

## **Remuneration system of the members of the Board of Management of Jungheinrich AG**

### **Preamble**

In December 2021, the Supervisory Board of Jungheinrich AG (hereinafter "Jungheinrich") decided to amend certain aspects of the remuneration system for the members of the Board of Management approved by the Annual General Meeting on 11 May 2021. The amendments essentially relate to the structure of the company pension for newly appointed members of the Board of Management as well as to the refinement of the amendment options for variable remuneration in the event of extraordinary developments and the definition of the severance cap. The slightly modified remuneration system presented below took effect retroactively as of 1 January 2022. This remuneration system enables the implementation of the legal provisions for remunerating the Board of Management based on the act transposing the second Shareholder Rights Directive. In addition, the system fundamentally takes account of the recommendations of the German Corporate Governance Code (GCGC) dated 16 December 2019 and published in the German Federal Gazette on 20 March 2020.

The new remuneration system is applicable to all new employment contracts with members of the Board of Management and to contract extensions. The existing members of the Board of Management can be transferred to the new remuneration system with retroactive effect from 1 January 2022.

## **I. Principles of the remuneration system and contribution to advancing the business strategy and to long-term performance**

In enhancing the Board of Management remuneration system, the Supervisory Board has pursued specific overall objectives:

### **Focus on strategy**

The aim of the remuneration system is to support the achievement of Jungheinrich's strategic goals and to ensure appropriate remuneration for the members of the Board of Management. By selecting performance criteria for short-term and long-term variable remuneration and setting ambitious targets for the individual performance criteria, the Supervisory Board has ensured that the remuneration system is consistent with Jungheinrich's long-term business strategy.

### **Sustainability**

The Board of Management remuneration system is consistent with Jungheinrich's corporate strategy, which is focused on creating sustainable value in addition to achieving profitable growth. Incorporating sustainability targets into short and long-term variable remuneration gives greater priority to social and environmental issues and promotes sustainable action by the company.

### **The character of a family business**

The remuneration system reflects Jungheinrich's character as a family business and places a focus on trust and long-term relationships. Any tendency towards too high a level of short-term risk is counteracted by an emphasis on the fixed remuneration components.

### **Interests of shareholders and other stakeholders**

Jungheinrich's remuneration system takes the interests of shareholders into consideration in addition to those of the Board of Management members, employees and customers. The share aspect of the long-term variable remuneration and the incorporation of share-based performance criteria take account of shareholders' interests.

### **Clarity and comprehensibility**

The remuneration system for the members of Jungheinrich's Board of Management is clearly and comprehensibly structured. It complies with the provisions of the German Stock Corporation Act in the version of the act transposing the second Shareholder Rights Directive dated 12 December 2019 and fundamentally takes account of the recommendations of the German Corporate Governance Code dated 16 December 2019.

## **II. Method for establishing, implementing and reviewing the remuneration system**

The Personnel Committee develops recommendations for the Board of Management remuneration system that are based, among other things, on the recommendations and suggestions of the German Corporate Governance Code in its applicable version. The Supervisory Board deliberates on the recommendations of the Personnel Committee and decides on the system for remunerating the Board of Management. The Supervisory Board can bring in an external consultant and ensure their independence in the appointment process.

The Supervisory Board presents the remuneration system that it has decided on to the Annual General Meeting for approval. If the Annual General Meeting does not approve the system presented, the Supervisory Board presents a reviewed remuneration system to the next Annual General Meeting at the latest for approval.

In accordance with the remuneration system presented to the Annual General Meeting, the Supervisory Board determines the specific target remuneration as well as the short and long-term performance criteria of the variable remuneration components for the upcoming financial year.

To ensure market-standard, competitive remuneration, the Supervisory Board reviews the remuneration system and remuneration amounts of the Board of Management every two years. The Personnel Committee supports the Supervisory Board with this review by undertaking preparations and providing recommendations.

As part of the review, the degree to which the remuneration is horizontally standard (comparison with Board of Management remuneration at other companies) and vertically standard (remuneration and employment conditions within Jungheinrich) is examined and assessed. For horizontal comparison, companies that are comparable with Jungheinrich, particularly with regard to country, sector and size, are used. Within Jungheinrich, top level management and the company's overall workforce are used for the vertical comparison both for current ratios and for ratios as they have developed over time. Top level management comprises executive level management and level one management in Germany. The company's overall workforce consists of its other salaried employees in Germany (excluding trainees and apprentices).

