



Dear Shareholders,

The past years have been characterized by the pandemic and accompanied by major challenges as well as uncertainties in almost all areas of life. We have therefore held our Annual General Meeting virtually for the past two years to protect your health and the health of our colleagues. In the meantime, the legal framework for holding further virtual Annual General Meetings has been established.

Following in-depth consideration of all the advantages and disadvantages, the Board of Executive Directors and the Supervisory Board have jointly agreed to hold a virtual Annual General Meeting again this year. We will attach particular importance to direct communication with you, our shareholders, during the general debate. This year you will again have the opportunity to make your comments and ask questions live during the general debate by video and audio transmission. Your rights as a shareholders will therefore be taken into account to the same extent as if you were present at the event.

This format is intended to provide as many shareholders as possible with the opportunity to attend our Annual General Meeting. If a shareholder is unable to travel to the venue of the meeting or wishes to attend another Annual General Meeting on the same day, there is the option of following our Annual General Meeting virtually. We are convinced that a higher participation rate and therefore greater representation of the shareholder base is in the interests of our shareholders. Furthermore, we are also contributing to sustainability.

Holding a virtual Annual General Meeting with the inclusion of speeches by video and audio transmission provides us with the opportunity to gain further experience with this form of Annual General Meeting this year. We will therefore be in a position to make a more informed decision for subsequent years.

Amendment to the Articles of Association for the authorization to hold virtual Annual General Meetings

The Act on the Introduction of Virtual Annual General Meetings of Stock Corporations of July 20, 2022 (Federal Law Gazette of July 26, 2022, p. 1166 et seq.) allows Annual General Meetings to be held without the physical presence of shareholders or their proxies at the venue of the Annual General Meeting in the future. According to Section 118a (1) Sentence 1 of the German Stock Corporation Act (AktG), the Articles of Association may authorize the Board of Executive Directors to hold virtual Annual General Meetings.

We would like to include this basic option of being able to hold a virtual Annual General Meeting in the next two years if necessary, while observing all shareholders' rights, in our Articles of



Association. This **authorization** should not, however, be limited to the maximum possible term of five years provided for by law, but initially to a period of only **two years**. In this context, we would like to expressly point out that a decision has not yet been made on the method of implementation for the following two Annual General Meetings in 2024 and 2025.

For future Annual General Meetings, separate decisions concerning the exercise of this authorization will be made in each case, taking into account the circumstances of the individual case. For this purpose, the Board of Executive Directors, taking into account the interests of your K+S and of you, dear shareholders, will obtain a comprehensive picture of the circumstances and jointly make a decision with the Supervisory Board based on the factors described in more detail below. In particular, the protection of your shareholder rights as well as aspects of health protection of all parties involved, effort, and costs as well as sustainability considerations are important to us.

We will take into account the experience gained from the virtual Annual General Meeting this year when making our decision. In contrast to the two previous Annual General Meetings, where shareholders' questions could only be submitted in advance and there was no right to ask questions during the Annual General Meeting, this year you will again have the opportunity to ask your questions live during the general debate. The integration of speeches by video and audio transmission poses particular challenges in terms of technical implementation. If we notice any restrictions on the exercise of your shareholder rights as a result, as for example uninterrupted transmission cannot be guaranteed, we will take this into account when deciding how to hold the next Annual General Meeting. We will also take into account our experience regarding the number and quality of speeches and questions compared with the Annual General Meetings held before the COVID pandemic.

The health of our employees and shareholders is our top priority. We will therefore continue to monitor the development of the pandemic situation and potential further circumstances to incorporate them in our decision-making. At the same time, we attach great importance to sustainability aspects – not only in the further development of our operational processes, where we will achieve significant improvements with our Werra 2060 project, for instance, but also in all other areas of our work. Before the pandemic, more than 1,000 shareholders from all over Germany regularly attended our Annual General Meeting in Kassel. Together with the increased effort of our service providers in terms of logistics and infrastructure at the venue, a virtual Annual General Meeting could conserve resources and reduce emissions. We will therefore also take sustainability-related considerations into account when assessing the use of the authorization to hold a virtual Annual General Meeting.

As a matter of principle, our decision will take into account all relevant aspects and perspectives, and we will always treat the protection of your shareholder rights as a priority.



Shareholder participation in the Company's success

2022 was an outstanding year for K+S! We would like you, dear shareholders, to participate appropriately. At €2.4 billion, K+S achieved by far the best annual result in the history of the Company and an adjusted free cash flow of about €1.2 billion. The outlook for the current 2023 financial year also looks promising: From today's perspective, EBITDA is expected to range between €1.3 billion and €1.5 billion with adjusted free cash flow between €700 million and €900 million. By acting with foresight, we have not only achieved a very high cost advantage for 2022, but have also almost completely secured our own gas requirements for 2023 in terms of price. At the beginning of this year, we therefore decided not to make use of the statutory cap on electricity and gas prices and therefore to maintain the **full ability of your K+S to pay dividends**.

Against this background, the Board of Executive Directors and the Supervisory Board will propose to the Annual General Meeting **a dividend of €1.00 per share for the 2022 financial year**. The dividend proposal results in a fivefold increase in the dividend compared with the previous year. It fulfils the criteria of the dividend strategy defined by K+S, which is still in place and provides for a basic dividend of 15 cents, which can be increased by a discretionary premium in the event of good economic development. Furthermore, together with the **share buyback of up to €200 million** resolved by the Board of Executive Directors and the Supervisory Board announced on March 14, this will return a total of up to €391.4 million to shareholders. This corresponds to 40% of the adjusted free cash flow generated in 2022.

