KION GROUP

KION GROUP AG

Annual General Meeting on 11 May 2021

Remuneration system for the members of the Executive Board

A. Key features of the remuneration system for the members of the Executive Board of KION GROUP AG

The remuneration of the Executive Board members is based on selected economic performance targets with ambitious objectives, which are derived from the Company's strategy, thus bringing the remuneration of the Executive Board into line with the objectives of the Company's stakeholders. The "KION 2027" corporate strategy is the basis of the Company's success. By focusing on the future fields of automation, digitalisation, as well as high-performance energy systems, it defines its strategic thrust, along which its multifaceted strategic measures are implemented. "KION 2027" represents the guiding framework for the profitable growth of KION Group and sets group-wide targets:

- Growth: By becoming solution providers, the KION Group seeks to achieve a growth that exceeds that of the global materials handling market in both, the Industrial Truck & Services and the Supply Chain Solutions area.
- Profitability: KION Group seeks to continue to distinguish itself by achieving high profitability compared with other companies in the sector and consistently improving its adjusted EBIT margin to a double-digit level.
- Efficient capital investment: The KION Group works continuously on optimising the return on the capital employed (ROCE). Not only the increase in results, but also the management of the assets and the efficient capital investment reflect this approach.
- Resilience: Moreover, a resilient business model is to ensure profitability through the various market cycles. Increased diversification by region and customer sector contributes to this objective, as well as the expansion of the service business and a further optimisation of the production network.

The sustainability strategy is also a key element of the KION Group's strategic focus. The KION Group's strategic goals for profitable growth support its contribution to greater sustainability at an economic, social and environmental level.

In order to promote the sustained achievement of these strategic objectives, a remuneration system has been introduced in the Company which links in a comprehensible manner the short and long-term remuneration of the Executive Board members to the identified drivers for the realisation of the strategy. This will in particular be effected through the selection of both financial and non-financial targets which contribute to the corporate strategy of the KION Group.

The appropriateness of these targets will be ascertained by the newly established remuneration committee of the Supervisory Board on a rotating basis in a transparent procedure, adopted by the Supervisory Board and described in the remuneration report.

30% of the one-year KION GROUP AG Short Term Incentive Plan ("**STI Plan**" or "**Short Term Incentive**" or "**STI**") is linked to the economic performance target adjusted EBIT margin and 30% is linked to free cash flow, while 20% is linked to revenue. In addition, 20% is linked to the achievements in environment, social and governance targets ("**ESG Targets**").

In order to ensure that the remuneration of the Executive Board members is linked to the long-term and sustainable development of KION GROUP AG, the long-term variable remuneration constitutes a significant part of the total remuneration. The long-term variable remuneration is granted in the form of a performance share plan with a three-year performance period, the KION GROUP AG performance share plan ("**Performance Share Plan**" or "**Long Term Incentive**" or "**LTI**"). The economic performance targets are, weighted at 40% each, the performance of the relative total shareholder return ("**TSR**") of the KION GROUP AG share ("**KION Share**") as compared to the MDAX as a financial, market-oriented assessment basis and the return on capital employed ("**ROCE**") as a financial, internal assessment basis. The Performance Share Plan is linked at 20% to ESG Targets. These performance targets in connection with the development of the share price and the dividends paid out ensure that the incentives have a long-term effect.

The Supervisory Board is also entitled, when assessing the individual performance of the Executive Board members, to adjust the preliminary payout amount calculated under the overall target achievement level reached under the STI Plan and the Performance Share Plan downward or upward with an individual multiplier between 0.7 and 1.3. In order to determine this individual multiplier, the Supervisory Board agrees with the individual Executive Board members on the individual targets for both the STI and the LTI. These individual targets are derived from the main operative and strategic fields of action. Measureable key target achievement indicators or qualitative requirements are agreed for each target. The individual targets in the LTI are based on the collective performance of all the members of the Executive Board.

The remuneration system for the members of the Executive Board is clear and understandable. It complies with the requirements of the German Stock Corporation Act in the version of the Act Implementing the Second Shareholders' Rights Directive of 12 December 2019 (ARUG II; Federal Law Gazette Part I 2019, no. 50 of 19 December 2019) and takes into account the recommendations of the German Corporate Governance Code (GCGC) in the version that came into force on 20 March 2020.

The new remuneration system applies as from 1 January 2021 to all Executive Board members with whom a new service agreement is concluded or whose service agreement is extended or comes into effect after the Supervisory Board's resolution of 17 December 2020. The new remuneration system likewise applies in principle as from 1 January 2021 to Executive Board members already appointed prior to the Supervisory Board's resolution of 17 December 2020. This applies in particular to the variable remuneration. Until their contract has been extended, however, the following exceptions apply: the Penalty and Clawback provisions are implemented in the event of a contract extension. For the Maximum Remuneration, the existing regulations shall apply until the contract has been extended, rather than the Maximum Remuneration provided for in this remuneration system, which will also take the fringe benefits and the service cost of the company pension into account.

B. Details of the remuneration system

I. Remuneration components

1. Overview of the remuneration components and their relative share in the remuneration

The Executive Board members' remuneration comprises fixed and variable components. The monthly salary payments ("**Fixed Salary**"), fringe benefits and company pension essentially form the fixed components of the Executive Board members' remuneration. The variable components are the Short Term Incentive with a one-year performance period and the Performance Share Plan with a three-year performance period. Moreover, the remuneration system provides for an obligation on the part of the Executive Board members to acquire and hold shares. The remuneration of the Executive Board members will be described in detail in the remuneration report after the end of a financial year. In particular, the financial, non-financial and individual target values, target achievement curves, as well as the respective target achievement will be included in this report.

