Remuneration Policy for the Management Board of ams-OSRAM AG

Preamble

In accordance to Section 78a Austrian Stock Corporation Act (AktG), the remuneration policy sets out the principles for the remuneration of the Management Board of ams-OSRAM AG (hereinafter "ams OSRAM"). Within the framework of the remuneration policy, the fixed and variable remuneration components of the Management Board members are explained in particular. In addition, the relevant targets in this context and the respective procedure for determining the remuneration are presented. The remuneration policy is reviewed regularly and, in accordance with Section 78b (1) of the AktG, is to be submitted to the Annual General Meeting for approval at least every fourth financial year and in the event of any significant changes.

The overall objective of this remuneration policy is to promote the business strategy and long-term development of the company in the interests of shareholders. The vision of ams OSRAM is to become the uncontested global leader in optical solutions. To achieve this goal, ams OSRAM focuses on achieving long-term growth and attractive profitability through innovation and ongoing development of its products in the core areas of sensors, lighting, and visualization. A broad portfolio of optical components, technologies, and solutions such as emitters, micromodules, detectors, integrated circuits and algorithms serves this purpose. In order to be at the forefront of innovation and secure future growth, ams OSRAM continuously invests in new technologies through substantial R&D spending and regularly evaluates its business portfolio and technological positioning.

The remuneration policy of the Management Board was last submitted to the Annual General Meeting on June 2nd, 2021 for resolution and approved with an approval rate of 57.2% (hereinafter the "Remuneration Policy 2021"). The outcome of the vote and intensive discussions with investors and shareholder representatives led the Supervisory Board to fundamentally review the Remuneration Policy 2021. In particular, the focus was also on taking into account feedback from ams OSRAM's shareholders. The review was conducted by the Remuneration Committee of the Supervisory Board and supported by an external and independent consultant.

Based on the results of the review, the Remuneration Committee of the Supervisory Board developed significant adjustment proposals to the Remuneration Policy 2021. The remuneration policy revised on the basis of the adjustment proposals (hereinafter the "Remuneration Policy" or the "Revised Remuneration Policy") was established by resolution of the Supervisory Board on April 27th, 2023. The Revised Remuneration Policy for the Management Board of ams OSRAM will be submitted to the vote of the Annual General Meeting of shareholders on June 23rd, 2023 in accordance with Section 78b AktG. Subject to approval by the Annual General Meeting 2023, the Remuneration Policy set out in detail below shall enter into force retroactively as of January 1st, 2023 for all new Management Board employment contracts to be concluded and renewed.

Remuneration of the Management Board

I Significant changes to the Revised Remuneration Policy

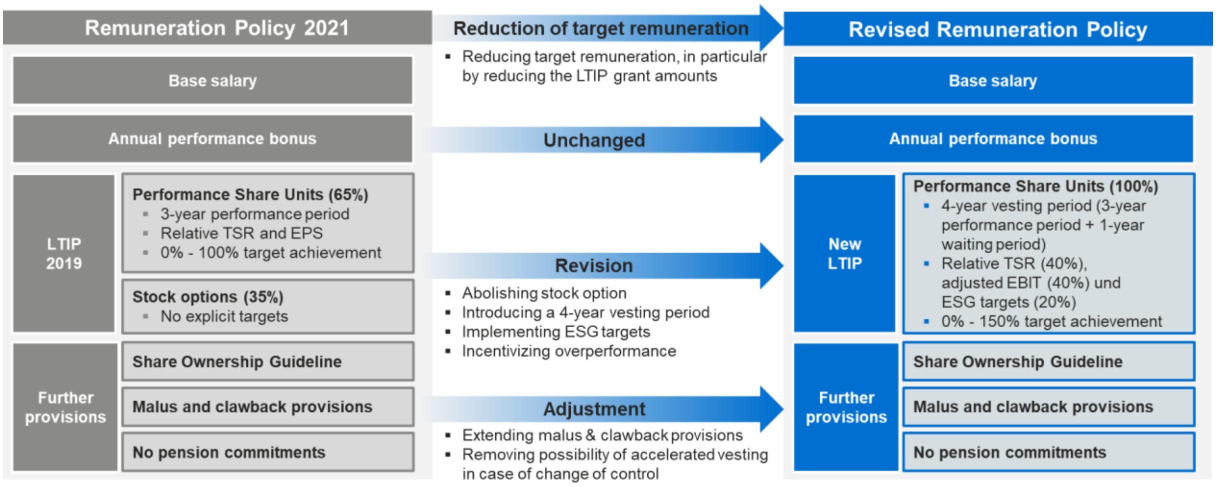
During the last vote of the Annual General Meeting, concerns were raised by some shareholders regarding the Remuneration Policy for the Management Board. The main points of criticism related to

- the grant amounts under the LTIP 2019,
- an insufficient link between remuneration and performance (Pay-for-Performance),

- the partially too short vesting period of the stock options granted under the LTIP 2019 without explicit targets (Special Performance Share Units) as well as
- the lack of implementation of ESG (environmental, social, governance) targets in the remuneration of the Management Board.

The criticisms raised was taken into account in the revision of the Remuneration Policy 2021 and, in the view of the Remuneration Committee of the Supervisory Board, are fully addressed by the proposed adjustments.