Changes to the remuneration system are made by the Supervisory Board if needed. The remuneration system is presented to the Annual General Meeting again for approval at least once every four years or in the event that significant changes are decided on.

With regard to the method for establishing, implementing and reviewing the remuneration system, the provisions applicable for handling conflicts of interest are also observed.

### **III. Components of the remuneration system**

#### **A. Overview of the remuneration components**

The annual remuneration of the members of Jungheinrich's Board of Management comprises non-performance-related and performance-related remuneration components. The non-performance-related component consists of three elements: basic remuneration, ancillary benefits and company pension. The performance-related remuneration consists of two elements: A member of the Board of Management receives short-term variable remuneration with a one-year term as a short-term incentive (STI) and virtual performance shares with a term of three years as a long-term incentive (LTI).

<b>Remuneration components</b>	<b>Arrangement</b>	
<b>Non-performance-related remuneration</b>		
<b>Basic remuneration</b>	Fixed remuneration paid as monthly payments	
<b>Ancillary benefits</b>	Primarily company car and insurance policies	
<b>Pension</b>	Defined benefit commitment for current Members of the Board of Management and general fixed benefit compensation for newly appointed Members of the Board of Management	
<b>Performance-related remuneration</b>		
<b>Short-term variable remuneration</b>	Plan type	<ul style="list-style-type: none"> <li>• Target bonus</li> </ul>
	Performance criteria	<ul style="list-style-type: none"> <li>• 45 % Group EBT return on sales</li> <li>• 35 % Increase in Group revenue</li> <li>• 20 % Lithium-ion equipment ratio</li> </ul>
	Discretionary factor	<ul style="list-style-type: none"> <li>• Factor of 0.8 to 1.2</li> </ul>
	Payment limit	<ul style="list-style-type: none"> <li>• 150 % of target amount</li> </ul>
	Term	<ul style="list-style-type: none"> <li>• One year</li> </ul>
<b>Long-term variable remuneration</b>	Plan type	<ul style="list-style-type: none"> <li>• Virtual performance share plan</li> </ul>
	Performance criteria	<ul style="list-style-type: none"> <li>• 60 % Return on capital employed (ROCE)</li> <li>• 20 % Relative total shareholder return (TSR) compared with an individual peer group</li> <li>• 20 % Sustainability target</li> </ul>
	Discretionary factor	<ul style="list-style-type: none"> <li>• Factor of 0.8 to 1.2</li> </ul>
	Payment limit	<ul style="list-style-type: none"> <li>• 180 % of target amount</li> </ul>
	Term	<ul style="list-style-type: none"> <li>• Three years</li> </ul>
<b>Other</b>		
<b>Malus/Clawback</b>	Option to reduce or reclaim variable remuneration on a pro rata basis in the event of significant, deliberate or grossly negligent breaches of duty	
<b>Maximum remuneration</b>	Limit on total remuneration granted for one financial year in accordance with Section 87a Paragraph 1 Sentence 2 Item 1 German Stock Corporation Act: <ul style="list-style-type: none"> <li>• Chairman of the Board of Management: €3,500,000.00</li> <li>• Ordinary members of the Board of Management: €2,300,000.00 each</li> </ul>	
<b>Severance cap</b>	Maximal termination payment of one annual basic remuneration, STI remuneration and LTI remuneration or the maximum amount for the remainder of the term of office	

The target total remuneration comprises the total of the non-performance-related and performance-related remuneration components. The STI and LTI are used as a basis with their target amount, i.e. the amount when target achievement is 100 %. The share of long-term variable remuneration is higher than the share of one-year variable remuneration. The shares of the remuneration components in the target total remuneration are as follows:

Remuneration component	Share in target total remuneration
Basic remuneration	~ 40–50 %
Ancillary benefits	~ 1–5 %
Pension	~ 5–15 %
Short-term incentive	~ 15–25 %
Long-term incentive	~ 20–30 %

## B. Non-performance-related remuneration

The non-performance-related remuneration comprises the basic remuneration, ancillary benefits and pension.

### 1. Basic remuneration

The basic remuneration is a fixed amount and is paid as monthly payments.