Remuneration component	Assessment basis / parameters
Fixed remuneration components	
Fixed Salary	In principle at the end of each month
Fringe benefits	In particular: – company car also for private use, driver pool – accident insurance – one annual medical check-up
Company pension	Generally:
	– old-age, disability and surviving dependants' pension – generally upon reaching the standard retirement age under the statutory pension insurance – contribution-based pension scheme, bearing interest according to the applicable statutory guaranteed interest rate for the life insurance industry – annual pension contribution as agreed
	Alternatively:
	– annual pension payment

Remuneration component	Assessment basis / parameters	
Variable remuneration components		
One-year variable remuneration (Short Term Incentive/STI)	Type of plan: Limitation: Performance criteria:	STI Plan 200% of the target amount – Revenue (20%), – Adjusted EBIT margin (30%) – Free cash flow (30%) – ESG Targets (20%) – Individual performance (multiplier 0.7-1.3 based on the achievement of individually agreed targets)
	Performance period:	Financial year
	Payment:	In cash with the next possible salary statement following approval of the annual financial statements
Multi-year variable remuneration (Performance Share Plan/LTI)	Type of plan: Limitation: Performance criterion:	Performance Share Plan 200% of the grant value – Relative TSR as compared to MDAX (40%) – ROCE (40%) – ESG Targets (20%) – Individual performance (multiplier 0.7-1.3 based on the achievement of individually agreed collective targets)
	Performance period:	Three financial years, future-oriented
	Payment:	In cash with the next possible salary statement which, following approval of the annual financial statements, follows the end of the performance period
Other benefits		
Special remuneration		If applicable, based on a separate agreement with the Executive Board member
Benefits that are temporary for new Executive Board members		– If applicable, payments to compensate for demonstrably forfeited variable remuneration or other disadvantages – If applicable, benefits in connection with a relocation

Remuneration component	Assessment basis / parameters	
		– If applicable, guarantee of a 100 % target achievement for the Short Term Incentive in the first financial year in the case of a mid-year entry
Miscellaneous		
Obligation to acquire and hold shares (Share Ownership Guideline)		– 100% of the Fixed Salary – Four-year development phase
Penalty and Clawback		– For variable remuneration components – In cases of breach of duty/subsequent amendment of the corporate result – At most three years after payment

Based on the remuneration system, the Supervisory Board sets a specific target total remuneration for every Executive Board member that is commensurate with the duties and performance of the Executive Board member and the situation of the Company and does not exceed the usual remuneration without special reasons. The target total remuneration is made up of the sum of the remuneration components relevant for the total remuneration. These remuneration components are the Fixed Salary, Short Term Incentive, Performance Share Plan, fringe benefits and company pension. Target achievement of 100% is taken as a basis for the Short Term Incentive and the Performance Share Plan. The fixed and variable remuneration components are shown below as percentages of the target total remuneration.

	Fixed remuneration (essentially: Fixed Salary + fringe benefits + company pension)	**Variable remuneration**	
		Short Term Incentive	**Performance Share Plan**
Chairman of the Executive Board	40-50%	15-25%	30-40%
Executive Board members	35-45%	15-25%	35-50%

The said percentages may differ slightly in exceptional cases, for example due to the granting of a special remuneration which is agreed upon separately in an individual case or benefits that are temporary to new Executive Board members pursuant to section 4 or for Executive Board members working abroad, based on the additionally assumed taxes, social security contributions and fringe benefits or due to changes in the costs of the contractually promised fringe benefits and company pension and for any new appointments.

2. Fixed remuneration components

2.1 Fixed salary

The Executive Board members receive an annual Fixed Salary that is generally paid in twelve equal instalments at the end of each month. In derogation from this, Executive Board members working abroad receive payments at different intervals if this is in line with the circumstances there. Currently, Mr Dandashly receives his annual Fixed Salary, in accordance with the payroll customary in the US, in equal instalments every 14 days.

2.2 Company pension

KION GROUP AG in principle grants the Executive Board members an old-age, disability and surviving dependents' pension. The agreed pension benefits are generally paid once the Executive Board member has reached the standard retirement age under the statutory pension insurance. These benefits may be claimed from the age of 62 on. The annual pension contribution is individually agreed with the Executive Board members. Interest is paid on the pension account at the prevailing statutory guaranteed return rate for the life insurance industry (applicable maximum interest rate for the calculation of the actuarial reserves of life insurers pursuant to section 2(1) of the German Regulation on the Principles Underlying the Calculation of the Premium Reserve Ordinance (DeckRV). If higher interest is generated by investing the pension account, it will be credited to the pension account when an insured event occurs (surplus). In the event of disability or death while the Executive Board member has an active service contract, the contributions that would have been made up to the age of 60 are added to the pension account, although only a maximum of ten annual contributions will be added. When an insured event occurs, the pension is paid as a lump sum or, following a written request, in ten annual instalments.

Alternatively, KION GROUP AG can agree on a fixed annual pension payment that is paid out once a year to the Executive Board members in addition to their fixed remuneration. These Executive Board members can use the pension payment to manage their pension independently. In this case, no additional payments will be made to the company pension of KION GROUP AG in principle.