The following illustration summarizes the main adjustments of the Revised Remuneration Policy compared to the Remuneration Policy 2021:



- **Reduction of target remuneration**
  The possible grant amounts under the Long-term Incentive Plan (LTIP) will be significantly reduced. For the CEO, the possible grant amount will be reduced from previously up to 750% to up to 300% of base salary, and thus. by 60%. For Ordinary Board members, the grant amount will be reduced from previously up to 500% to up to 250% of base salary, thus a reduction of 50%. In addition, the base salary for newly appointed Management Board members will be reduced by around 17% in the future. The adjustments will result in a significant reduction in target remuneration (i.e. the contractually agreed remuneration in the event of 100% target achievement) of over 45% in total for both, the CEO and the Ordinary Board members.

- **Strengthening Pay-for-Performance**
  The previously effective LTIP 2019 will be replaced by a new and comprehensively revised plan to strengthen Pay-for-Performance of variable remuneration and thus address key criticisms raised by shareholders. Under the 2019 LTIP, grants of Performance Share Units (65% of the LTIP grant amount) and Special Performance Share Units (35% of the LTIP grant amount), i.e., stock options that were not linked to explicit performance targets, were previously made. The grant of stock options will be abolished in the future. Under the new LTIP, grants will be made exclusively in the form of Performance Share Units, which are fully linked to the achievement of pre-defined targets. The targets are relative TSR (weighting of 40%), adjusted EBIT (weighting of 40%) and ESG targets (weighting of 20%). In addition, incentives for above-average performance by Management Board members are to be introduced in the future by increasing the maximum target achievement in the LTIP from 100% to 150%.

- **Strengthening the long-term focus of the LTIP**
  The vesting period of Performance Share Units granted under the new LTIP will be four years in future instead of three years. For this, a one-year waiting period will be introduced following the three-year performance period. Any payment will only be made after this. The performance period will continue to be three years to ensure consistency with the LTIP for executives and consistency with the internal planning horizon. A one-year waiting period will be added for the Management Board. The previous grants of stock options, one quarter of which vested each year, will be omitted.

- **Implementation of the sustainability strategy in the remuneration of the Management Board**
  With the fixed implementation of ESG targets in the new LTIP, the importance of the topic of sustainability for ams OSRAM is taken into account, important incentives for the implementation of ams OSRAM's sustainability strategy are set and the long-term and sustainable development of the company is promoted. The Remuneration Committee of the Supervisory Board has the option of setting ESG targets for each tranche of the LTIP on the basis of a pre-defined catalog of categories, taking into account the current priorities of the sustainability strategy.

- **Alignment of further provisions with best practice**
  The existing malus and clawback provisions will be expanded. In future, the rules will cover all variable remuneration components. This includes cases in which variable remuneration was determined on the basis of incorrect annual financial statements, as well as cases of significant compliance and other significant breaches of duty if the member of the Management Board acted at least with slight negligence. In the event of a change of control, the previous option of early vesting under the LTIP ("accelerated vesting") will be abolished.

II Principles of remuneration of the Management Board

The following principles in particular are taken into account when determining the Remuneration Policy:

Principle	Description
Promoting the business strategy	The remuneration and the ambitious targets for the Management Board are intended to support the development of the ams OSRAM Group and enable the company to take account of the given circumstances in a very dynamic environment. In this context, a strong focus of the remuneration for the Management Board is on the variable remuneration components, which reflect the long-term successful development of the company and the goal of market leadership. The remuneration makes it possible to strengthen the motivation of the Management Board to realize ams OSRAM's vision and achieve its ambitious goals.
Pay-for-Performance	Approximately 80% of the total remuneration of the Management Board members is accounted for by variable remuneration components, that are all linked to the achievement of ambitiously set performance targets. This ensures that remuneration is reasonably related to the success of the company.
Focus on the long-term and sustainability	The remuneration structure focuses on a sustainable and long-term oriented performance through a mainly long-term design of the variable remuneration

	(75% - 80%). The long-term variable remuneration is designed over a four-year vesting period to ensure sufficient incentive for the long-term commitment of the Management Board members and a focus on the sustainable development of ams OSRAM. The implementation of ESG targets in the LTIP also takes into account the importance of the topic of sustainability for ams OSRAM and sets important incentives for the implementation of the sustainability strategy.
Ensuring appropriateness	The Remuneration Policy ensures that the total remuneration of the Management Board members is appropriate in relation to the company's situation and to the usual remuneration in comparable positions in the semiconductor and technology industry, and that it promotes the company's business strategy and long-term development. The peer group defined for this purpose by the Remuneration Committee of the Supervisory Board comprises exclusively European companies selected on the basis of the criteria of country and industry. In addition, the peer group takes into account the size as well as the development of the structure of the ams OSRAM Group. Furthermore, the remuneration of the Management Board members shall appropriately reflect the responsibility as legal representative of ams OSRAM AG associated with the board activity and the scope of activity of the respective member resulting from the allocation of responsibilities.
Promoting competitiveness in the labor market	Not only in the field of optical solutions, but also in terms of the talent pool, ams OSRAM operates in a competitive market. Therefore, the terms and conditions offered by leading global semiconductor and technology companies are taken into account when setting the remuneration in order to attract special talents and to take advantage of opportunities in an increasingly mobile and flexible global labor market. It is designed to be sufficiently attractive to compensate qualified international leaders in line with the market. Talents from the internationally relevant labor markets of Europe, North America and Asia are to be addressed.
Consideration of the remuneration and employment conditions of the employees	Taking into account the remuneration and employment conditions of ams OSRAM's employees, current or new share plans provide not only Management Board members but also selected employees and senior managers of ams OSRAM with the opportunity to participate in the success of the company. The aim of this participation opportunity is to promote alignment of the interests of shareholders and employees, who make a decisive contribution to increasing the value of ams OSRAM. The long-term commitment of employees as well as the maintenance of ams OSRAM's attractiveness on the labor market are thus supported.

