

Annual General Meeting  
2024

# AMENDED REMUNERATION SYSTEM FOR MEMBERS OF THE EXECUTIVE BOARD



## Remuneration system for members of the Executive Board of TRATON SE

### A. Key features of the remuneration system for members of the Executive Board of TRATON SE

The remuneration of the members of the Executive Board is to promote the TRATON GROUP's business strategy and its implementation. The remuneration is also to make a contribution to long-term and sustainable development. The aim of the "Way Forward" strategy is to make the TRATON GROUP one of the world's leading undertakings in terms of profitability, global presence and customer-driven innovation. This strategy will be furthered by basing the Executive Board members' remuneration on selected economic performance targets with ambitious objectives. The profit bonus is based on the economic performance targets of operating return on sales of the TRATON GROUP ("RoS") and net cash flow of the business area TRATON Operations ("NCF") as well as the achievement of sustainability targets (environment, social and governance, "ESG Targets"). The economic performance targets promote the strategic goal of competitive profitability. The integration of the ESG Targets also reflects the importance of the environment, social and governance factors. The selection of as a rule one target per ESG dimension (environment, social and governance) ensures that a wide range of sustainability components that are of great strategic relevance to the TRATON GROUP are comprehensively covered.

In order to ensure that the remuneration of the Executive Board members is linked to the long-term and sustainable development of TRATON SE, the long-term variable remuneration constitutes a significant portion of the total remuneration. The long-term variable remuneration (long-term incentive, "LTI") is granted in the form of a performance share plan with a four-year performance period. The economic performance target is the development of the earnings per share ("EPS") of TRATON SE during the performance period. In addition, the disbursement amount depends on the development of the share price and the distributed dividends of TRATON SE during the performance period. Using the EPS economic performance target in conjunction with the development of the share price and the dividends paid out, measured over four years, ensures that the incentives have a long-term effect and promotes the strategic goal of competitive profitability. Since this is an important indicator for valuing shares, the interests of investors have also been taken into account.

The remuneration system for Executive Board members is clear and understandable. It is in line with the requirements laid down in the German Stock Corporation Act and takes the recommendations of the German Corporate Governance Code (GCGC) into account.

The adjusted remuneration system applies as from January 1, 2024, to all Executive Board members with whom a new service agreement is concluded or whose service agreement is extended after the day of the General Meeting to which this adjusted remuneration system was submitted for approval. Should service agreements be amended in 2024 after this time, the remuneration system may be applied retroactively to the period from January 1, 2024, onwards. For members of the Executive Board who were already appointed before December 16, 2020, the performance share plan may continue to be applied with a three-year performance period until such time as a service agreement is extended, even in cases where the remuneration system applies retroactively.

### B. Details of the remuneration system

#### I. Remuneration components

##### 1. Overview of the remuneration components and their relative percentages

The Executive Board members' remuneration consists of fixed and variable components. The monthly salary payments ("Base Salary"), fringe benefits and company pension essentially form the fixed components of the Executive Board members' remuneration. The variable components are the profit bonus with a one-year assessment period and the performance share plan with a four-year assessment period.

