accordance with the Group's "Green Car Policy", the emissions produced by the company car must not exceed a certain carbon threshold. In lieu of a company car, a monthly "cash for car" allowance may also be granted;
- Customary insurance cover, including contributions to health and accident insurance, as well as to any invalidity and surviving dependents policies;
- Reimbursement of job-related relocation costs;
- Allowance for school expenses.

If, at the request of the company, a member of the Executive Board relocates work location or residence or does not maintain them at the headquarters of the company, other benefits may be granted. Such secondment-related benefits may particularly include:

- A foreign-secondment allowance to cover the cost of accommodation at the place of residence;
- Cost of flights for the member of the Executive Board and his or her family to and from the place of residence;
- Further health insurance expenses.

The Supervisory Board may award compensation for a first-time appointed Executive Board member's loss of salary due to a change of employer, in particular due to forfeited variable remuneration components with a previous employer.

5.4 Reappointment

In individual cases, the Supervisory Board may agree on a bonus payable in the event of reappointment ("reappointment bonus") at its own due discretion. As a rule, this reappointment bonus is due when the Supervisory Board decides in favor of the reappointment.

The Supervisory Board may at its own due discretion determine the structure of the reappointment bonus, in particular as a performance-tied bonus, to which the performance criteria defined for the Annual Bonus (see section 5.5.1) or the LTP (see section 5.5.2) apply.

The reappointment bonus promotes the objective in individual cases and is a particularly appropriate means of creating an incentive for a member of the Executive Board to decide to continue serving on the Executive Board for Beiersdorf beyond the current term of office before his or her term of appointment ends.

5.5 Variable remuneration

5.5.1 Short term bonus (Annual Bonus)

The members of the Executive Board receive for each financial year an Annual Bonus tied to the performance of the Consumer Business Segment, which is paid out after the Annual General Meeting of the year following the financial year in question. Under the remuneration system applicable until 2024 and in the previous remuneration reports, a different name ("Variable Bonus") was used for this bonus.

The Annual Bonus is composed of joint and individual performance criteria that are tied to the company's financial and non-financial performance as well as its strategic and operational development. The joint targets are usually given a weighting of 70% and the individual targets a weighting of 30% overall.

The Supervisory Board determines the selection and weighting of the individual performance criteria for the joint and individual targets at the recommendation of the Presiding Committee for the new financial year. The Annual Bonus may particularly be based on the following performance criteria, although the Supervisory Board is authorized to add further criteria as appropriate at its own due discretion and to adjust the weighting in individual cases:

Joint targets (70%)		
Financial targets (40%-60%)	Sales	Sales growth in the Consumer Business Segment, subject to elimination of exceptional effects, e.g. currency-translation effects and M&A.
	EBIT margin	Increase in earnings before interest and tax in the Consumer Business Segment as a percentage of sales subject to elimination of exceptional effects, e.g. currency-translation effects and M&A. In addition, spending on marketing and research and development may be taken into account if it exceeds the annual planning, i.e. the EBIT margin is increased by one basis point for every basis point above the plan.
	Market shares and position	Increase in market shares and position in the relevant categories, particularly skin care, also in new channels and markets.
Non-financial targets (10%-30%)	Innovations	Implementation of strategic initiatives and innovations for skin care.
	Digitalization	Implementation of one or more strategic digitalization initiatives, e.g. share of digital media, e-commerce, infrastructure, data analytics, and processes.
	Sustainability	Implementation of the sustainability agenda, particularly with a view to the seven focus areas, e.g.: • Reduction of carbon emissions • Increase in the proportion of recyclable resources and packaging • Use of renewable raw materials

Individual targets (30%)		
Financial targets (10%-20%)	Business performance	• Implementation of financially measurable performance criteria from the respective Executive Board area of responsibility with regard to business development and/or strategic initiatives
Non-financial targets (10%-20%)	Human resources and successor planning	Implementation of the measures in connection with human resources management, e.g.: • Succession planning, including identification and development of suitable candidates for the Executive Board and managers • Reinforcement and development of Beiersdorf employees' skills and capabilities
	Diversity	Implementation of measures for enhancing diversity, e.g. • Increase in the proportion of internationally active employees • Promotion of gender diversity

The individual performance criteria generally have a weighting of 5% to 30% within the joint targets and of 5% to 15% within the individual targets (in each case with respect to the total Annual Bonus).

