



***KION to submit new  
Executive Board  
Remuneration System to the  
AGM 2024 for approval:***

***Summary of Proposed  
Changes***  
(effective 1 January 2024)



# Revision of the Remuneration System for the Executive Board

## Key objectives and their implementation

### Objectives

Strict limitation of the discretionary scope of the Supervisory Board

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Focusing on sustainable and long-term development of KION

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Strengthening of the strategic focus

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### Implementation

Elimination of special bonus

Elimination of individual performance multiplier in LTI

Smaller range of individual performance multiplier in STI

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Extension of LTI term to four years  
(three-year performance and one-year waiting period)

Continuation of ESG-targets both in STI and LTI

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Efficient use of capital is a key objective of corporate strategy, thus weighting for ROCE in LTI is increased

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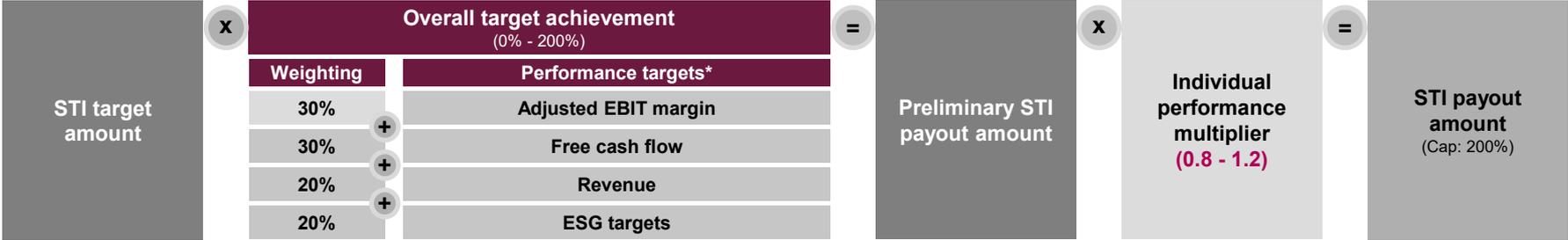
# Adjustments to the Remuneration System for the Executive Board

## Overview of key changes

Old System		New System
Base salary & fringe benefits	Unchanged →	Base salary & fringe benefits
Pension/Pension Substitute	Unchanged →	Pension/Pension Substitute
<p style="text-align: center;"><b>STI</b></p> <ul style="list-style-type: none"> <li>Performance Criteria:           <ul style="list-style-type: none"> <li>20% Revenue</li> <li>30% adjusted EBIT-Margin</li> <li>30% Free Cashflow</li> <li>20% ESG targets</li> </ul> </li> <li>Individual Multiplier: Range 0.7 - 1.3</li> </ul>	<p style="text-align: center;"><b>Adjustment</b></p> <ul style="list-style-type: none"> <li>Smaller range of the multiplier</li> </ul>	<p style="text-align: center;"><b>STI</b></p> <ul style="list-style-type: none"> <li>Performance Criteria:           <ul style="list-style-type: none"> <li>20% Revenue</li> <li>30% adjusted EBIT-Margin</li> <li>30% Free Cashflow</li> <li>20% ESG targets</li> </ul> </li> <li>Individual Multiplier: <b>Range 0.8 - 1.2</b></li> </ul>
<p style="text-align: center;"><b>LTI</b></p> <ul style="list-style-type: none"> <li>Three-year performance period</li> <li>Performance Criteria:           <ul style="list-style-type: none"> <li>40% relative TSR vs. MDAX</li> <li>40% Return on Capital Employed (ROCE)</li> <li>20% ESG-targets (i.e., Rating)</li> </ul> </li> <li>Individual Multiplier: Range 0.7 - 1.3</li> <li>Cap: Target Achievement and Payout: 200%</li> </ul>	<p style="text-align: center;"><b>Adjustment</b></p> <ul style="list-style-type: none"> <li>Extend term + 1 year</li> <li>Remove multiplier</li> <li>Adjust the weightings</li> <li>Adjust the TSR curve</li> <li>Adjust ROCE calculation</li> <li>Increase payout cap</li> </ul>	<p style="text-align: center;"><b>LTI</b></p> <ul style="list-style-type: none"> <li>Four-year term (Three-year performance period + <b>one-year waiting period</b>)</li> <li>Performance Criteria:           <ul style="list-style-type: none"> <li><b>30% relative TSR vs. MDAX (adjusted curve)</b></li> <li><b>50% ROCE</b></li> <li>20% ESG-targets</li> </ul> </li> <li><b>Eliminate individual multiplier</b></li> <li>Cap: Target Achievement 200%, <b>Payout 250%</b></li> </ul>
Special Remuneration	Elimination →	<ul style="list-style-type: none"> <li><b>Eliminate special bonus</b></li> <li>Retain sign-on option</li> </ul>
Maximum remuneration is defined individually for each member of the Executive Board (CEO: EUR 8.243 million, members of EB: EUR 4.3 – 5.3 million)	<p style="text-align: center;"><b>Adjustment</b></p> <ul style="list-style-type: none"> <li>Definition based on position</li> </ul>	Maximum remuneration <b>defined depending on the position:</b> <ul style="list-style-type: none"> <li>CEO: <b>EUR 8.25 million</b></li> <li>Members of the Executive Board: <b>EUR 6 million</b></li> </ul>