III Remuneration Policy at a glance

The remuneration of the Management Board of ams OSRAM consists of fixed and variable remuneration components. The fixed components comprise a base salary as well as benefits in kind and fringe benefits, while the variable remuneration components consist of an annual performance bonus and the LTIP. In addition, malus and clawback provisions and a Share Ownership Guideline are an integral part of the Remuneration Policy of the Management Board. Pension commitments or any severance benefits other than those required by law for members of the Management Board are not provided by the company.

The following table provides an overview of the main remuneration components:

	Remuneration component	Description	Link to the strategy and shareholder interests
Fixed remuneration (non-performance related)	Base salary	• Typically divided into 14 installments per year • 12 installments at the end of each month and two additional installments	• Reflecting the experience and complexity of the individual Management Board member • Attracting and retaining experienced and qualified executives with base salaries that are appropriate in relation to the market
	Remuneration in kind and other benefits	• Adequate company car • D&O insurance • If applicable, contribution to the rental costs for a company apartment at the company's registered office	• Remuneration in kind and other benefits in line with market standards and thus part of a competitive remuneration package
Variable remuneration (performance related)	Performance bonus	• Target amount: 100% of base salary • Target categories: - Profitability (30% - 60%) - Revenue & Growth (0% - 40%) - Cash measure (0% - 30%) - Strategic measure (0% - 20%) • Cap: 200% of target amount • Payout in cash	• Reflecting the performance and success of the company in the respective fiscal year • Supporting the development of the company in terms of growth, profitability as well as financial stability
	LTIP	• Grant amount: - CEO: up to 300% of base salary - Ordinary Board members: up to 250% of base salary • Targets: - Relative TSR (40%) - Adjusted EBIT (40%) - ESG targets (20%) • 4-year vesting period: - 3-year performance period - 1-year waiting period • Payout in shares, option to settle in cash	• Supporting the long-term and sustainable growth of the company and incentivizing the creation of long-term shareholder and stakeholder value • Linking the interests of the Management Board with those of the shareholders
Further provisions	Share Ownership Guideline	• Shareholding requirement: - CEO: 300% of base salary - Ordinary Board members: 200% of base salary	• Linking the interests of the Management Board with those of the shareholders • Promotion of the share culture of ams OSRAM
	Malus and clawback provisions	• Possibility of reducing (malus) and reclaiming (clawback) variable remuneration components (annual performance bonus and LTIP) in the event of incorrect annual financial statements and material, culpable breaches of duty	• Strengthening the position of the Remuneration Committee in the event of incorrect financial statements and material breaches of duty by a Management Board member

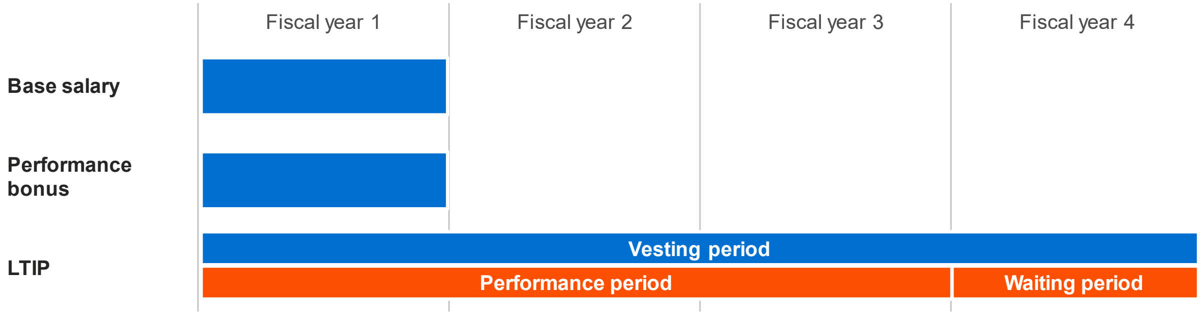
The total target remuneration of the Management Board is the sum of the base salary, the remuneration in kind and other benefits, the target amount of the annual performance bonus and the grant amount of the LTIP.

To ensure that the remuneration of the Management Board corresponds to a Pay-for-Performance approach, approximately 75% - 80% of the total target remuneration (excluding remuneration in kind and other benefits) consists of variable remuneration components. In addition, approximately 70% to 75% of the variable remuneration is accounted for by the LTIP, which has a multi-year assessment basis and is share-based. This ensures that the remuneration structure supports the long-term development of ams OSRAM and is in line with the interests of shareholders.

The base salary and the annual performance bonus each account for approximately 20% to 25% of the total target remuneration, while the LTIP accounts for approximately 55% to 60% of the total target remuneration. The exact relative proportions may differ slightly for the CEO and the Ordinary Board members.