The performance criteria underlying the Annual Bonus create an incentive for the Executive Board to increase the company's enterprise value on a sustained and long-term basis in line with the "Win with Care" strategy. In particular, sales are to be increased by opening up new growth markets and areas of business, while profitability is to be improved by means of simultaneous investments in innovations. Market shares are to be widened and market positions strengthened by reinforcing the global brands and improving consumer proximity as well as through new digital channels and technologies. The performance criteria defined in the sustainability agenda and those related to diversity also reflect – in line with the core values underlying the strategy – the responsibility that the Executive Board has for creating value for people, the environment, and society.

As a general rule, the targets defined for the financial performance criteria, e.g. sales, are based on the applicable annual planning. The target setting for the financial performance criteria is usually in line with the outlook published in the Report on Expected Developments, although the Supervisory Board may take appropriate account of extraordinary developments at its own due discretion. Similarly, measurable criteria are defined for the non-financial targets as far as possible. Depending on the individual case, these may be derived from the annual planning, strategic projects, or other activities. The sustainability performance criteria are directly linked to the materiality analyses that Beiersdorf uses as a strategic tool to identify the sustainability issues that are particularly relevant to the company and from the perspective of its stakeholders.

On the recommendation of its Presiding Committee, the Supervisory Board has set the following performance criteria and weightings for the Annual Bonus 2025, which will become due for payment after the Annual General Meeting in 2026, as of the end of the 2024 financial year:

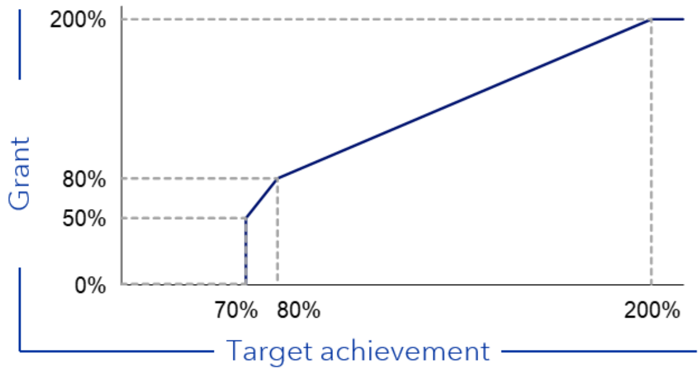
Joint targets (70%)		
Sales	**20%**	Sales growth (operational) for the Consumer Business Segment
EBIT margin	**10%**	Increase in earnings before interest and tax
Value above market	**30%**	Increase in market shares and position for Cosmetics and Derma
Innovations	**5%**	Market launch of new products, in particular for NIVEA, Labello, and Derma
Digitalization	**5%**	Increase in e-commerce sales
Individual targets (30%)		
Business performance	**15%**	Implementation of strategic initiatives in the respective area of responsibility
Employees	**15%**	Employee and management development

Target achievement is determined predominantly on the basis of financial reporting, non-financial reporting and sustainability reporting. In addition, the achievement of non-financial targets can be determined by a comparison of the target/actual achievement.

On this basis, the Supervisory Board defines percentage target-achievement levels for the performance criteria of the Annual Bonus after the end of the financial year. The following target-achievement levels apply:

- The applicable components are omitted if target achievement is less than 70%.
- 50% of the target amount defined for the component in question is granted for target achievement of 70%.
- 80% of the target amount defined for the component in question is granted for target achievement of 80%.
- 200% of the target amount defined for the component in question is granted for target achievement of 200%. A cap is applied to target achievement of above 200%.
- The intermediate values are interpolated on a linear basis.