## Remuneration system Executive Board

| Remuneration component  | Assessment basis / parameters  |   |
|---|--|---|
| <b>Fixed remuneration components</b>  |  |   |
| Base Salary   | at the end of each month   |   |
| Fringe benefits   | In particular: <ul style="list-style-type: none"> <li>– private use of the first company car, second and third company cars with fuel card, driver pool also for private use to a reasonable extent</li> <li>– allowance towards health, nursing, and pension insurance</li> <li>– accident insurance</li> <li>– installation and private use of security measures-</li> <li>– manager’s medical check-up</li> <li>– Annual fringe benefit lump sum for the Chairman of the Executive Board</li> </ul> |   |
| Company pension   | <ul style="list-style-type: none"> <li>– old-age, disability and surviving dependants’ pension</li> <li>– in principle upon reaching the age of 65</li> <li>– contribution-based, fund-linked pension scheme</li> <li>– annual pension contribution of 40 % of the contractually agreed Base Salary</li> </ul>   |   |
| <b>Variable remuneration components</b>   |  |   |
| Profit bonus  | Type of plan:  | Target bonus  |
|   | Cap:<br>Performance criteria:<br><br>Assessment period:<br>Payment:  | 200 % of the target amount <ul style="list-style-type: none"> <li>– NCF (50 %),</li> <li>RoS (50 %)</li> <li>ESG Targets (multiplier 0.63-1.43)</li> </ul> Profit bonus year<br>In cash in the month following the approval of the consolidated financial statement for the profit bonus year |
| Long-term incentive (LTI)   | Type of plan:  | Performance share plan  |
|   | Cap:<br>Performance criterion:<br>Performance period:<br>Payment:  | 250 % of the target amount<br>EPS (100 %)<br>Four years, future-oriented<br>In cash in the month following the approval of the consolidated financial statement for the last year of the performance period   |
| <b>Other benefits</b>   |  |   |
| Special payment   | If applicable, on the basis of a separate agreement with the Executive Board member  |   |
| Benefits that are temporary or that have been agreed for the entire term of the service agreement for new Executive Board members | <ul style="list-style-type: none"> <li>– If applicable, payments to compensate for forfeited variable remuneration or other financial disadvantages</li> <li>– If applicable, benefits in connection with relocation</li> <li>– If applicable, minimum remuneration guarantee</li> </ul>   |   |

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 Base Salary, profit bonus, performance share plan, fringe benefits and company pension, insofar as they are granted by TRATON SE. As regards the profit bonus and LTI, the target amount is based on 100% target achievement in each case. The fixed and variable remuneration components are shown below as percentages of the target total remuneration.

## Remuneration system Executive Board

|   | Fixed remuneration<br>(essentially: Base Salary +<br>fringe benefits + company<br>pension) | Variable remuneration |                 |
|---|--|-----------------------|-----------------|
|   |  | Profit bonus          | LTI             |
| Chairman of the Executive Board   | approx. 30-45 %  | approx. 20-35 %       | approx. 30-40 % |
| Executive Board members   | approx. 35-45 %  | approx. 20-30 %       | approx. 30-40 % |
| Executive Board members who are at the same time members of the Executive Board of a foreign subsidiary of TRATON SE and do not receive any fringe benefits and/or company pension from TRATON SE | approx. 25-45 %  | approx. 25-35 %       | approx. 30-45 % |

The said percentages may differ, for example due to the granting of a special payment or benefits that are temporary or that have been agreed for the entire term of the service agreement to new Executive Board members pursuant to section 4 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 Base Salary

The Executive Board members receive a Base Salary in twelve equal instalments paid at the end of each month.

### 2.2 Company pension

TRATON SE in principle grants the Executive Board members an old-age, disability and surviving dependents' pension. The agreed pension benefits are paid once the Executive Board member reaches the age of 65. These benefits may be claimed at an earlier time. The annual pension contribution amounts to 40 % of the contractually agreed Base Salary.

Executive Board members who are at the same time members of the Executive Board of a foreign subsidiary of TRATON SE do not currently receive a company pension from TRATON SE, but rather exclusively from the foreign subsidiary. However, TRATON SE reserves the right to also grant a company pension to Executive Board members who are at the same time members of the Executive Board of a foreign subsidiary of TRATON SE in future, especially in the case of new Executive Board members.

### 2.3 Fringe benefits

TRATON SE in principle makes a company car available to each Executive Board member, also for private use. Executive Board members may use a driver from TRATON SE's pool of drivers for private trips, too, to a reasonable extent. Executive Board members may also make use of a second and third company car with a fuel card against payment of a monthly lump sum. Executive Board members additionally receive typical fringe benefits such as an allowance towards health, nursing and pension insurance, accident insurance, the costs of the installation and private use of security measures and a regular manager's medical check-up.