KION GROUP AG can also agree with Executive Board members that the existing commitments from previous contractual relations will be maintained. If such a continuation of a commitment is agreed, the pension arrangement is reported transparently in the remuneration report. A defined benefit pension commitment is currently being continued with Mr. Riske.

2.3 Fringe benefits

KION GROUP AG in principle makes a company car available to each Executive Board member, also for private use. Alternatively, KION GROUP AG can agree with Executive Board members on a fixed monthly allowance which they can use to finance a vehicle (car allowance). The Executive Board members can, for the company car provided to them, make use of a driver from the driver pool. The Executive Board members additionally receive typical fringe benefits such as allowances towards health, nursing and pension insurance, accident insurance and an annual medical check-up.

In special cases, in particular in connection with an assignment or delegation abroad, the Supervisory Board is authorized to grant Executive Board members additional benefits such as reimbursements for higher tax burdens or social security charges, compensation for exchange rate fluctuations, or additional costs for trips or accommodation, as well as insurances. KION GROUP AG reports such additional benefits in the remuneration report. Currently, Mr Quek and Mr Dandashly receive such additional benefits due to their work abroad.

3. Variable remuneration components

The variable remuneration components will be described in detail below. It will be explained how the fulfilment of the performance criteria and the amounts disbursed as part of the variable remuneration are connected. It will also be explained in what form and when Executive Board members will have the granted variable remuneration amounts at their disposal.

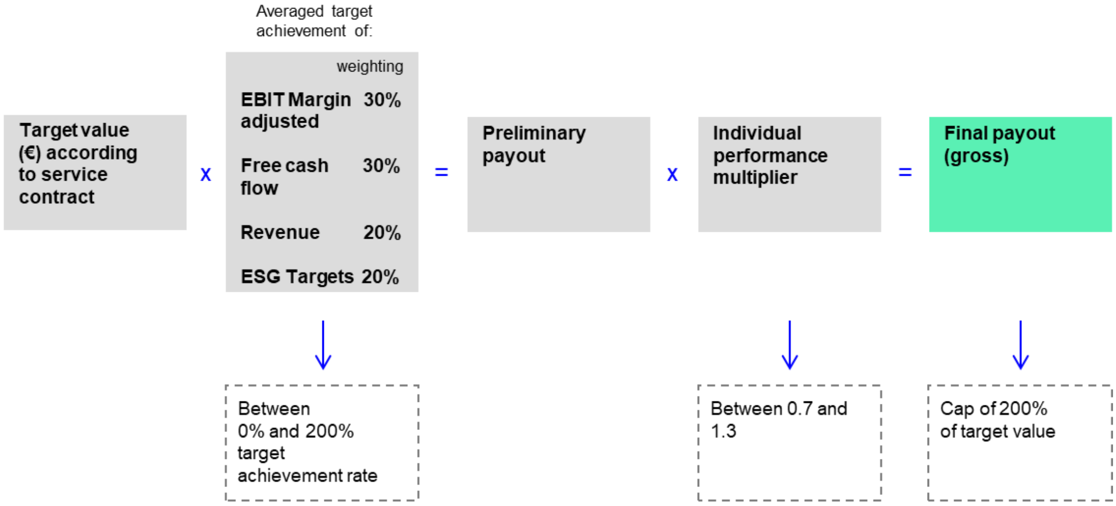
3.1 Short Term Incentive (STI)

The Short Term Incentive is a performance-related bonus with a one-year performance period. The performance period is the respective financial year. Target achievement is assessed based on two factors. The first is how the financial assessment bases develop, namely revenue, adjusted EBIT margin, and free cash flow. Secondly, the Short Term Incentive depends on the non-financial assessment bases that reflect the development of environment, social and governance goals ("**ESG Targets**").

The assessment bases are weighted as follows: adjusted EBIT margin and free cash flow each at 30%, revenue and ESG Targets each at 20%. The Supervisory Board is authorized to weight the assessment bases differently for future financial years at its reasonable discretion. If the weighting differs, this will be disclosed and substantiated in the remuneration report.

The final payout of the Short Term Incentive is obtained by multiplying the target value in euro agreed upon in the service agreement by the weighted arithmetic mean of the target achievements of the financial and non-financial assessment bases. This product is then multiplied by the individual performance multiplier. The maximum disbursable amount is 200% of the target value ("cap").

The target values and respective target achievements of the financial assessment bases, the ESG Targets and the individual performance multiplier criteria are published in the remuneration report for the respective financial year.



3.1.1 Financial assessment bases

The financial assessment bases consist in the following indicators:

– "Revenue" refers to realization of revenues. Sales revenue covers the counter-performance to be expected from customers for transfer of goods and services (transaction price) as well as rent and leasing revenue (without VAT) after discounts and price reductions.