	Variable remuneration components (approximately 75% - 80%)	
Base salary: Approximately 20% - 25%	**Performance bonus:** Approximately 20% - 25%	**LTIP:** Approximately 55% - 60%

The following illustration shows the periods of the individual remuneration components of the Management Board members and underlines the long-term orientation of the remuneration:



IV The Remuneration Policy in detail

1 Fixed remuneration components

1.1 Base salary

The determination is based on the professional experience and the complexity of the area of responsibility of the individual Management Board member. Accordingly, the CEO is entitled to a higher base salary due to his or her particular responsibility and importance for ams OSRAM.

The base salary is typically paid in 14 installments, 12 at the end of each month and one additional installment every six months, as is customary in Austria for tax purposes. The assumption of board functions in Group companies or associated companies does not increase the fixed base salary. The amount of the base salary is determined individually for each Management Board member in the employment contract.

1.2 Remuneration in kind and other benefits

Management Board members are provided with an appropriate company car for business and private purposes.

The company covers the costs of private accident insurance.

In addition, for example, relocation expenses incurred in connection with the first-time appointment of an Management Board member may be assumed or an allowance for rental costs for an apartment at the company's registered office may be granted by the company to a reasonable extent.

In addition, the company assumes the costs of a D&O insurance policy for the duration of the respective Management Board function.

Pension commitments for Management Board members are not provided.

In individual cases, the Remuneration Committee of the Supervisory Board has the option of granting newly appointed Management Board members a one-time payment ("compensation payment") to compensate for forfeited remuneration due to the change to ams OSRAM. This ensures the necessary flexibility to be able to select and recruit the best possible candidates.

2 Variable remuneration components

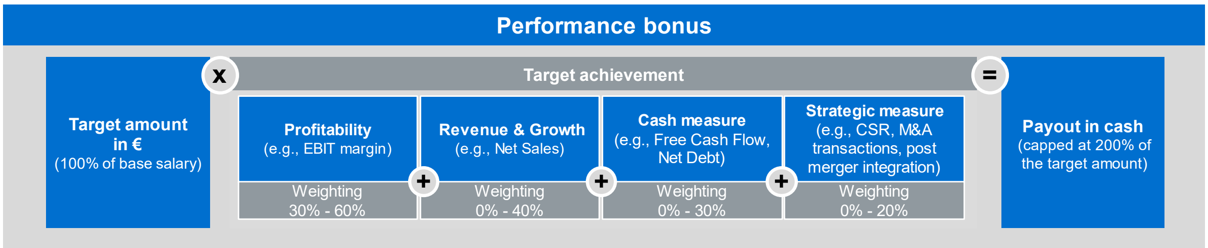
The variable, performance-related remuneration of the Management Board consists of two components. The short-term variable remuneration is a bonus model with annual payment (performance bonus) and the long-term remuneration component (LTIP) is structured as a Performance Share Plan with a four-year vesting period.

2.1 Annual performance bonus

2.1.1 The annual performance bonus at a glance

The annual performance bonus provides important incentives for implementing the strategy. The payout depends on performance in the respective financial year, which is measured against up to four strategically important and measurable financial and non-financial target categories. The specific targets are determined annually by the Remuneration Committee on the basis of the pre-defined target categories. This gives the Remuneration Committee the necessary flexibility to select the specific targets and their weighting within a predefined framework and depending on ams OSRAM's current strategic priorities, and thus to respond to any changes in the economic environment. The target amount of the annual performance bonus is one year's base salary. The maximum payout is limited to 200% of the target amount.

The following illustration shows the basic principle of the annual performance bonus:



2.1.2 The annual performance bonus in detail

The target categories of the performance bonus are profitability, sales & growth, cash measure and strategic measure. The specific targets are always set by the Remuneration Committee in line with ams OSRAM's strategy and support the long-term and sustainable development of the company in terms of growth and profitability as well as financial stability. All targets are always quantitatively measurable. At least 80% of the targets are based on financial indicators and up to 20% on complementary strategic objectives.

The target categories and their respective weightings are shown in the table below:

Target category	Example	Description	Link to the strategy and long-term development
Profitability (weighting 30% - 60%)	EBIT margin (adj)	• Assessment of the earnings potential and performance of the core operations of ams OSRAM • EBIT margin (adj.) defined as profit from operating activities (EBIT)* divided by sales	• Main strategic focus on profitability • Ensures long-term profitable development of the company
Revenue & Growth (weighting 0% - 40%)	Net Sales	• Assessment of the company's performance regarding revenue and growth • Net sales defined as total revenue generated by ams OSRAM, excluding any sales returns, allowances	• Main strategic focus on growth and extension of the portfolio of ams OSRAM • Promoting the goal of becoming the uncontested global leader in optical solutions
Cash measure (weighting 0% - 30%)	Free Cash Flow (FCF), Net Debt	• FCF defined as cash inflow from operating activities less cash outflows for investments in intangible assets and property, plant and equipment Definition of Net Debt based on the definition of the Supervisory Board in a given year	• Liquidity as a sound basis to pursue its strategic goals like making bold investments in disruptive innovations and technologies via R&D and M&A transactions
Strategic measure (weighting 0% - 20%)	ESG, M&A transactions, post merger integration	• May include financial or non-financial performance targets	• Increasing agility and flexibility to proactively manage the industry's cyclic changes, even on a short-term level

* The EBIT margin is calculated on the basis of adjusted EBIT. The adjusted EBIT is the EBIT under IFRS adjusted for M&A-related expenses, amortization from purchase price allocation and related goodwill impairments, transformation costs, share-based payment expenses, as well as results from investments in associates and from the sale of a business.