Executive Board members who are at the same time members of the Executive Board of a foreign subsidiary of TRATON SE do not currently receive such fringe benefits from TRATON SE, but rather from the foreign subsidiary. However, TRATON SE reserves the right to also grant fringe benefits to Executive Board members who are at the same time members of the Executive Board of a foreign subsidiary of TRATON SE in future. The Supervisory Board is entitled to grant the Chairman of the Executive Board a fringe benefit lump sum per financial year. Fringe benefits that are taken up are counted towards the fringe benefit lump sum. If full use is not made of the fringe benefit lump sum during a financial year, the remaining amount of the fringe benefit lump sum will be paid out after the end of the financial year.

If fringe benefits are granted abroad, the Supervisory Board is entitled to set forth deviating provisions in order to take into account factual and legal differences. If, in the interest of the Company, an Executive Board member assumes a position abroad on a long-term basis, the Supervisory Board is entitled to grant the Executive Board member additional fringe benefits specific to the foreign country.

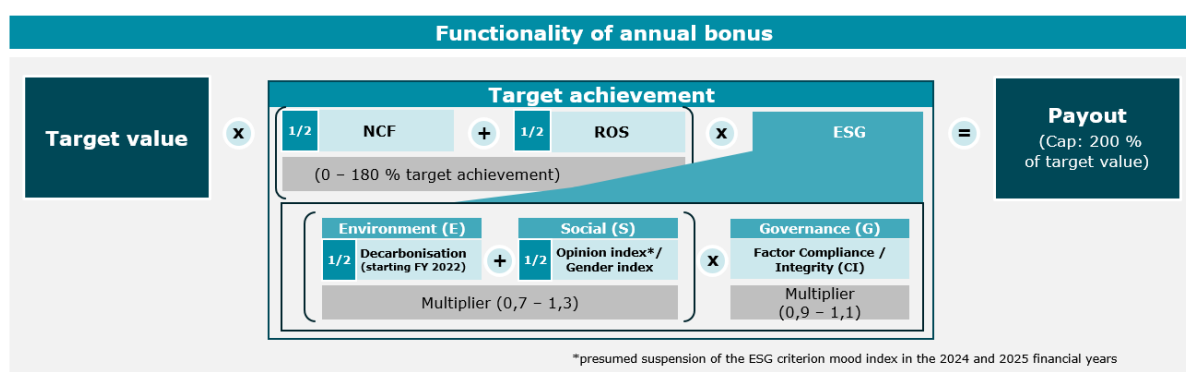
In individual cases and as contractually agreed, TRATON SE will also reimburse part of the costs of accommodation at the place of work and of weekly trips home to visit family as well as relocation costs and real estate agency and moving costs up to a limited amount in each case. Mr. Cortes will in addition receive an annual compensation payment to offset the greater tax burden in Germany.

### 3. Variable remuneration components

In what follows, the variable remuneration components will be described in detail. 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 Profit bonus

The profit bonus is a performance-based bonus with a one-year assessment period. Target achievement is assessed based, on the one hand, on the development of the financial performance targets of the operating return on sales of the TRATON GROUP (“RoS”) and the net cash flow of the business area TRATON Operations (“NCF”) (together the “Financial Subtargets”). On the other hand, the profit bonus essentially depends on the development of the environment, social and governance targets that are taken into account through a multiplying factor (“ESG Factor”). The profit bonus depends on the target achievement in the financial year for which the profit bonus is granted (“Profit Bonus Year”).



#### 3.1.1 Financial Subtargets

The Financial Subtargets RoS and NCF carry a weighting of 50 %, respectively.

The key indicator RoS corresponds to the ratio of generated operating profit to sales. The values shown in the Company's annual report for the operating profit and sales of the TRATON GROUP are taken as a basis in each case. For the purpose of determining the RoS and NCF, extraordinary developments can be adjusted for (e.g. as a result of sales or acquisitions).