In the view of the Board of Executive Directors and the Supervisory Board, this constitutes an attractive and appropriate participation of shareholders in the success of the Company – also considering the current outlook for the 2023 financial year. By dividing the repayment amount equally between the two instruments – dividend and share buyback on the stock exchange – the various interests of all shareholders are also adequately taken into account.

The course adopted by the Board of Executive Directors and the Supervisory Board also takes into account, above all, the financing of the upcoming profitable future investments in the Werra 2060 project to secure the German potash sites and in the further ramp-up of the Canadian Bethune site. Both projects serve to strengthen the international competitiveness of the Company in the long term and therefore to create long-term security for the future in the interests of the shareholders.

The volume of the capital return proposed by the Board of Executive Directors and the Supervisory Board has therefore been deliberately chosen to ensure that the Company remains sufficiently robust and resilient in times of global uncertainties and geopolitical upheavals and the associated cyclical volatilities (including potash and energy prices). The balanced proposal of the Board of Executive Directors and the Supervisory Board should enable the Company to achieve and sustain the targeted investment grade rating. An investment grade rating ensures that the Company, with its capital-intensive business areas, has a high degree of flexibility in financing matters and cost-optimized access to the financial and capital markets. In the current environment, a higher distribution of capital and the debt required for this would jeopardize these goals and lead to a higher risk position for the Company.



For the above-mentioned reasons, the Board of Executive Directors and the Supervisory Board propose to the Annual General Meeting to vote against a reduction of the share capital by means of the cancellation of shares after acquisition by the Company and therefore, in particular, against the resolution proposed by Deutsche Balaton Aktiengesellschaft in agenda item 13.

In the future too, K+S intends to use the financial possibilities to an appropriate extent to enable shareholders to participate in the success of the Company and to incorporate this in a new distribution strategy. As in the proposal for the 2022 financial year, K+S will then take into account the current market environment, cash flow expectations, and the various interests of all shareholders in a balanced manner when selecting the instruments to be used (e.g., dividend and share buyback).

System for the remuneration of Board of Executive Directors members

In analyzing the voting results of the Annual General Meeting and taking into account feedback from discussions with investor representatives, the Supervisory Board once again dealt intensively with the remuneration system for the Board of Executive Directors. Against this background, the Supervisory Board resolved to include a **“Share Ownership Guideline”** in the service agreements of the Board of Executive Directors from 2023 onwards. Further details of this guideline as well as a description of the entire remuneration system can be found under agenda item 7 of the invitation to the Annual General Meeting. Furthermore, we intend to comply with the Code's recommendation on the upper cap on payments in the event of premature termination of service on the Board of Executive Directors in the future.

Elections to the Supervisory Board

The term of office of the following members of the Supervisory Board elected by the Annual General Meeting on May 15, 2018 will expire at the end of the Annual General Meeting on May 10, 2023: Mrs. Jella Benner-Heinacher, Mrs. Prof. Dr. Elke Eller, and Mr. Gerd Grimmig. Only Mrs. Prof. Dr. Elke Eller is available for re-election. The other two retiring Supervisory Board members are to be replaced by the candidates Mrs. Christiane Hölz (Managing Director of Deutsche Schutzvereinigung für Wertpapierbesitz e.V., Düsseldorf) as a financial expert with expertise in accounting and sustainability issues, and Mrs. Christine Wolff (Management Consultant) with special knowledge and experience in the areas of technology and mining as well as sustainability issues. The nominations take into account the Supervisory Board's competence profile, its diversity concept, as well as the goals the Supervisory Board has set itself for its composition, as well as the recommendations of the German Corporate Governance Code. With these nominations – and provided they are adopted by the required majority – a **proportion of women on the Supervisory Board of over 30%** will also be achieved overall (to date, the minimum proportion has been met separately for employee and shareholder representatives).

Sustainability

We have firmly anchored sustainability in our mission statement and stated this as follows: “We are pioneers of environmentally friendly and sustainable mining.” We have clear and ambitious sustainability goals. These goals as well as the progress made in the 2022 financial year are presented in our combined non-financial statement starting on page 69 in the Annual Report. Part of these goals is relevant to remuneration. From January 1, 2023 the LTI I goals valid until December 31, 2022 will be replaced by three new sustainability goals from the "Society & Employees" (LTI rate), "Environment & Resources" (CO₂ target) and "Business Ethics & Human Rights" (sustainability risk assessments for suppliers from certain countries) sustainability areas. In 2022, the Supervisory Board established a new ESG Committee, which convened twice. The focus was on occupational safety, the sustainability KPIs, and a cross-comparison of K+S sustainability activities.

We would like to thank all employees for their outstanding commitment and loyalty. Our thanks also extend to the employee representatives and works councils contributing to the achievement of ambitious goals in a constructive and forward-looking manner. We would like to thank you, our shareholders, for accompanying us through the challenging year 2022, critically but always constructively.

All the best!



Dr. Andreas Kreimeyer
Chairman of the Supervisory Board



Dr. Burkhard Lohr
Chairman of the Board of
Executive Directors



Dr. Christian H. Meyer
Member of the Board of
Executive Directors



Dr. Carin-Martina Tröltzsch
Member of the Board of Executive
Directors

Kassel (Germany), March 30, 2023