At the beginning of each financial year, the Remuneration Committee determines the specific targets and their weighting, the respective target values based on the approved annual budget of the Group, and the respective lower and upper threshold values for the respective financial year.

At the end of the financial year, the target achievement of each performance target is assessed by the Remuneration Committee on the basis of the financial statements. The weighted target achievements are added up to an overall target achievement. If the total target achievement is 100%, the payout from the annual performance bonus is equal to the target amount. The payout is cancelled if the overall target achievement is 0% and it can amount to a maximum of 200% of the target amount.

The defined targets, their weighting, the target and threshold values as well as the actual result and the resulting target achievement are published ex-post in the remuneration report.

The annual performance bonus is due for payment no later than 30 days after the resolution on the results for the respective financial year, although the payment modalities may vary depending on customary national practices.

2.2 Share-based remuneration components (LTIP)

2.2.1 The LTIP at a glance

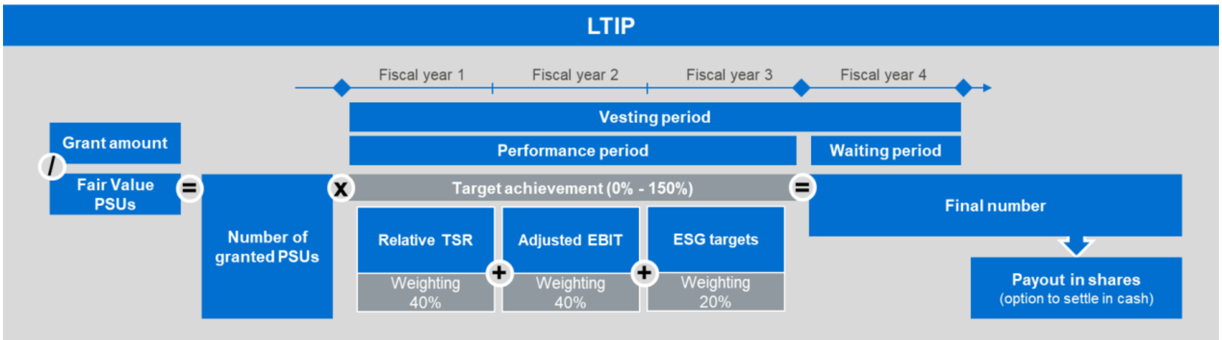
The Long-term Incentive Plan (LTIP) is an important instrument for ams OSRAM to link the interest of shareholders with the performance-related remuneration of the Management Board. In addition, the LTIP is intended to provide incentives for the sustainable increase in the value of the company and the long-term commitment of Management Board members. Therefore, the underlying targets are linked to the long-term and sustainable development of the company.

The LTIP is designed as a Performance Share Plan with a total vesting period of four years, divided into a performance period of three years and a subsequent waiting period of one year. A new LTIP tranche is allocated annually, generally by the end of March of the respective year. At the beginning of each tranche, Performance Share Units (PSUs) are provisionally allocated to the Management Board members. Each PSU grants the eligible Management Board member in principle an entitlement to the transfer of ams OSRAM shares after expiry of the performance and vesting period of four years in total. The final number of shares to be transferred depends on the target achievement determined on the basis of two financial performance targets, relative Total Shareholder Return (TSR) and adjusted EBIT, each with a weighting of 40%, and ESG targets with a weighting of 20%. The maximum target achievement is capped at 150%.

Target	Weighting	Description	Link to the strategy and long-term development
Relative TSR	40%	• Share price development of ams OSRAM plus notional reinvested dividends • Comparison of the TSR performance of ams OSRAM with the TSR performance of companies in a pre-defined industry peer group	• Linking the interests of the Management Board with those of the shareholders • Promoting the strategic goal of achieving sustainable growth and market leadership
Adjusted EBIT*	40%	• Adjusted EBIT represents the adjusted profit from operating activities (EBIT)* • The relevant figure is the cumulative adjusted EBIT during the three fiscal years of the performance period	• Incentivizes the implementation of the strategic goal of sustainably increasing profitability and is in line with the interests of shareholders
ESG targets	20%	• Based on the company's sustainability strategy, one or more ESG targets are defined for each tranche and supported by measurable objectives	• Sets important incentives for the implementation of the sustainability strategy of ams OSRAM • Promoting the long-term and sustainable development of society

* The adjusted EBIT is the EBIT under IFRS adjusted for M&A-related expenses, amortization from purchase price allocation and related goodwill impairments, transformation costs, share-based payment expenses, as well as results from investments in associates and from the sale of a business.

The following illustration shows the basic principle of the LTIP:



2.2.2 The LTIP in detail

At the beginning of each LTIP tranche, Management Board members are granted a preliminary number of PSUs, which is calculated by dividing the grant amount by the fair value of a PSU at grant.

The final number of shares to be transferred to the beneficiary is determined after the three-year performance period and calculated on the basis of target achievement in the pre-defined targets. This final number of share entitlements is not transferred for one more year ("waiting period"). Settlement of the entitlement takes place following the waiting period in shares or optionally in cash at the company's discretion.

The target achievement for the LTIP is based on the performance targets described below. The overall target achievement for the LTIP corresponds to the weighted average of the target achievement of the individual targets and can range from 0% to 150%.