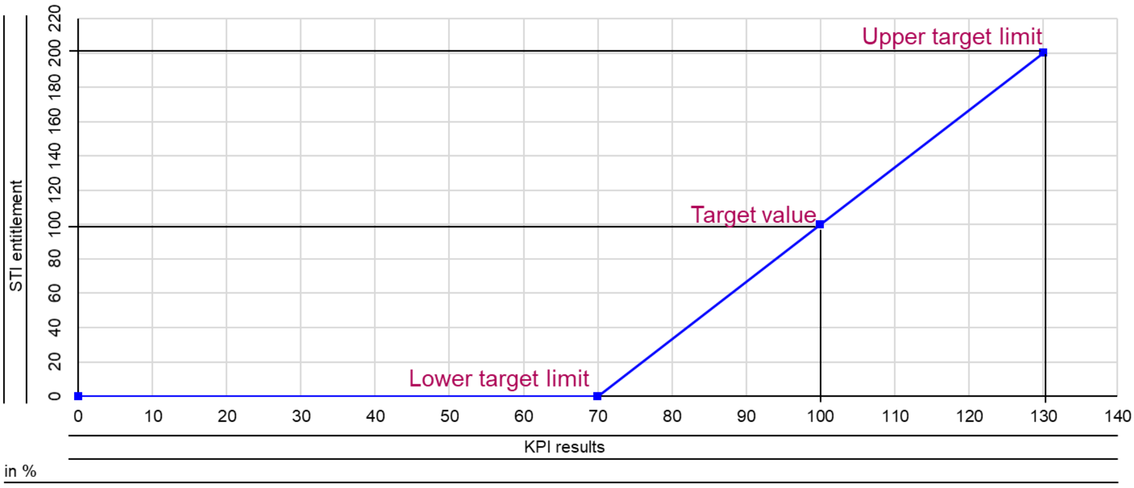
– The "Earnings before Interest and Taxes Margin" (EBIT margin) is used on an adjusted basis. The adjusted EBIT margin indicates the ratio between the adjusted EBIT and sales revenue of the financial year. With the adjusted EBIT, the EBIT (Earnings before Interest and Taxes Margin) is adjusted for company-specific effects of purchase price allocations, as well as non-recurring items and special effects.

– "Free cash flow" refers to the sum of cash flow from current business and cash flow from investment activities.

These indicators are ascertained for the KION Group on the basis of the KION GROUP AG's IFRS consolidated annual financial statement.

The Supervisory Board derives the target values for the financial assessment bases from the planning for the financial year. It determines these at the start of the financial year and then notifies the Executive Board members thereof. For this purpose, the Supervisory Board sets a corridor delimited by a value for 0% target achievement (minimum) and a value for 200% target achievement (maximum), and providing for a 100% target achievement (target value). Values lying between the minimum and maximum are interpolated linearly.

The target achievement curve can be illustrated as follows:



3.1.2 Non-financial assessment bases

The non-financial assessment bases are linked to ESG Targets.

The Supervisory Board determines for each financial year two ESG Targets of equal weight from the topics “compliance”, “sustainability & environment”, “customer focus”, “employer attractiveness” and “work safety & health”. The specific targets, the target value (100% target achievement) and the minimum value (0% target achievement) and the maximum value (200% target achievement) are set each year in the grant letter.

Achievement of the ESG Targets is calculated as follows:

Achievement of ESG Targets =

achievement of 1st ESG Target x 50% + achievement of 2nd ESG Target x 50%

3.1.3 Calculation of the preliminary payout amount

The preliminary payout amount is calculated by multiplying the target value agreed upon with the Executive Board members in the service agreement in euro by the overall target achievement level of the financial and non-financial assessment bases.

The overall target achievement level corresponds to the arithmetic mean, rounded off to two decimal places, of the target achievement level of the financial and the non-financial assessment bases:

Overall target achievement =

Target achievement revenue x 20% + target achievement adjusted EBIT margin x 30% + target achievement free cash flow x 30 % + target achievement ESG Targets x 20%

3.1.4 Individual performance multiplier

With the use of an individual performance multiplier, the Supervisory Board also takes the individual performance of the Executive Board member into account along with the financial and non-financial assessment bases. At the beginning of each financial year, the Supervisory Board therefore agrees on the criteria and targets for the evaluation of the individual performance and informs the Executive Board member thereof in the grant letter. The individual performance is in particular evaluated according to the criteria of “strategy development & implementation”, “market penetration & development”, “innovation”, “operative efficiency” and “supplier relationships”.

After the expiry of the financial year, the Supervisory Board sets an individual performance multiplier for each Executive Board member on the basis of the target achievement of the individual targets. The performance multiplier can lie between 0.7 and 1.3.

In the event of unusual developments with regard to the multiplier, the Supervisory Board is authorized to adjust the individual performance multiplier reasonably according to its discretion.

3.1.5 Calculation of the final payout amount

The final payout amount of the Short Term Incentive is calculated for each Executive Board member by multiplying the preliminary payout amount by the individual performance multiplier. The final payout amount of the Short Term Incentive is capped at 200% of the target value.

The payout amount so calculated is due for payment after the approval of the consolidated annual financial statements of the KION Group for the relevant financial year and paid out with the next possible salary statement.

In the case of a mid-year commencement or end of the service relationship in the course of a financial year or if the appointment of the Executive Board member is revoked by the Supervisory Board prior to the end of a financial year, the payout amount will be reduced pro rata temporis. In the case of a mid-year entry, the Supervisory Board is authorized to guarantee the Executive Board member the STI for the relevant financial year with a 100% target achievement.