The key indicator NCF is made up of the cash flow from business activities and the cash flow from investment activities in the normal course of business in the business area of TRATON Operations and indicates the surplus from the normal course of business generated during the period. The values shown for TRATON Operations in the abridged cash flow statement in the summarised management report of TRATON SE are taken as a basis.

The Supervisory Board is entitled to adjust the weighting of the Financial Subtargets for future financial years at its reasonable discretion.

The Supervisory Board determines the following values for the Financial Subtarget RoS for the Profit Bonus Year:

- a threshold value corresponding to a subtarget achievement level of 50 %,
- a target value corresponding to a subtarget achievement level of 100 % and
- a maximum value corresponding to a subtarget achievement level of 180 %.

The Supervisory Board determines the following values for the Financial Subtarget NCF for the Profit Bonus Year:

- a threshold value corresponding to a subtarget achievement level of 0 %,
- a target value corresponding to a subtarget achievement level of 100 % and
- a maximum value corresponding to a subtarget achievement level of 180 %.

Values below the threshold correspond to a target achievement level of 0 %. Linear interpolation is used to determine values between the threshold values and target values and between the target values and maximum values. Target achievement levels in excess of 180 % will not increase the target achievement level to more than 180 %.

The Supervisory Board may adjust the actually calculated subtarget achievement level of the subtarget NCF in justified exceptions in order to ensure a performance-based assessment of the subtarget NCF. Justified exceptions are acquisitions that have significant impacts on the NCF.

## Remuneration system Executive Board

The overall financial target achievement level is calculated by adding the weighted target achievement levels of the economic performance targets RoS and NCF together according to the following formula:

$$\begin{aligned} & \text{Overall financial target achievement level} \\ & = \text{subtarget achievement level of RoS} \times 50 \% + \text{subtarget achievement level of NCF} \times 50 \% \end{aligned}$$

### 3.1.2 ESG Factor

The relevant subtargets for calculating the ESG Factor are in principle the environment subtarget, the social subtarget and the governance factor (together the “**ESG Subtargets**”). The environment subtarget will take into account the criterion of decarbonization/CO<sub>2</sub> reduction. The ratio of the number of battery electric vehicles and fuel cell electric vehicles sold to the total number of vehicles sold, with the exception of the MAN TGE model, will be used for this purpose. For the social subtarget, the Supervisory Board may choose either the criterion of the mood index, which is based on a suitable method for measuring the development of employee satisfaction to be chosen by the Supervisory Board, or the criterion of the gender index, which is based on a suitable method for measuring the development of the proportion of women in executive positions in the companies of the TRATON GROUP to be chosen by the Supervisory Board, or a combination of these criteria. The governance factor also takes into account the criteria of compliance & integrity. The criteria of decarbonization/CO<sub>2</sub> reduction, mood index/gender index and compliance & integrity are referred to as “**ESG Criteria**”. The Supervisory Board is entitled, at its reasonable discretion, to replace, suspend or add individual ESG Subtargets or the determined ESG Criteria if, in its view, other ESG Subtargets or ESG Criteria than those regulated in this section appear to be more suitable for reflecting developments in environment, social and governance issues and incentivising the members of the Executive Board accordingly. As a rule, but not necessarily in every case, the environment, social and governance areas should each be taken into account in this regard.

The Supervisory Board determines the following for the environment and social subtargets for each financial year:

- a minimum value corresponding to a subtarget achievement level of 0.7,
- a target value corresponding to a subtarget achievement level of 1.0 and
- a maximum value corresponding to a subtarget achievement level of 1.3.

Linear interpolation is used to determine values between the minimum values and target values and between the target values and maximum values. The environment and social subtargets are each weighted at 50 %. The Supervisory Board is entitled, at its reasonable discretion, to weight the ESG Subtargets and the ESG Criteria within an ESG Subtarget differently.

After the end of the financial year, the Supervisory Board determines a governance factor between 0.9 and 1.1. In this regard, the Supervisory Board evaluates the collective performance of the Executive Board as a whole and the individual performance of the respective Executive Board members with regard to integrity and compliance during the financial year.