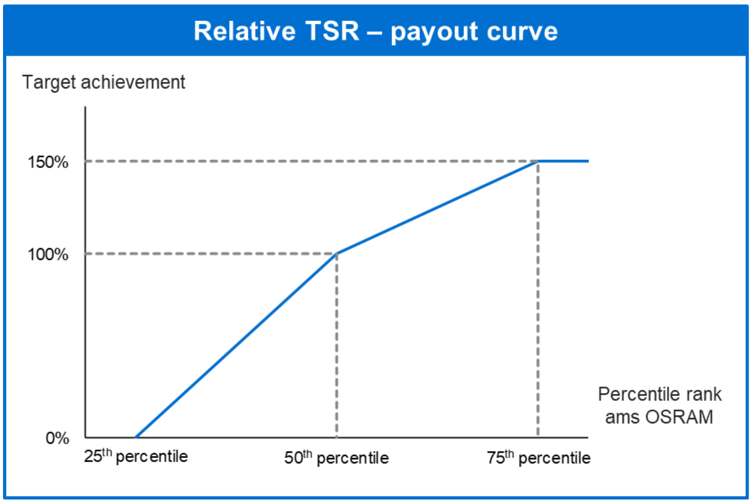
Relative Total Shareholder Return (TSR) - weighting: 40%

The relative TSR is defined as the share price performance of ams OSRAM plus notional reinvested dividends over the three-year performance period compared to a peer group of selected companies in the industry.

The relative TSR promotes the alignment of the interests of the Management Board with those of the shareholders. The comparison with an industry-specific peer group is also closely related to the strategic goal of sustainable growth and market leadership.

The relative TSR performance is measured by ranking the TSR performance of ams OSRAM and the peer companies over the three-year performance period. The degree of target achievement is calculated based on the relative position of ams OSRAM's TSR performance within the peer group.

The payout curve for the relative TSR is as follows (illustrative figure):



The Remuneration Committee has defined the following peer group to measure the TSR performance of ams OSRAM. In defining the peer group, a balanced consideration of the business areas and markets (Asia, Europe and U.S.) was taken into account:

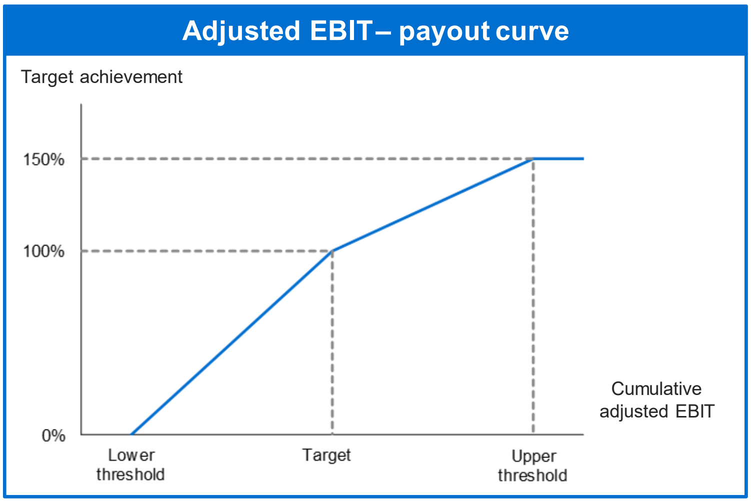
Peer group		
Analog Devices Inc. (U.S.)	NXP Semiconductors N.V. (Netherlands)	X-Fab Silicon Foundries SE (Belgium)
Elmos Semiconductor SE (Germany)	ON Semiconductor Corp. (U.S.)	Vishay Intertechnology Inc. (U.S.)
Ennostar, Inc. (Taiwan)	Renesas Electronics Corp. (Japan)	Coherent, Inc. (U.S.)
Infineon AG (Germany)	Rohm Co., LTD (Japan)	LARGAN Precision Co., Ltd. (Taiwan)
Melexis Technologies N.V. (Belgium)	STMicroelectronics N.V. (Switzerland)	Seoul Semiconductor (South Korea)
Knowles Corp. (U.S.)	U-Box Holding AG (Switzerland)	Sharp Corp. (Japan)

If a member of the peer group no longer exists, its shares are no longer listed on a recognized stock exchange or otherwise changes in such a way that it is no longer eligible to be a member of the peer group, this company may be excluded, replaced by the acquiring company in the event of an acquisition, or a replacement company may be included for this company. Any changes to the peer group, including the background, are explained in detail ex-post in the remuneration report.

Adjusted EBIT - weighting: 40%

Adjusted EBIT represents the cumulative absolute adjusted annual operating profit from operations of ams OSRAM generated during the three-year performance period. For this purpose, unadjusted earnings before interest charges and taxes (EBIT) are adjusted for M&A-related expenses, amortization from purchase price allocation and related goodwill impairments, transformation costs and share-based remuneration expenses, as well as results from investments in associates and from the sale of a business, in order to reflect underlying operating earnings power and prevent distortions due to one-time measures. The target measurement also takes into account significant earnings effects from portfolio changes (in particular M&A transactions) or from changes in accounting policies. The adjusted EBIT sets incentives for implementing the strategic goal of sustainably increasing profitability and is in line with the interests of shareholders.