# Adjustments to the Short Term Incentive (STI)

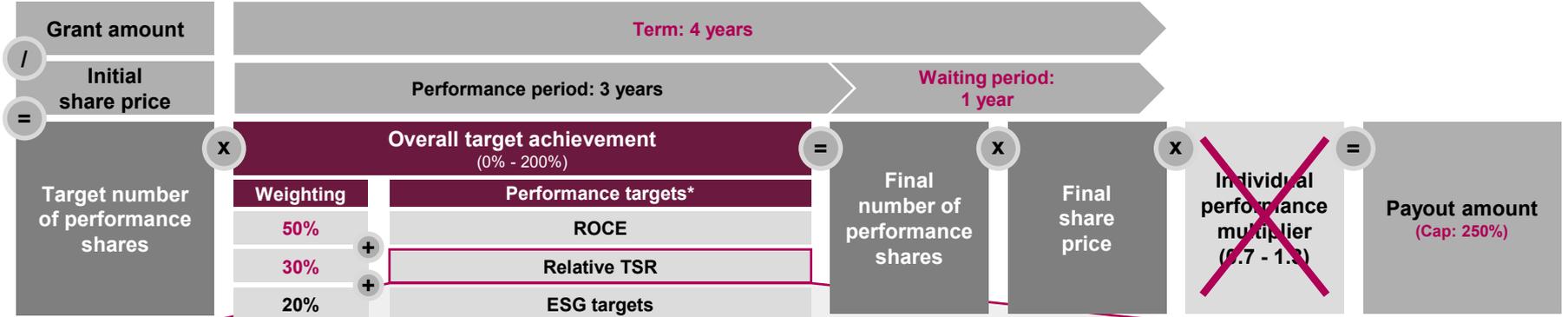
The range of the individual performance multiplier is reduced



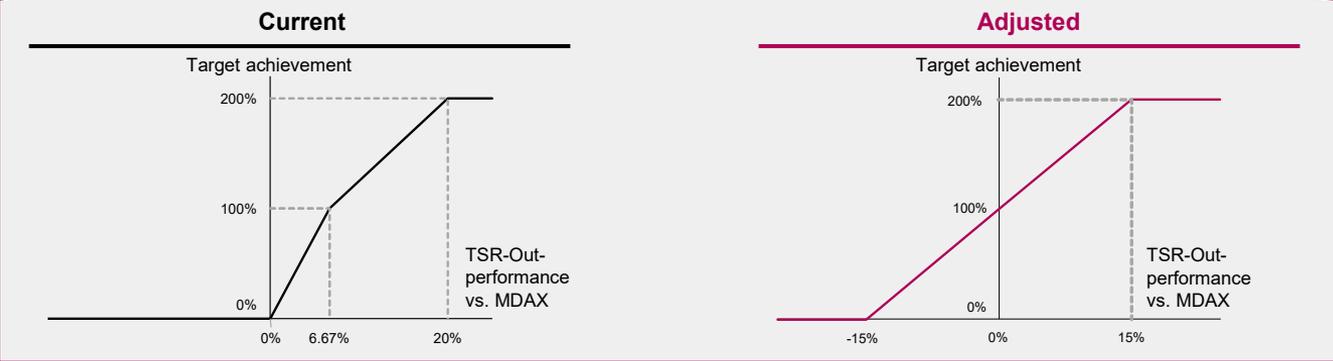
\* Target achievement is derived from figures reported in the consolidated financial statements and the non-financial reporting of KION GROUP AG; no adjustments are made in context with the Executive Board compensation compared to the reported values.