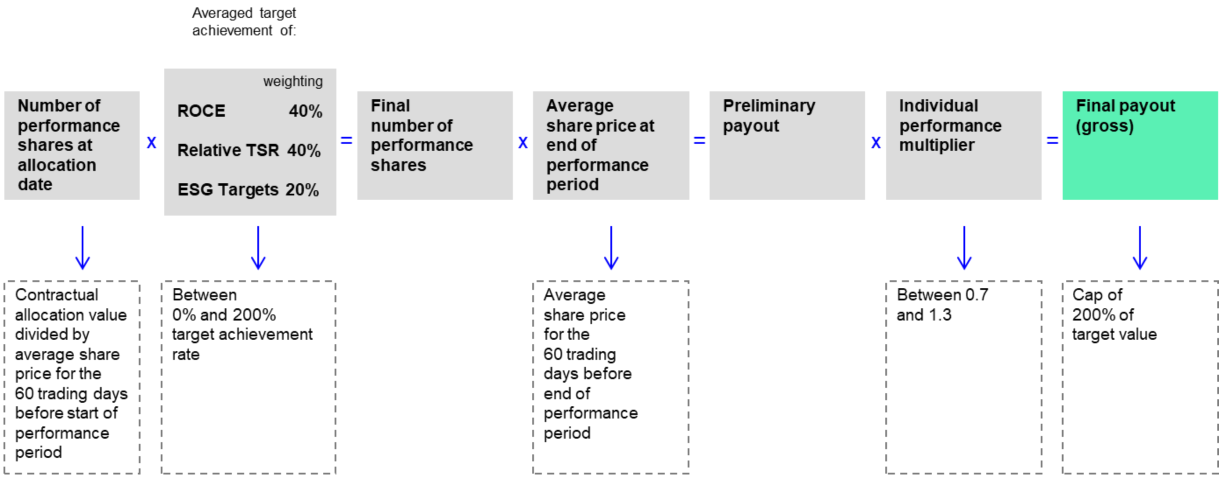
If the Executive Board member is not entitled to remuneration for the entire financial year even though the service relationship still continues (e.g. if the service relationship is suspended or if the recipient is unable to work but has no claim for continued payment of his remuneration), the payout amount will be reduced by 1/12 for each full month in which no entitlement for remuneration exists. If the service relationship is terminated by the Company for cause pursuant to section 626(1) German Civil Code, the claim for the Short Term Incentive will be forfeited without replacement.

If the service agreement terminates due to the Executive Board member’s death or inability to work, the Short Term Incentive to be paid will be calculated pro rata temporis for the time up to the termination of the service agreement and disbursed without delay after the termination of the service agreement. In that case, the target achievement and calculation of the Short Term Incentive to be disbursed will be determined according to the Supervisory Board's reasonably exercised discretion.

3.2 Performance Share Plan (LTI)

The multi-year variable remuneration is granted for each financial year in the form of a Performance Share Plan with a three-year performance period. The performance period commences at the beginning of 1 January of each year and ends at the expiry of 31 Decembers of the second year following the financial year.

Both financial and non-financial assessment bases are decisive for the target achievement of the Performance Share Plan. The financial assessment bases are, each weighted at 40%, the performance of the total shareholder return ("**TSR**") of the KION Share as compared to the MDAX and the return on capital employed ("**ROCE**"). ESG Targets are taken into account at 20% as the non-financial assessment basis. Additionally, the individual performance is taken into account with an individual performance multiplier.



At the beginning of each financial year, the Executive Board members are conditionally allocated a number of Performance Shares, i.e. virtual shares for the financial year. The number is determined by dividing the grant value for the multi-year variable remuneration in euro as stipulated in the service agreement by the arithmetic mean of the Xetra closing price of the KION Share (securities identification number: KGX888) on the Frankfurt stock exchange (or a successor system that replaces it) over the last 60 trading days prior to the beginning of the performance period.

The Supervisory Board issues an offer in the grant letter which states, among other things, the contractually granted grant value in euro and the resultant number of conditionally allocated virtual shares, as well as the financial, non-financial and individual assessment bases, including the defined target ranges and target achievement curves for the plan tranche and sets a time period for the acceptance of the offer. If the Executive Board members do not accept the offer within the stated time period, the offer will be forfeited.

The target values and respective target achievements of the financial assessment bases, the ESG Targets and the individual performance multiplier criteria are published in the remuneration report after the performance period.

3.2.1 Financial assessment bases

The financial assessment bases are the following:

– The relative Total Shareholder Return ("**TSR**") of the KION Share as compared to the MDAX. The TSR designates the shareholder return and is a measure used for the further development of the company for its shareholders in comparison to alternative investments over a time period, taking into account both the dividends accrued in this period and share price increases and subscription rights. The relative TSR of the KION Share as compared to the MDAX, i.e. the deviation of the TSR of the KION Share from the changes of the MDAX in percentage points, is ascertained for the end of the performance period according to the following method: the deviation is calculated by subtracting the KION TSR, expressed as a percentage, from the dividend-adjusted performance of the MDAX expressed as a percentage. For rounding off purposes, the arithmetic mean of the closing price over 60 trading days prior to the beginning and up to the end of the performance period is taken as the decisive share price.

– The Return on Capital Employed ("**ROCE"**) describes the total return on capital. It is the ratio of adjusted EBIT and capital employed on the balance sheet date. The ROCE is an indicator for measuring the profitability and efficiency of the capital employed. The ROCE is measured as the average ROCE during the performance period.

The ROCE is ascertained for the KION Group on the basis of the KION GROUP AG's IFRS consolidated annual financial statement. Extraordinary developments (e.g. as a result of sales or acquisitions) can be taken into account in this calculation.