The relevant figure is the cumulative absolute adjusted EBIT over the three fiscal years of the performance period. At the beginning of each tranche, the Remuneration Committee sets a target value based on the medium-term financial budget and capital market communication as well as a lower and upper threshold. The target achievement is calculated based on actual absolute cumulative adjusted EBIT on the basis of the following payout curve (illustrative figure):



ESG targets - weighting: 20 %

To promote the sustainable development of ams OSRAM and reflect the growing importance of ESG issues for all stakeholders of the company, ESG targets are anchored in the LTIP. To this end, the Remuneration Committee sets one or more ESG targets for the respective performance period based on the company's sustainability strategy at the beginning of each LTIP tranche and defines their weighting. The catalog of criteria is based on ams OSRAM's sustainability strategy from which possible ESG targets are selected is shown below:

Catalog of ESG criteria		
Energy efficiency	Ethical supply chain management	Data Protection & privacy
CO_2 emissions	Health & safety	Compliance
Waste management	Employee satisfaction	Anti-corruption & anti-bribery
Water usage	Diversity	Reporting of human rights

In analogy to the financial targets, the target and threshold values are defined for each selected ESG target, on the basis of which the target achievement is determined at the end of the performance period.

The ESG targets set, the target and threshold values of the ESG targets and the adjusted EBIT, the actual performance in the performance targets, and the resulting target achievement are disclosed ex-post in the respective remuneration report.

3 Other contractual elements

3.1 Share Ownership Guideline

Management Board members are required to make and hold a personal investment in shares of the company ("Share Ownership Guideline"). This personal investment corresponds to 300% of the base salary for the CEO and 200% of the base salary for Ordinary Board members.

3.2 Malus and clawback provisions

ams OSRAM contractually ensures that in predefined cases variable remuneration not yet paid out can be reduced (malus) or variable remuneration already paid out can be reclaimed (clawback).

The pre-defined cases include, on the one hand, cases of significant compliance and other significant breaches of duty if the member of the Management Board acted at least with slight negligence, or if the Management Board member’s conduct has demonstrably contributed to an administrative penalty or fine which has been imposed on the Company.

In addition, in the event that variable remuneration is determined and paid out on the basis of incorrect annual financial statements, the Remuneration Committee of the Supervisory Board may reclaim the difference from the corresponding variable remuneration determined on the basis of corrected annual financial statements.

Any claims of the company for damages, in particular under Section 84 (2) AktG, the right of the Company to revoke the appointment under Section 75 (4) AktG and the right of the Company to terminate the employment contract for cause under Section 1162 Austrian Civil Code (ABGB) and Section 27 Austrian Employees Act (AngG) shall remain unaffected by the malus and clawback provisions.

3.3 Term and termination of contracts of Management Board members

The employment contracts of the Management Board members are signed for a fixed period of time for the duration of their appointment. In principle, Management Board members are appointed for three years, in individual cases for four years, by resolution of the Supervisory Board. Reappointments are permitted upon proposal of the Nomination Committee with resolution of the Supervisory Board.

Management Board members may be dismissed prematurely from their position for good cause in accordance with Section 75 (4) AktG or if there are grounds for dismissal within the meaning of Section 27 AngG. In such cases, the employment relationship shall end at the time of dismissal. In such cases, or in the event of resignation from office without the consent of the Supervisory Board, the Management Board member concerned shall not be entitled to any termination payment or other form of remuneration in connection with the termination of the employment relationship.

In the absence of good cause or in the event of illness or misfortune, if the Management Board member has been prevented from performing his or her duties for more than six months as a result of such illness or misfortune and the impediment is not expected to cease within the next three months, as well as in the event of occupational disability within the meaning of Section 273 Employees Social Security Act (ASVG), any termination indemnity shall be due in connection with the termination of the employment relationship. The total amount of this termination indemnity is limited to 200% of the base salary (see section 1.1 above) of the last full financial year.

Within the scope of the Corporate Staff and Self-Employment Provision Act (BMSVG), ams OSRAM makes contributions to an employee provision fund in the statutory amount. There are no entitlements to a statutory severance payment from ams OSRAM.

In the event of termination of employment, all provisionally allocated PSUs shall be forfeited, unless a so-called "good leaver" case exists. This is assumed in the following cases: (i) the termination is initiated by the company without good cause and is not to be regarded as a justified dismissal in accordance with Section 27 AngG, (ii) the termination is initiated by the Management Board member for a reason specified in Section 26 AngG or for another good cause, (iii) the company agrees with the Management Board member on an early termination of the Management Board mandate by mutual consent, without there being an important reason for such early termination by the company, (iv) the appointment of an Management Board member is not renewed by decision of the company without there being an important reason for termination, or the reason for termination is retirement, death of the Management Board member or his or her occupational disability. In these cases, provisionally allocated PSUs are settled pro rata temporis on the next possible due date. Provisionally allocated PSUs that remain in place after termination of the employment relationship do not constitute termination remuneration.

In the event of a change of control, current LTIP tranches are settled in cash and pro rata temporis as of the date of the change of control assuming 100% target achievement.

V Procedures for defining, reviewing and implementing the Remuneration Policy and for avoiding and dealing with conflicts of interest

The Remuneration Committee of the Supervisory Board is responsible for the preparation, review and implementation of the Remuneration Policy for the Management Board. If necessary, this committee reviews the remuneration components of the Management Board with regard to their appropriateness in relation to the economic situation and the development of ams OSRAM, with future remuneration packages being adjusted accordingly if necessary. If necessary, external consultants are called in to assist in this process, whereby care must be taken in each case to avoid conflicts of interest.