ANNUAL BONUS TARGET ACHIEVEMENT LEVEL



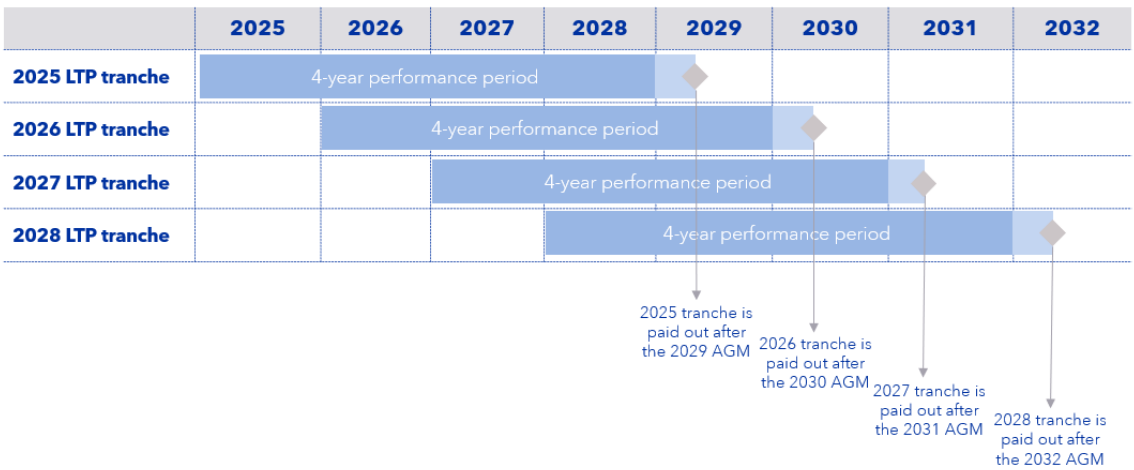
Subsequently, the total target achievement for and the amount of the Annual Bonus are calculated by adding the weighted target achievement for the individual components.

5.5.2 Long-term bonus (LTP)

The members of the Executive Board receive a multi-year bonus tied to strategic financial and non-financial targets (LTP), which has been redesigned effective the 2025 financial year.

The LTP makes a material contribution to advancing the company's "Win with Care" strategy by giving the Executive Board an incentive for securing sustainable and profitable growth particularly by strengthening the focus on expertise in skin care, sustainability, digitalization, opening up new growth markets, categories and business areas, innovations as well as human resource development.

The new LTP system consists of rolling annual tranches with a performance period of four years in each case; these are paid out after the Annual General Meeting following the last year of the performance period.



The amount of the payment resulting from the respective LTP tranche is calculated based on the achievement of financial and non-financial performance criteria, which as a rule are composed to 90% of joint targets and to 10% of individual targets. It is also possible to define only joint targets which are individually weighted.

The financial and non-financial performance criteria for the respective LTP tranche are essentially derived from implementation of the "Win with Care" strategy and the ESG materiality analyses and are set by the Supervisory Board in a measurable way before the LTP tranche is awarded. In particular, the following performance criteria, in each case as determined by the Supervisory Board, may be applied and weighted for the respective LTP tranche, although the Supervisory Board is authorized at its own due discretion to appropriately supplement and/or adjust the performance criteria:

Targets/performance criteria for the LTP		
40%	Relative sales	• Increase in the Consumer Business Segment's organic sales compared to the competition • The applicable peer group comprises the relevant segments from the following companies: L'Oréal, P&G, Unilever, Estée Lauder, Shiseido, Kenvue, Kao, Galderma, Henkel. Changes to the peer group are possible subject to due discretion in the event of any material change in its composition for any reason.
20%	EBIT	• Increase in earnings before interest and tax in the Consumer Business Segment as a percentage of sales. • Exceptional effects, e.g. currency-translation effects and M&A, may be eliminated. Spending on marketing and research and development may be taken into account if it exceeds the annual planning.
20%	Strategic initiatives	• Four to six long-term strategic initiatives as a rule • Focus on innovations, opening up new markets and growth fields, and digitalization
20%	ESG	• Sustainability, including emissions, ingredients, packaging, and production • Social and governance, including development of employees' skills and capabilities, through the advancement and recruitment of talents, and through diversity and inclusion

The specific individual performance criteria selected and their weighting, including the target value and the respective target amount, are determined by the Supervisory Board at the recommendation of its Presiding Committee before or at the beginning of the upcoming LTP tranche or performance period.