The following applies for the target achievement, of the relative TSR:

The minimum threshold is 0% outperformance (= equal performance) and corresponds to a 50% target achievement. The target value is an outperformance of 6.67% and corresponds to a 100% target achievement. The maximum threshold is an outperformance of 20% and corresponds to a 200% target achievement. Performance below the minimum threshold corresponds to a 0% target achievement. For performance between the minimum threshold and the target value, linear interpolation will be used to determine the level of target achievement between 50% and 100%. For performance between the target value and the maximum threshold, linear interpolation will be used to determine the level of target achievement between 100% and 200%. Performance above the maximum threshold corresponds to a 200% target achievement.

The following applies for the target achievement of the ROCE:

The minimum threshold is 70% of the budget target. If a value lower than or equal to the minimum threshold is achieved, this corresponds to a 0% target achievement. If a value is achieved that corresponds to the budget target, this corresponds to a 100% target achievement. The maximum threshold is 130% of the budget target and corresponds to a 200% target achievement. For values between the minimum threshold and the budget target, linear interpolation will be used to determine the level of target achievement between 0% and 100%. For values between the budget target and the maximum threshold, linear interpolation will be used to determine the level of target achievement between 100% and 200%. Values above the maximum threshold correspond to a 200% target achievement.

Target achievement	External measurement basis: relative TSR (weighting of 40%)	Internal measurement basis: ROCE (weighting of 40%)
0 %	Underperformance < 0 %	70% of budgeted figure
50 %	Outperformance of 0%	85% of budgeted figure
100 %	Outperformance of 6.67%	Budgeted figure
200 %	Outperformance of 20%	130% of budgeted figure

For future financial years, the Supervisory Board is authorized to weigh the financial assessment bases against each other or in relation to the non-financial assessment bases differently and determine a different target ranges for the ROCE or the relative TSR.

3.2.2 Non-financial assessment bases

The non-financial assessment bases are linked to ESG Targets.

The Supervisory Board determines for each financial year two ESG Targets of equal weight on the basis of the criteria “compliance”, “sustainability & environment”, “customer focus”, “employer attractiveness” and “work safety & health”. The specific targets, the target value (100% target achievement) and the minimum value (0% target achievement) and the maximum value (200% target achievement) are set each year in the grant letter.

Achievement of the ESG Targets is calculated as follows:

Achievement of ESG Targets =

achievement of 1st ESG Target x 50% + achievement of 2nd ESG Target x 50%

3.2.3 Calculation of the final number of Performance Shares

The final number of Performance Shares is ascertained by multiplying the number of Performance Shares conditionally allocated to the Executive Board member by the overall target achievement level of the financial and non-financial targets.

The overall target achievement level is derived from the weighted arithmetic mean of the target achievements of the relative TSR of the KION Share, the ROCE and the ESG Targets according to the following formula:

Overall target achievement =

target achievement of relative TSR x 40% + target achievement ROCE x 40% + target achievement ESG Targets x 20%

3.2.4 Calculation of the preliminary payout amount

The preliminary payout amount of the Performance Share Plans is calculated for each Executive Board member by multiplying the final amount of the Performance Shares by the final share price. This final share price is the arithmetic mean of the Xetra closing price of the KION Share on the Frankfurt stock exchange (or a successor system that replaces it) over the last 60 trading days prior to the end of the performance period.

3.2.5 Individual performance multiplier

With the use of an individual performance multiplier, the Supervisory Board also takes the individual performance of the Executive Board member into account along with the financial and non-financial assessment bases. At the beginning of each financial year, the Supervisory Board therefore determines the collective targets for the evaluation of the individual performance for all of the Executive Board members, which differ from the individual targets for the Short Term Incentive, and informs the Executive Board member thereof in the grant letter. The individual performance is in particular evaluated according to the criteria of “strategy development & implementation”, “market penetration & development”, “innovation”, “operative efficiency” and “supplier relationships”.

After the expiry of the performance period, the Supervisory Board sets an individual performance multiplier for each Executive Board member on the basis of the target achievement of the individual targets. The performance multiplier can lie between 0.7 and 1.3.

In the event of unusual developments with regard to the multiplier, the Supervisory Board is authorized to adjust the individual performance multiplier reasonably according to its discretion.

3.2.6 Calculation of the final payout amount

The final payout amount of the Performance Share Plan is calculated for each Executive Board member by multiplying the preliminary payout amount by the individual performance multiplier. The final payout amount of the Performance Share Plan is capped at 200% of the grant value.

The payout amount so calculated is due for payment after the approval of the annual financial statements of KION GROUP AG for the last financial year of the performance period and paid out with the next possible salary statement.

In the event that the service agreement does not commence until after the beginning of the performance period or ends before the end of the performance period or the appointment of the Executive Board member is revoked by the Supervisory Board before the end of the performance period, the payout amount will be reduced pro rata temporis. If the service relationship is terminated by the Company for cause pursuant to section 626(1) German Civil Code, the Performance Shares will be forfeited without compensation.

If the service agreement terminates due to the Executive Board member's death or inability to work, the Long Term Incentive to be paid will be calculated pro rata temporis for the time up to the termination of the service agreement and disbursed without delay after the termination of the service agreement. In that case, the target achievement and calculation of the Long Term Incentive to be disbursed will be determined according to the Supervisory Board's reasonably exercised discretion.