The ESG Factor is in principle calculated by multiplying the sum of the weighted target achievement of the environment subtarget and the social subtarget by the governance factor according to the following formula:

$$\begin{aligned} & \text{ESG Factor} \\ & = [\text{achievement level of environment subtarget} \times 50 \% + \text{achievement level of social subtarget} \times 50 \%] \times \text{governance} \\ & \quad \text{factor (0.9-1.1)} \end{aligned}$$

Should the Supervisory Board replace, suspend or add individual ESG Subtargets or ESG Criteria, this must be taken into account in the calculation.

### 3.1.3 Calculation of the disbursement amount

The target achievement level is determined after the end of the financial year using the following formula:

$$\begin{aligned} & \text{Profit bonus} \\ & = \text{individual target amount} \times \text{overall financial target achievement level} \times \text{ESG Factor.} \end{aligned}$$

The Supervisory Board then checks whether the disbursement amount is to be reduced on account of conduct meeting penalty criteria (see section 3.3). The disbursement amount calculated in this way is in principle due for payment in the month after the Company's consolidated financial statement is approved for the Profit Bonus Year. The amount disbursed in respect of the profit bonus is capped at 200 % of the target amount.

### 3.1.4 Executive Board members who join/leave the Company during a financial year; extraordinary events or developments

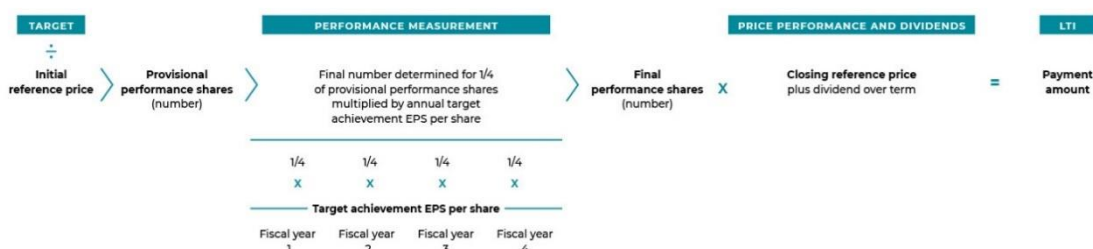
Should the service relationship or the bonus entitlement start or end during a Profit Bonus Year, the target amount will be reduced pro rata temporis. The same applies to periods during which the bonus recipient, in the Profit Bonus Year, has no claim for remuneration even though the service relationship still continues (e.g. if the service relationship is suspended or if the bonus recipient is unable to work but has no claim for continued payment of his remuneration).

Should any extraordinary events or developments occur, TRATON SE will be entitled to adjust the terms of the profit bonus properly and at its reasonable discretion. Extraordinary events or developments can be, for example, an acquisition or sale of a company or parts thereof by an undertaking of the TRATON GROUP, material changes in the shareholder structure of TRATON SE or high inflation.

### 3.2 Long Term Incentive (LTI)

The LTI is granted in the form of a performance share plan with a four-year performance period. The relevant economic performance target is the EPS of TRATON SE as shown in the annual report as the audited, fully diluted earnings per TRATON share from continued and non-continued divisions.

CALCULATION OF THE PAYMENT AMOUNT FROM THE PERFORMANCE SHARE PLAN



At the beginning of each financial year, the Executive Board members are allocated a tranche of performance shares of TRATON SE for the financial year; the performance shares function purely as an operand. The tranche starts on 1 January of the first financial year of the performance period (“Grant Year”) and ends on 31 December of the third financial year following the Grant Year. The number of performance shares to be conditionally allocated is calculated based on the relevant target amount agreed at the time of the allocation divided by the arithmetic mean of the closing prices of the TRATON SE share (securities identification number: TRATON) in the XETRA trading system of Deutsche Börse AG (or the trading system that replaces it) on the last 30 trading days prior to 1 January of the respective performance period.