After the performance period of the respective LTP tranche expires, the Supervisory Board determines whether the targets for the respective tranche have been met and sets the target-achievement levels as a percentage between 0% and 200%. The bonus resulting from the respective LTP tranche is due after a further holding period up to the Annual General Meeting following the last year of its performance period. At its own due discretion, the Supervisory Board may also fulfill the LTP bonus in the form of shares in the company. The Supervisory Board may stipulate that the members of the Executive Board are to receive an advance towards the LTP tranche before the expiry of the performance period; this advance is netted against the final LTP tranche when it becomes due for payment.

For the first LTP tranche under the new remuneration system, which will be granted from 2025 and has a performance period until the end of 2028, the Supervisory Board has defined and weighted the following performance criteria:

2025 LTP tranche (period up to 2028)	Target values	Weighting
Relative sales	Increase in organic sales compared to the competition The applicable peer group comprises the relevant segments from the following companies: L'Oréal, P&G, Unilever, Estée Lauder, Shiseido, Kenvue, Kao, Galderma, Henkel.	40% (joint)
EBIT	Increase in the EBIT margin	20% (joint)
Strategic initiatives	New markets: Eucerin USA, NIVEA in Emerging Markets, Thiamidol in China Innovations: Epigenetics in various brands; Activia	20% (joint)
ESG	Sustainability: Reduction of global scope 1, 2 & 3 emissions (vs. 2024)	10% (joint)
	Employees: Successor planning, talent development	10% (individual)

In addition, under the new LTP system, the Supervisory Board can provide for further LTP tranches for individual or all members of the Executive Board, which may also have different terms. In order to substantially strengthen activation and ongoing implementation of the "Win with Care" strategy, the Supervisory Board has set an additional one-time tranche with corresponding performance criteria that has a period or performance period of five years (from 2025 to 2029) and is due for payment after the 2030 Annual General Meeting ("LTP 2025-2029"). The LTP 2025-2029 is only awarded to members of the Executive Board who work for the company until the end of 2029. The target amount for the entire LTP 2025-2029 period corresponds to the target amount of the respective member of the Executive Board for a regular LTP tranche for the 2025 financial year. The following performance criteria for the LTP 2025-2029 have been defined:

LTP 2025-2029	Target values (100% target achievement)	Weighting
Strategic initiatives	Expansion of new markets in the USA, China and India and long-term innovation successes for Thiamidol, Epigenetics, Activia, each measured in terms of increases in sales	40% (joint)
Market outperformance	Outperforming of the relevant skin care market (market share, measured as net value creation, adjusted for portfolio effects)	40% (joint)
Brands	Strengthening of the brand value and brand awareness ("brand health") of NIVEA and Eucerin	20% (joint)

The specific performance criteria and key figures, the respective target achievement and the resulting payment amount are transparently explained and comprehensively presented in the remuneration report for the financial year in which the respective LTP performance period expires.

The members of the Executive Board also have the option of converting all or part of the individual LTP tranches before they are due into a pension commitment in the form of a defined contribution commitment for which a reinsurance policy can be concluded.

5.6 Capping of the variable remuneration and maximum remuneration

The amount of all variable remuneration elements (Annual Bonus and LTP) is capped at 200% of the applicable individual target amount. In accordance with § 87a (1) sentence

2 no. 1 AktG, the amount of the maximum total remuneration is determined in euros on the basis of this relative cap taking into account all fixed and other remuneration components that may be granted to a member of the Executive Board depending on the individual case.

The maximum remuneration is €12 million per year for the Chairwoman/Chairman of the Executive Board and €8 million per year for each ordinary member of the Executive Board. This maximum remuneration contains the amounts of the long-term variable remuneration LTP with the value of an annual LTP tranche and with the annual value of the LTP 2025-2029 on a prorated basis, notwithstanding the fact that multiple LTP tranches may become due at the same time in an individual case and that the LTP 2025-2029 is not due for payment as a total amount until the end of its period. Any compensation payments for loss of income from a previous employer are not taken into account in calculating the maximum compensation.

6. Other contractual and remuneration-related arrangements

6.1 Application of the new remuneration system

The adjusted remuneration system applies retroactively from January 1, 2025, to all current Executive Board contracts, any extensions of these contracts, and any new contracts to be concluded.