3.2.7 Adjustments to plan due to capital measures

For cases in which capital changes result in a decrease or increase of the value of shares in the Company (e.g. capital splits or reverse), the number of the conditionally allocated Performance Shares or the final number of the Performance Shares is adjusted accordingly, depending on the plan state. Capital increases with exclusion of warrants of shareholders or share buy backs at market price, given this purchase is not significant according to the Supervisory Board, do not have an impact on the number of the conditionally allocated Performance Shares or the final number of the Performance Shares.

3.3 Penalty and Clawback provision for the variable remuneration

In the case of a relevant misconduct on the part of the Executive Board member during the financial year for which the variable remuneration is granted, the Supervisory Board may reduce the payout amount in part or completely to zero according to its reasonable discretion ("**Penalty"**). A relevant misconduct can lie in a violation of material duties of due care pursuant to section 93 German Stock Corporation Act, of a material obligation under the service agreement or of other material principles of action of the Company, e.g. based on the code of conduct or compliance guidelines.

Subject to the same prerequisites, the Company is entitled to demand recovery of the payout amount of the variable remuneration for the financial year in which the violation took place, in part or in whole according to its reasonable discretion (“**Clawback”**).

Independent of a misconduct or fault of the Executive Board member, the Company is entitled in its reasonable discretion to demand the repayment of variable remuneration components if, due to a subsequent amendment of an erroneously posted corporate result, the variable remuneration would have been lower. If multiple consolidated annual financial statements are involved, the claim for repayment will exist with regard to the variable remuneration disbursed for each of the financial years involved.

Repayment claims generally refer to the gross amount. Insofar as the Executive Board member cannot assert the repayment sum in a tax-deductible manner, i.e. the tax already paid on the variable remuneration cannot be compensated, the claim for recovery will be reduced accordingly.

The claim for repayment of variable remuneration components is excluded if more than three years have elapsed since the disbursement of the variable remuneration component, unless the Supervisory Board informed the Executive Board member in writing before the period expired that a possible reduction or recovery or the need for a correction of the consolidated annual financial statements is being examined and under what specific circumstances this is the case.

4. Obligation to acquire and hold shares

Along with the Performance Share Plan, the obligation to acquire and hold shares (**Share Ownership Guideline “SOG”**) is a further material component of the remuneration system for the Executive Board with the objective of promoting the long-term and sustainable development of the Company.

The Executive Board members are obliged to hold a minimum shareholding in KION GROUP AG in the amount of 100% of the annual Fixed Salary for the duration of their appointment as Executive Board members. The relevant number of shares is determined on the basis of the price of the share in KION GROUP AG on the last 60 trading days prior to the day of the commencement of the service agreement (arithmetic mean of the Xetra closing price). The obligation to hold shares in their full amount applies at the latest after four years have elapsed since the onset of this obligation. The shares may be built up proportionately in the first four years. 25% of the shares must be held at the latest twelve months after the onset of the obligation to hold shares, 50% as of the end of the second year and 75% as of the end of the third year. The Executive Board members may not dispose of the shares up to the end of their appointment. In individual cases, the Supervisory Board can use its reasonable discretion to depart from the provisions of the obligation to hold shares, taking into account the individual circumstances concerned (e.g. on account of restrictions on the acquisition of shares as a result of contractual, internal company, or statutory provisions).

5. Other benefits

The Supervisory Board is entitled to additionally grant Executive Board members an appropriate special remuneration. To this end, the Supervisory Board will conclude an individual agreement with the Executive Board member in advance, in which the Supervisory Board lays down the performance criteria for the special remuneration. A prerequisite for such a special remuneration is outstanding and exceptional performance on the part of the Executive Board member and the special remuneration is therefore, in the opinion of the Supervisory Board, in the interest of the Company and will benefit the Company in future. After the end of the financial year in which the assessment period for the special remuneration ends, the Supervisory Board determines the amount of the special remuneration to be granted depending on the target achievement level. The total earnings of the individual Executive Board members must, taking the special payment into account, be in due proportion to the Company's situation.

The Supervisory Board is also entitled to grant new members of the Executive Board benefits on a temporary basis. These benefits may, for example, be payments to compensate for demonstrably forfeited variable remuneration at a former employer or other disadvantages, as well as benefits in connection with relocation.

II. Maximum remuneration

The amount of the total remuneration granted for a financial year is capped ("**Maximum Remuneration**"). The total remuneration generally comprises the Fixed Salary paid out for the respective financial year, the service cost of the company pension, the fringe benefits granted, the variable remuneration granted for the respective financial year (Short Term Incentive and Performance Share Plan) independent of the time of their payment, as well as a possible special remuneration granted for the respective financial year.

Should the Supervisory Board grant new members of the Executive Board benefits that are temporary pursuant to section B.I.5, these benefits will also be taken into account as part of the Maximum Remuneration for the financial year for which they were granted.

The Maximum Remuneration for the Chairman of the Executive Board is EUR 8,243,000 gross, for Ms Groth EUR 4,882,000 gross, for Dr Böhm and Dr Puhl (appointed as of 1 July 2021 as successor of Dr Böhm) EUR 4,343,000 gross, for Mr Krinninger EUR 4,852,000 gross, for Mr Dandashly EUR 5,387,000 gross and for Mr Quek EUR 4,842,000 gross. If a new Executive Board member is appointed, the Maximum Remuneration will be determined within the same framework as the current ordinary member of the Executive Board, but at a maximum EUR 5,300,000 gross.

Should the remuneration exceed the Maximum Remuneration, it will be reduced accordingly.