In accordance with Section 78b (1) AktG, the Remuneration Policy must be submitted to the Annual General Meeting for approval at least every fourth financial year and whenever there is a significant change.

The fixed remuneration and the structure of the variable remuneration of the individual Management Board members are determined within the defined Remuneration Policy by the Remuneration Committee in consultation with the Supervisory Board for the term of the respective contract.

The general rules of the Supervisory Board on avoiding and dealing with conflicts of interest are also taken into account by the Remuneration Committee when determining and reviewing the Remuneration Policy for the Management Board. To further avoid conflicts of interest, Management Board members are not entitled to attend meetings of the Remuneration Committee.

VI Arrangements for temporary deviation from the Remuneration Policy

According to Section 78a (8) AktG, a temporary deviation from the established Remuneration Policy is only permissible in exceptional circumstances.

Exceptional circumstances are situations in which a deviation from the Remuneration Policy is necessary to ensure the long-term development of the company or to ensure its profitability.

A deviation from the Remuneration Policy can only occur within the framework of the variable remuneration components and remuneration structure.

The Remuneration Committee shall investigate whether an exceptional circumstance exists and submit a corresponding proposal for deviation from the established Remuneration Policy to the Supervisory Board for resolution. Once a resolution has been passed, remuneration that deviates from the Remuneration Policy may be contractually agreed.

Remuneration Policy for the Supervisory Board of ams AG

Introduction

ams AG operates a two-tier system and therefore differentiates between the Management (Executive) Board and the Supervisory Board. The Supervisory Board consisting of external/independent members. This policy sets out the principles for the remuneration of the Supervisory Board of ams AG (for the Management Board there is a separate Remuneration Policy). It was established by resolution of the Supervisory Board on April 23rd 2021 and is to be applied for a maximum of four years starting after its presentation to the Annual General Meeting. In accordance with Section 78b (1) AktG and Section 98a AktG in conjunction with Section 78b (1) AktG in case of any significant changes the remuneration policy must also be submitted to the Annual General Meeting for approval.

The remuneration policy defines the principles on which the remuneration of the Supervisory Board of ams AG is based. Currently, a fixed compensation is granted to members of the Supervisory Board that is approved by the Annual General Meeting. Furthermore, the relevant criteria in this context, the respective procedure for determining the remuneration and any deviation from the remuneration policy are presented.

Principles and procedure

Principles

The remuneration of the Supervisory Board is designed to promote the long-term development and business strategy of ams AG. Moreover, the remuneration policy takes into account the size as well as the development of the business of the ams group. It appropriately reflects the responsibility and scope of activities of each individual member of the Supervisory Board. Furthermore, it represents a market adequate and attractive remuneration in order to attract and retain qualified members reflecting the responsibility of the Supervisory Board. In addition, it facilitates a professionally and personally balanced composition of the members, especially regarding diversity and internationality of the body.

Procedure for the remuneration policy

The Supervisory Board is responsible for the preparation and regular review of the remuneration policy for the Supervisory Board. Remuneration within the underlying remuneration policy is determined annually at the Annual General Meeting based on a proposal by the Supervisory Board. The proposal to the Annual General Meeting may also be initiated by a shareholder. The binding resolution on the remuneration of the members of the Supervisory Board by the Annual General Meeting avoids conflicts of interest in connection with the remuneration policy.

Remuneration

The remuneration of the Supervisory Board consists of a uniform base remuneration for serving the company's Supervisory Board. Annual bonuses and stock options are not granted. In view of the extended scope of activities and the higher level of responsibility, the Chairman of the Supervisory Board, the Deputy Chairman, and the chairmen of committees are granted a higher base remuneration than ordinary members of the Supervisory Board.

The Annual General Meeting may resolve that the members of the Supervisory Board receive an attendance fee for attending meetings of the Supervisory Board or a committee. The Annual General Meeting may resolve the granting of a special remuneration for extraordinary activities of one of its members that go beyond the general duties of the Supervisory Board.

The Company enters into D&O insurance contracts for members of the Supervisory Board. The employee representatives on the Supervisory Board perform their functions on an honorary basis in accordance with section 110 (3) of the ArbVG and do not receive any remuneration. Each member of the Supervisory Board, including the employee representatives on the Supervisory Board, is entitled to reimbursement of reasonable cash expenses.

Terms of office and termination

Terms of office and termination of the Supervisory Board mandate

Unless the Annual General Meeting determines a different period of office, the Supervisory Board members are elected for a period of three years. The maximum number of years is 15. The Articles of Association do not provide for a staggered term of office for members of the Supervisory Board. The re-election of departing members is permitted.

Each member of the Supervisory Board may resign from office by written notification to the Chairman of the Supervisory Board. The resignation becomes effective four weeks after receipt, unless the resignation is declared for a differing date. The appointment of the Supervisory Board members may be revoked by the General Meeting before the end of the term of office by a resolution passed by 50% of the votes cast. If the function of a member of the Supervisory Board begins or ends during the financial year, the remuneration described in point 3.3. is granted pro rata. A Supervisory Board member delegated by the Works Council may be dismissed by the Works Council.

Deviation from the remuneration policy

A temporary deviation from the established remuneration policy is only permitted in exceptional circumstances (defined in point 2.5.), if the deviation is necessary to ensure the long-term development and profitability of ams AG. In such cases, the Annual General Meeting may, by passing a resolution, adjust the base remuneration of the individual members of the Supervisory Board to the economic situation of the company.