### 2. Ancillary benefits

Each member of the Board of Management also receives ancillary benefits in the form of emoluments in kind and other emoluments. The ancillary benefits essentially consist of a company car and accident insurance for members of the Board of Management.

### 3. Pension

The current members of Jungheinrich's Board of Management are entitled to a retirement and disability pension as well as support for surviving family members. The pension takes the form of a defined benefit commitment that entitles the member of the Board of Management to a pension payable for life from the end of their 63<sup>rd</sup> year.

Aspect	Specificity
Commitment type	Defined benefit commitment
Commencement of pension	End of 63 <sup>rd</sup> year
Basic amount	€30,000.00 per year
Increase per year on Board of Management	€4,200.00 per year
Payment options	Monthly payment (annual increase of 1%)
Disability/death	Disability: 100 % Death: 50 %

Newly appointed members of the Board of Management are granted a fixed annual maintenance payment which is paid once a year in addition to the fixed remuneration. These members of the Board of Management can use the maintenance payment to operate their pension on an independent basis. Apart from this, these members of the Board of Management are granted no other company pension from Jungheinrich. In the case of new members of the Board of Management who were already salaried employees of the Jungheinrich Group before their appointment and therefore have a commitment to receive a company pension, the Supervisory Board can continue this commitment as an exception instead of granting a maintenance payment.

### **C. Performance-related remuneration**

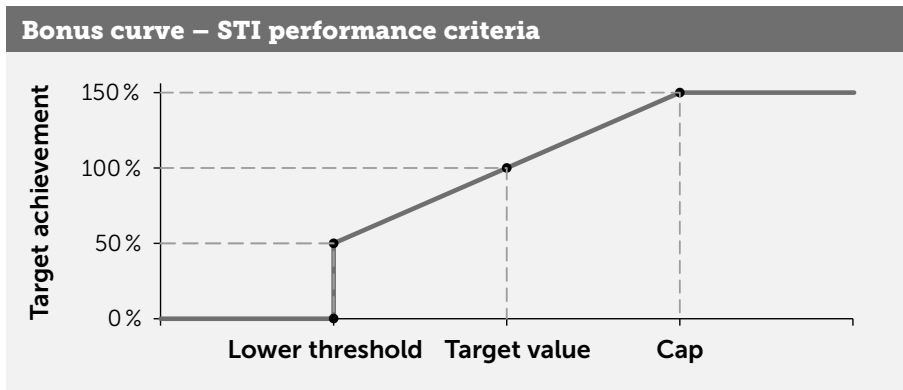
The performance-related remuneration comprises the short-term variable remuneration with a one-year term and the virtual performance shares with a three-year term. It incentivises the implementation of Jungheinrich's strategy as well as the long-term and sustainable performance of the company. The Supervisory Board sets ambitious short and long-term targets for the performance criteria every year that are based on operating management and the corporate strategy. The amount of the variable remuneration depends on the achievement of the targets set, among other things.

#### **1. Short-term variable remuneration (STI)**

The short-term variable remuneration contributes to the advancement of the business strategy by rewarding the operational implementation of the corporate strategy within a financial year. The breakdown of the relevant performance criteria for assessing success is 45 % for the Group earnings-before-tax return on sales, (Group EBT return on sales), 35 % for the increase in Group revenue and 20 % for the equipment ratio of trucks with lithium-ion batteries. The Group EBT return on sales and the increase in Group revenue feed into Jungheinrich's strategy to achieve profitable growth. The equipment ratio of trucks with lithium-ion batteries reflects Jungheinrich's social and environmental responsibility in the form of a sustainability target. The expansion of the product portfolio to include additional trucks with fully integrated lithium-ion batteries is an important strategic initiative that makes an effective contribution to sustainability.

Before or at the start of the financial year, challenging threshold, target and cap values are set for each performance criterion. The target values are derived from the operating or strategic corporate planning. If the performance is below the threshold value, the target achievement is 0 % and the STI can be completely disregarded as a result. At the upper end, target achievement is capped at 150 per cent.

For the financial targets and the "lithium-ion equipment ratio" sustainability target, a graph of the bonus curves looks as follows:



The threshold, target and cap values of the STI performance criteria are published in the remuneration report for the respective financial year provided that this is not detrimental to Jungheinrich’s market position.