Irrespective of the Maximum Remuneration set, the payout amounts for the Short Term Incentive and Performance Share Plan are moreover capped at 200% of the respective target value or grant value.

III. Remuneration-related legal transactions

1. Terms of remuneration-related legal transactions

Executive Board members who are appointed for the first time are generally appointed for a period of three years. The term of office for members who are reappointed is five years maximum.

If the Executive Board member's appointment ends by mutual consent, by revocation pursuant to section 84(3) German Stock Corporation Act or by the member resigning from office, the Company is entitled to terminate the service agreement giving notice as stipulated in section 622(2) German Civil Code. The right to terminate the service agreement pursuant to section 626 German Civil Code is not affected.

2. Compensation for loss of office

If the service agreement ends because the Company has terminated it in the event of termination of the appointment by mutual consent or through revocation of the appointment or in the event of the member's resignation, the Executive Board members have a claim to a severance payment amounting to the benefits due for the remaining term of the service agreement, but not in excess of two years' remuneration (cap on severance). There is no claim to a severance payment where the service agreement is terminated for cause or in the event of the Executive Board member resigning without having due cause to do so.

The annual income relevant for calculating the severance amount is made up of the Fixed Salary and the variable remuneration components based on target achievement of 100% for the last full financial year before the service agreement ends. Benefits in kind and other fringe benefits are not taken into account when calculating the severance amount.

3. Post-contractual non-compete covenant

The Company may agree a post-contractual non-compete covenant for a maximum of two years with members of the Executive Board. For the period of any post-contractual non-compete covenant, the Executive Board members are entitled to compensation for observing it. Other Executive Board member income as well as any severance payment paid by the Company is set off against the compensation for observing the post-contractual non-compete covenant.

IV. Taking account of employees' remuneration and employment conditions when determining the remuneration system

The Supervisory Board regularly reviews the Executive Board's remuneration. In judging whether the remuneration is reasonable, the Supervisory Board considers both KION GROUP AG's market environment (horizontal comparison in relation to Executive Board members' remuneration) as well as the Company's internal remuneration structure (vertical comparison).

The Supervisory Board takes employees' remuneration and employment conditions into account when structuring the Executive Board remuneration in many respects. For one thing, in determining the individual remuneration amounts for the Executive Board, the relationship of the Executive Board remuneration to that of the higher-level management and the workforce, in particular also how they develop over time. The higher-level management comprises all executives below the Executive Board. The workforce comprises the employees who are covered by collective bargaining agreements, as well as those who are not. On the other hand, the Company's objective is for the financial and non-financial targets that are applicable for the variable remuneration of the Executive Board to apply equally for the executives. This ensures uniform control and incentive effects in the Company. In the event of significant shifts in the ratios between the compensation of the Executive Board and the peer groups, the Supervisory Board examines the causes and reserves the right to react if necessary in the absence of objective reasons. Beyond that, concerns of the employees will flow into the payment of the variable remuneration of the Executive Board, since employer attractiveness, as well as work safety and health, are stipulated as criteria within the framework of the ESG Targets.

V. Procedures for determining, implementing and reviewing the remuneration system

The Supervisory Board will adopt a clear and understandable remuneration system for the Executive Board members. The remuneration committee is responsible for preparing the Supervisory Board's resolutions on all matters concerning the remuneration of Executive Board members. This includes the remuneration system, which is regularly reviewed. The Supervisory Board reviews the remuneration system at its due discretion, but at least every four years. The Supervisory Board conducts a market comparison and takes into consideration in particular any changes in the corporate environment, the overall economic situation, and the Company's strategy, changes and trends with respect to the national and international corporate governance standards and the development of the remuneration and employment conditions of the workers pursuant to B.IV. If required, the Supervisory Board will call upon external compensation experts and other advisors. In doing so, the Supervisory Board will pay attention to the independence of the external compensation expert and advisors of the Executive Board and of the Company and will take precautions to avoid conflicts of interest.

The Supervisory Board submits the remuneration system resolved by it to the Annual General Meeting for approval in the case of any material amendment, however at least every four years. If the Annual General Meeting does not approve the submitted remuneration system, the Supervisory Board submits a reviewed remuneration system to the Annual General Meeting for approval, by no later than the following Annual General Meeting.

By taking suitable measures, the Supervisory Board ensures that possible conflicts of interest on the part of the members of the Supervisory Board participating in the consultations and decisions on the remuneration system are avoided and if necessary, resolved. Every Supervisory Board member is obliged to disclose conflicts of interest to the Chairman of the Supervisory Board. The Chairman of the Supervisory Board must disclose any conflicts of interest concerning himself to the Chairman of the Audit Committee. Decisions are made on how to deal with an existing conflict of interest on a case-by-case basis. In particular, a possibility to be considered is that a Supervisory Board member affected by a conflict of interest will not participate in a meeting or individual consultations and decisions of the Supervisory Board or of a committee.

The Supervisory Board may temporarily depart from the remuneration system (procedure and regulations on the structure of the remuneration) and its individual components as well as from the terms and conditions of individual remuneration components or introduce new remuneration components, if this is necessary in the interest of the long-term well-being of KION GROUP AG. The Supervisory Board reserves the right to make such deviations in particular in exceptional circumstances, such as an economic or corporate crisis. In the event of an economic crisis, the Supervisory Board can in particular deviate from the remuneration structure of the target remuneration, the performance targets and methods of assessing the variable remuneration, as well as from the performance periods and payment dates of the variable remuneration.