6.2 Adjustments as well as retention and claw-back

To allow for extraordinary performance and developments, in particular with regard to Recommendation G.11 of the German Corporate Governance Code, the Supervisory Board may at its own due discretion raise or lower the Annual Bonus by up to 20%; however, it always remains capped at 200%. Extraordinary developments as defined here may include, in particular, circumstances whose effects could not have been foreseen when the performance criteria for the Annual Bonus were set and which have a significant impact on the fulfillment of these criteria and thus on the total remuneration. In particular, this may include significant business changes that have not been taken into account in the planning, such as corporate transactions, restructuring, changes in tax and accounting regulations or unforeseeable changes in the economic environment outside the ordinary course of business. If the Supervisory Board considers an increase or decrease in the Annual Bonus to be appropriate, this will be reported transparently in the relevant remuneration report.

Variable remuneration components that have already been determined or paid may be retained or claimed back by the Supervisory Board if the basis for calculating the original target achievement, particularly the applicable consolidated financial statements, subsequently proves to be incorrect due to new facts or evidence (including material breaches of duty) ("claw-back"). However, this possibility is barred no later than three years after payment. This does not prejudice any other remedies that the company may have to recover damages from the member of the Executive Board particularly under § 93 (2) AktG.

6.3 Secondary employment

All business activities outside the activities of the member of the Executive Board for the company and all other secondary employment require the Supervisory Board's approval.

If a member of the Executive Board accepts a mandate on a non-Group supervisory board, the Supervisory Board determines on the merits of the individual case whether and to what extent the remuneration granted must be deducted from the Executive Board remuneration. If members of the Executive Board accept a mandate on a Supervisory Board within the Group, they do not receive any additional remuneration for that or the remuneration for the mandate is deducted from the Executive Board remuneration.

6.4 Temporary continued payment of remuneration

The service agreements contain appropriate arrangements on the temporary continued payment of remuneration in the event of illness, disability or death.

7. Duration and arrangements in connection with the termination of the seat on the Executive Board

7.1 General rules

The Supervisory Board ensures that, when the members of the Executive Board are appointed for the first time, the duration of such appointment and the term of the Executive Board service agreement generally do not exceed three years. In the event of a reappointment or the renewal of the service agreement, the maximum period is five years in accordance with the requirements of the German Stock Corporation Act (AktG).

In the event of the premature termination of the office or activities of a member of the Executive Board for reasons beyond that member's control, the Executive Board service agreements provide for a cap on the termination benefits or other payments of twice the value of the base remuneration and twice the value of the Annual Bonus or a cap equaling the total target remuneration for the remaining period of the service agreement.

If the contract of a member of the Executive Board is terminated, the disbursement of any remaining variable remuneration components attributable to the period up until the termination of the contract is based on the originally agreed targets and comparison parameters as well as the due dates or holding periods stipulated in the contract. In individual cases, the Supervisory Board may agree to different arrangements; the company will report on this transparently.

Upon the premature termination of the Executive Board member's duties at the company's request, except in the case of termination for good cause for reasons within the member's control ("Good Leaver"), the Annual Bonus (depending on entitlement) and the LTP are granted on a prorated basis. If the member of the Executive Board resigns at his or her own instigation or for good cause for reasons within the respective member's control ("Bad Leaver"), all claims from all LTP tranches, whose respective performance periods are still running at this time, will lapse. Claims under the short-term Annual Bonus for the year of resignation will also lapse unless higher target achievement can be clearly demonstrated.

There are no commitments covering the premature termination of the contract of a member of the Executive Board due to a change of control.

7.2 Post-contractual noncompete agreement

The Supervisory Board may agree a post-contractual noncompete agreement at its own due discretion. For the duration of the post-contractual noncompete agreement of regularly 24 months, the relevant members of the Executive Board receive monthly compensation equaling half the most recently agreed annual base remuneration and half their short-term Annual Bonus (subject to the offsetting of any severance payments against the noncompete compensation). The company may waive enforcement of the post-contractual noncompete undertaking at any time, however no later than six months before the termination of the contract and, in the event of its premature termination, also waive this six-month period. In this respect, no compensation may be claimed.