The amount of the short-term variable remuneration for a financial year is determined using the target achievement of the set performance criteria. After the Supervisory Board approves the consolidated financial statements relevant for the financial year, the target achievement is determined for each performance criterion. This is done by comparing the actual values achieved with the set target values. The degrees of target achievement calculated in this way are multiplied by the respective weighting of the performance criterion and then added together to determine the overall target achievement. On an exceptional basis, the Supervisory Board can multiply the degree of overall target achievement by a factor of between 0.8 and 1.2 in the form of a discretionary decision due to extraordinary events or due to the individual performance of one or more members of the Board of Management and amend it as a result. The overall target achievement is multiplied by the target amount to determine the payment amount. This is limited to 150 per cent of the target amount.

### Short-term Incentive

<b>Financial year 0</b>	<b>Financial year 1</b>	<b>Financial year 2</b>		
	One-year performance period →			
Target amount in €	<b>Target achievement in % (0%–150%)</b> ×		<b>Discretionary factor</b> = 0.8–1.2	<b>Payout in €</b> Cap: 150% of target amount
	Group EBT return on sales	45%		
	Increase in Group revenue	35%		
	Lithium-ion equipment ratio	20%		
	<b>Malus</b>	<b>Clawback</b>		

The performance criteria and target values for the performance criteria may not be subsequently changed in principle. The Supervisory Board may take extraordinary developments into account as appropriate in accordance with the recommendation in G.11 of the German Corporate Governance Code in justified exceptional cases that are not related to the Board of Management’s performance based on its prudent judgement when calculating the degrees of target achievement or by subsequently adjusting the LTI target values and performance criteria during the current performance period. Extraordinary developments refer solely to significant business changes not taken into consideration in operational planning, in particular significant purchases or sales of companies,

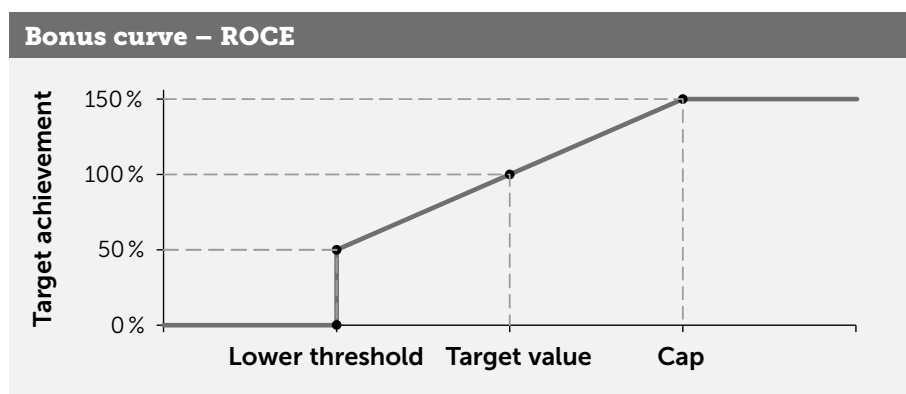
restructurings, changes to the corporate strategy or business model, changes to tax or accounting regulations with substantial effects, or far-reaching and unforeseeable changes to the economic situation (for example, as a result of severe economic crises), the effects of which are not sufficiently reflected in the target achievement. Generally unfavourable market developments are expressly not considered to be exceptional developments. If exceptional developments that require an adjustment as outlined above occur, corresponding details will be provided in the next annual remuneration report.

## 2. Long-term variable remuneration (LTI)

The share-based LTI contributes to the advancement of the business strategy by rewarding a long-term increase in Jungheinrich's value. Since the strategy of achieving profitable growth is largely dependent on the capital available, it is particularly important to focus on value in the long term with regard to the use of the capital employed. By incorporating absolute and relative share price performance, the LTI helps to link the interests of shareholders and members of the Board of Management more closely together. Overall, an incentive is created to increase the company's value on a long-term and sustainable basis.

The LTI is granted every year as a tranche in the form of virtual performance shares and is therefore share-based. At the start of the term, the target amount of the LTI is divided by Jungheinrich's average share price (arithmetic mean of the closing prices in the last 120 trading days before the start of the performance period) to calculate the number of virtual shares assigned conditionally (virtual performance shares – VPSs). This number of VPSs can increase or decrease depending on the target achievement of the cumulatively linked performance criteria of return on capital employed (ROCE), relative total shareholder return (TSR) compared with an individual peer group, and a sustainability target. The number of VPSs can also be completely disregarded if the targets set are missed by a significant amount.