# Adjustments to the Long Term Incentive (LTI)

The term is increased to 4 years, the individual multiplier is eliminated, the TSR target achievement calculation is aligned with market practice



\* Target achievement is derived from figures reported in the consolidated financial statements and the non-financial reporting of KION GROUP AG; no adjustments are made in context with the Executive Board compensation compared to the reported values.



The adjusted target achievement curve for relative TSR ensures a balanced risk/reward profile. It provides no incentive for excessive risk-taking and is in line with market practice in Germany, also considering the lower grant amounts compared to the US/UK.

# Performance targets in the Executive Board Remuneration

## Focusing on sustainable and long-term development of KION

### STI

Target	Definition	Strategic Significance
<b>Adj. EBIT margin</b>	Ratio of the adjusted EBIT to revenue for the financial year; adjusted EBIT is the earnings before interest and taxes adjusted for company-specific effects from purchase price allocations as well as one-off and special effects	The STI financial performance targets are among the KION Group's most important KPIs; target achievement is determined on the basis of the consolidated financial statements of KION GROUP AG prepared in accordance with IFRS and <b>corresponds to the reported figures.</b>
<b>Free cash flow</b>	sum of cash flows from operating activities and cash flows from investing activities in a financial year; it indicates financial strength and is the main KPI for managing KION GROUP AG's liquidity and financing	
<b>Revenue</b>	Revenue of a financial year comprises the expected payment to be received from the customer for goods and services (transaction price) as well as rental and leasing income after deduction of discounts and price reductions	
<b>ESG targets</b>	ESG targets derived from the sustainability strategy; annual changes to performance targets possible	ESG targets support the implementation of the sustainability strategy.

### LTI

Target	Definition	Strategic Significance
<b>ROCE</b>	Return on capital employed (ROCE) is the ratio of adjusted EBIT to capital employed as at the reporting date; ROCE is a measure of the profitability and efficiency of the capital employed	The financial performance targets of the LTI incentivize the long-term increase in the value of the company. Target achievement is determined on the basis of the consolidated financial statements of KION GROUP AG prepared in accordance with IFRS and <b>corresponds to the reported figures.</b>
<b>Relative TSR</b>	The relative TSR of KION shares corresponds to the deviation of the TSR of KION shares from the performance of the MDAX in percentage points and is calculated at the end of the performance period; measure of the performance of the Company for its shareholders compared with alternative investments over the performance period	
<b>ESG targets</b>	ESG targets derived from the sustainability strategy; performance targets can be changed for each performance period	ESG targets support the implementation of the sustainability strategy.

# Revision of the Remuneration System for the Executive Board

## Summary of adjustments and their rationale

Remuneration Component	Adjustment	Rationale
Short Term Incentive (STI)	<ul style="list-style-type: none"> <li>Adjustment of the <b>range</b> of the individual performance multiplier from 0.7 to 1.3 to 0.8 to 1.2.</li> <li>Specification of the categories for selecting individual performance criteria in the remuneration system.</li> </ul>	<ul style="list-style-type: none"> <li>Limitation of the Supervisory Board's discretionary scope and adjustment to market practice.</li> <li>Differentiated promotion of the efficient implementation of strategy-relevant targets at an individual level.</li> </ul>
Long Term Incentive (LTI)	<ul style="list-style-type: none"> <li>Extension of the <b>term</b> from three to four years through the introduction of a one-year waiting period following the three-year performance period.</li> <li>Removal of the <b>individual performance multiplier</b>.</li> <li>Adjustment of the <b>weighting of ROCE</b> from 40% to 50% <b>and of the relative total shareholder return</b> from 40% to 30%.</li> <li>Adjustment of the <b>target achievement curve of the relative total shareholder return</b>.</li> <li>Increase in the <b>payout cap</b> from 200% to 250% of the allocation amount.</li> </ul>	<ul style="list-style-type: none"> <li>Increased focus on the sustainable and long-term development of the company. Consideration of the recommendations of the German Corporate Governance Code.</li> <li>Reduction of the Supervisory Board's discretionary scope. In line with market practice, individual targets are only taken into account in the STI.</li> <li>Focus on long-term efficient use of capital, a key objective of the adjusted corporate strategy.</li> <li>The new target achievement curve for relative total shareholder return ensures a balanced risk/reward profile and is in line with market practice in Germany.</li> <li>The increase in the payout cap also incentivizes a significant increase in the share price in cases of high target achievement. Target achievement is still capped at 200%.</li> </ul>
Special remuneration	<ul style="list-style-type: none"> <li><b>Removing</b> the possibility of <b>special remuneration</b>.</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of discretionary scope to strengthen the pay-for-performance approach.</li> </ul>

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