The annual EPS target achievement depends on the audited, fully diluted earnings per TRATON share from continued and non-continued divisions of the Company (TRATON earnings per share, “TRATON EPS”). The average EPS target achievement over the performance period is based on the arithmetic mean of the annual EPS target achievement during the performance period. For the purpose of calculating the EPS target achievement level, the Supervisory Board determines the following at the beginning of the performance period:

- an EPS minimum value corresponding to a target achievement level of 50 %,
- an EPS target value corresponding to a target achievement level of 100 % and
- an EPS maximum value corresponding to a target achievement level of 175 %.

Values below the EPS minimum value correspond to a target achievement level of 0 %. Linear interpolation will be used to determine values between the EPS minimum value and the EPS target value and between the EPS target value and the EPS maximum value. Target achievement levels in excess of 175 % will not increase the target achievement level to more than 175 %.

The final number of performance shares is calculated at the end of the performance period by multiplying the performance shares conditionally allocated at the beginning of the performance period by the arithmetic mean of the annual EPS target achievement over the performance period. The disbursement amount is calculated first by multiplying the final number of performance shares by the total of

- the arithmetic mean of the closing prices on the last 30 trading days prior to the end of the performance period and
- the dividends paid out per share during the performance period; dividends will not accrue interest or be reinvested.

The Supervisory Board then checks whether the calculated amount is to be reduced on account of conduct meeting penalty criteria (see section 3.3). The disbursement amount calculated in this way is in principle due for payment in the

## Remuneration system Executive Board

month after the Company's consolidated financial statement is approved for the last year of the performance period. The disbursement amount is capped at 250 % of the target amount.

Should the service relationship or the entitlement to participate in the performance share plan start or end during the Grant Year, the target amount – and thus the number of performance shares allocated – will be reduced pro rata temporis. The same applies to periods during which the participant, in the Grant Year, has no claim for remuneration even though the service relationship still continues (e.g. if the service relationship is suspended or if the participant is unable to work but has no claim for continued payment of his remuneration). Should the service relationship end due to the permanent disability or death of the participant, all of the allocated performance shares for which the performance period has not yet ended will be paid out without undue delay.

All of the performance shares of an ongoing performance period will be forfeited and not replaced or compensated in the following cases ("bad leaver cases"):

- If the Executive Board member's service relationship ends prior to the end of the performance period on the grounds of dismissal by the Company for cause pursuant to section 626 German Civil Code as a result of fault on his part or on account of the revocation of his appointment as a member of the Executive Board because of a serious breach of duty.
- If the Executive Board member's service relationship ends prior to the end of the performance period as a result of his resignation or a voluntary termination of the service relationship by the Executive Board member or due to a termination agreement at his request, without the resignation, voluntary termination or termination agreement having been instigated by a breach of duty by the Company or health-related impairments of the Executive Board member or a close family member.
- If, prior to the end of the performance period, the Executive Board member violates the non-compete covenant which is in force during the service relationship or – where this has been agreed upon – a post-contractual non-compete covenant.

Should any extraordinary events or developments occur, TRATON SE will be entitled to adjust the terms of the performance share plan properly and at its reasonable discretion. Extraordinary events or developments can be, for example, an acquisition or sale of a company or parts thereof by an undertaking of the TRATON GROUP, material changes in the shareholder structure of TRATON SE or high inflation.

### 3.3 Penalty and clawback provision for the variable remuneration

In the event of relevant misconduct ("**Conduct Meeting Penalty Criteria**") by the Executive Board member during the assessment period relevant for the variable remuneration – in the case of the profit bonus during the Profit Bonus Year and in the case of the performance share plan during the four-year performance period – the Supervisory Board may at its reasonable discretion reduce the disbursement amount by up to 100 % ("**Penalty**"). Conduct Meeting Penalty Criteria may consist of individual misconduct or organisational misconduct. Should Conduct Meeting Penalty Criteria occur in a year which falls within the assessment period for several variable remuneration components, the Penalty can be set for each of these variable remuneration components, i.e. several variable remuneration components with assessment periods extending over more than one year may be subject to a Penalty based on the same Conduct Meeting Penalty Criteria.