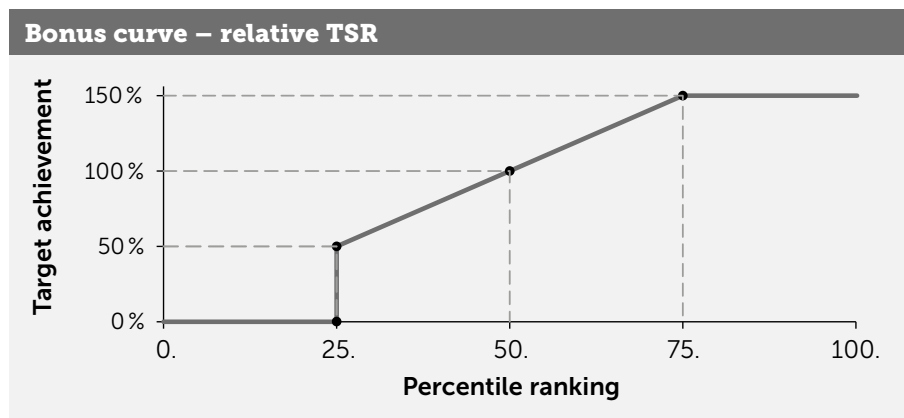
The first LTI performance criterion is the ROCE, which is weighted at 60 per cent. Before or at the start of every financial year, the Supervisory Board decides on challenging threshold, target and cap values for the ROCE of the respective new tranche which are valid for the entire three-year term of the tranche. The target value set by the Supervisory Board every year is based on the return on capital employed strategically expected. After the Supervisory Board approves the consolidated financial statements relevant for the last financial year in the performance period, the target achievement is determined for the ROCE. This is done by comparing the actual ROCE value achieved at the end of the three-year performance period with the set target value.





The second performance criterion, the relative TSR, compares the TSR performance of Jungheinrich with the TSR performance of an individual peer group and is weighted at 20 per cent. The peer group comprises the same listed companies that are used for the horizontal market comparison. The TSR performance is calculated as the ratio of the share price performance plus dividends paid at the end of the performance period to the value at the start of the performance period. The TSR performance is determined for each company in the peer group and Jungheinrich after the performance period ends. The resulting individual values are subsequently ranked and given a percentile ranking, whereby the 0th percentile ranking corresponds to the lowest TSR performance and the 100<sup>th</sup> percentile ranking to the highest TSR performance.

The target achievement for the relative TSR is determined after the performance period ends based on Jungheinrich's percentile ranking: Up to the 25<sup>th</sup> percentile ranking corresponds to 0 per cent target achievement; at the 25<sup>th</sup> percentile ranking, 50 per cent; at the 50<sup>th</sup> percentile ranking, 100 per cent; and from the 75<sup>th</sup> percentile ranking upwards, 150 per cent. Between the percentile rankings mentioned, the target achievement is interpolated on a linear basis.