In the event that Conduct Meeting Penalty Criteria becomes known or is discovered at a later date and this Conduct would have justified a 100 % Penalty had it been known initially, the Company is entitled, at its reasonable discretion, to claw back the gross disbursement amount in full. For the performance share plan and the profit bonus, this applies to each assessment period in which the year of the Conduct Meeting Penalty Criteria falls. Clawback is excluded if more than three years have passed since payment of the variable remuneration component was made.

## 4. Other benefits

The Supervisory Board is entitled to additionally grant members of the Executive Board an appropriate special payment. To this end, the Supervisory Board will conclude an individual agreement with the Executive Board member for the upcoming financial year, in which the Supervisory Board lays down the performance criteria for the special payment. A prerequisite for such a special payment is outstanding and exceptional performance on the part of the Executive Board member, so that the special payment is, 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 payment ends, the Supervisory Board determines the amount of the special bonus 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 that are temporary or that have been agreed for the entire term of the service agreement. These benefits may for example be payments to



## **Remuneration system Executive Board**

compensate for forfeited variable remuneration at a former employer or other financial disadvantages as well as benefits in connection with relocation or a minimum remuneration guarantee.

The Supervisory Board may agree a post-contractual non-compete covenant with Executive Board members in individual cases. TRATON SE will then undertake to pay the Executive Board member concerned non-compete compensation to an extent customary in the market in return for compliance with this covenant.

The Supervisory Board may agree with Executive Board members whose appointment as an Executive Board member is temporarily revoked with assurance of reappointment pursuant to section 84(3) German Stock Corporation Act that these Executive Board members may continue to receive individual remuneration components during the break in their term of office.

### **II. Maximum remuneration**

The total remuneration of a financial year is capped ("**Maximum Remuneration**"). The total remuneration in this sense includes the Base Salary disbursed for the respective financial year, the service cost of the company pension for the respective financial year, the fringe benefits granted for the respective financial year, the profit bonus granted for the respective financial year and disbursed in the following year, the amount disbursed in the respective financial year under a performance share plan whose performance period ended immediately prior the respective financial year and any special payment granted for the respective financial year.

Should the Supervisory Board grant new members of the Executive Board benefits that are temporary or that have been agreed for the entire term of the service agreement pursuant to section 1.0, these benefits will also be taken into account as part of the Maximum Remuneration for the financial year for which they are granted.

The Maximum Remuneration for the Chairman of the Executive Board is EUR 8,500,000 gross. The Maximum Remuneration for ordinary members of the Executive Board is EUR 5,000,000 gross.

In the case of Executive Board members who are at the same time members of the Executive Board of a foreign subsidiary of TRATON SE, the Maximum Remuneration refers to the total remuneration from TRATON SE and the respective subsidiary together.

Should the remuneration exceed the Maximum Remuneration, the variable remuneration components will be reduced proportionally.

Irrespective of the Maximum Remuneration set, the amounts disbursed for the profit bonus and LTI are moreover capped at 200 % and 250 % of the relevant target amount respectively.

### **III. Remuneration-related legal transactions**

#### **1 Term of remuneration-related legal transactions**

##### **1.1 Term of service agreements**

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 generally five years.

##### **1.2 Tie-in clause**

If the appointment as a member of the Executive Board is revoked pursuant to section 84(4) German Stock Corporation Act, the service agreement will in principle also come to an end. If the appointment is revoked on grounds that do not at the same time constitute cause within the meaning of section 626(1) German Civil Code, the service agreement will in principle only end on the expiry of a notice period of 12 months to the end of a month as from the declaration of the revocation or on the expiry of the term of the service agreement, if this is earlier. The same will apply if the Executive Board member validly resigns from office and, in principle, in the event of termination by mutual agreement.

##### **2. Compensation for loss of office**

If the appointment is revoked pursuant to section 84(4) German Stock Corporation Act or terminated by mutual consent without there being cause to do so within the meaning of section 626(1) German Civil Code, the Executive Board members will be entitled to a severance payment equal to the gross earnings for the remaining term of the service agreement, however not more than the amount equal to twice the gross annual income (severance cap).

The annual income relevant for calculating the severance amount is made up of the Base Salary for the previous year plus the variable remuneration components determined for the previous year. The previous year is the financial year

## **Remuneration system Executive Board**

preceding the year in which the appointment as an Executive Board member ends. Should the Company's Supervisory Board conclude, at its due discretion, that it is unreasonable to take the previous year into account, the prospective remuneration for the current financial year will be used as a basis instead. The severance payment will be reduced by the amount of contractual remuneration that the Company pays for the period from the termination of the appointment up to the end of the service agreement. It will be further reduced by any other income earned by the Executive Board member.

The severance payment will be paid in twelve equal monthly gross instalments as from the end of the service agreement. If the original remaining term of the service agreement as from the end of the appointment was less than 24 months, the number of instalments will be reduced accordingly. Any compensation for observing the post-contractual non-compete covenant possibly paid by the Company after the end of the service agreement will be set off against the monthly instalments. If the Executive Board member continues to be employed at the Company or another company of the Volkswagen Group within the scope of an employment / service relationship, he will not have any claim to a severance payment.

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

The Supervisory Board also takes the employment conditions of the employees into account when determining the remuneration system as well as the specific amount of the remuneration. To this end, the Supervisory Board has defined what constitutes the upper management (TRATON SE and MAN Truck & Bus, in each case employees in Germany) and has separated this from the Executive Board, on the one hand, and the workforce as a whole (TRATON SE and MAN Truck & Bus, in each case employees in Germany), on the other. In particular, the Supervisory Board assesses, as part of its regular review of the appropriateness of the Executive Board's remuneration, whether any changes in the relationship between the remuneration of the Executive Board, of the upper management and of the workforce as a whole mean that the Executive Board's remuneration must be adapted. In doing so, the Supervisory Board also takes into account how the remuneration of the groups described has changed over time.

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

The Supervisory Board will resolve a clear and understandable remuneration system for the Executive Board members. The Executive Committee is responsible for preparing the resolution of the Supervisory Board on the remuneration system and the regular review of the remuneration system. To this end, the Executive Committee will prepare a report and a proposed resolution. The Supervisory Board will review the remuneration system at its due discretion, but at least every four years. The Supervisory Board will in this regard carry out a market comparison and, in particular, take into account changes to the business environment, the overall economic situation and the Company's strategy, changes to and trends in national and international corporate governance standards as well as changes to the employees' remuneration and employment conditions pursuant to section B.IV. If need be, the Supervisory Board will bring in external remuneration experts and other consultants. The Supervisory Board will ensure that these external remuneration experts and consultants are independent of the Executive Board and of the undertaking and will take precautions to avoid conflicts of interest.

The Supervisory Board will submit the remuneration system resolved by it to the General Meeting for approval in the case of any material amendment, however at least every four years. Should the General Meeting not approve the system submitted to it, the Supervisory Board will submit a revised remuneration system to the General Meeting for approval at the latest at the next Annual General Meeting.

The Supervisory Board and the Executive Committee will take appropriate measures to ensure that potential conflicts of interest of the Supervisory Board members involved in the discussions 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 will disclose any conflicts of interest concerning him to his deputy. Decisions will be made on how to deal with an existing conflict of interest on a case by case basis. It could, in particular, be decided that the Supervisory Board member who has a conflict of interest is not to participate in a meeting or take part in individual discussions and decisions of the Supervisory Board or the staff committee.

The Supervisory Board may temporarily deviate from the remuneration system (procedures and regulations on the remuneration structure) and its individual components as well as from the conditions of individual remuneration components or introduce new remuneration components if this is necessary in the interest of the long-term well-being of TRATON SE. 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 may deviate in particular from the plan conditions of the profit bonus and/or the performance share plan.

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