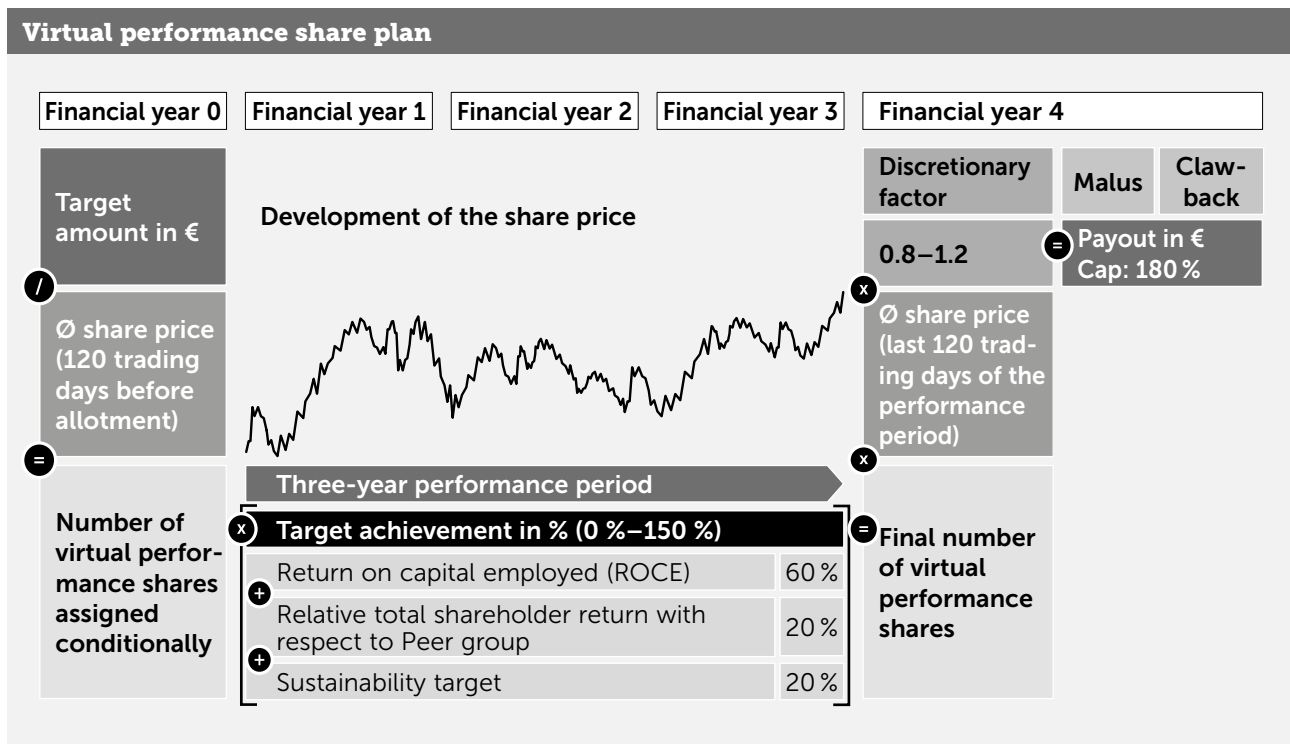


The third performance criterion is a non-financial target which is weighted at 20 per cent. The non-financial target is newly set by the Supervisory Board every year and can be selected from a catalogue of criteria for new LTI tranches. This catalogue includes but is not limited to the following criteria: lithium-ion equipment ratio, CO2 reduction. The specific details of the sustainability target are published in the remuneration report provided that this is not detrimental to Jungheinrich's competitive position.

The degrees of target achievement calculated for the ROCE, the relative TSR and the non-financial target are multiplied by the respective weighting of the performance criterion and then added together to determine the overall target achievement.

The final number of virtual performance shares is determined after the performance period ends by multiplying the number of VPSs assigned originally by the overall target achievement. The final number of virtual performance shares is subsequently multiplied by the average share price at the end of the performance period (arithmetic mean of the closing prices in the last 120 trading days before the end of the performance period) to determine the payment amount. On an exceptional basis, the Supervisory Board can multiply the payment amount by a factor of between 0.8 and 1.2 in the form of a discretionary decision due to extraordinary events or due to the individual

performance of one or more members of the Board of Management and amend it as a result. In all cases, the payment amount is limited to 180 per cent of the target amount.



The performance criteria and target values for the performance criteria may not be subsequently changed in principle. The Supervisory Board may take extraordinary developments into account as appropriate in accordance with the recommendation in G.11 of the German Corporate Governance Code in justified exceptional cases that are not related to the Board of Management’s performance based on its prudent judgement when calculating the degrees of target achievement or by subsequently adjusting the LTI target values and performance criteria during the current performance period. Extraordinary developments refer solely to significant business changes not taken into consideration in operational planning, in particular significant purchases or sales of companies, restructurings, changes to the corporate strategy or business model, changes to tax or accounting regulations with substantial effects, or far-reaching and unforeseeable changes to the economic situation (for example, as a result of severe economic crises), the effects of which are not sufficiently reflected in the target achievement. Generally unfavourable market developments are expressly not considered to be exceptional developments. If exceptional developments that require an adjustment as outlined above occur, corresponding details will be provided in the next annual remuneration report.

Due to the switch to the new remuneration system, there is a modified payment structure for the current members of the Board of Management, as a result of which certain remuneration elements will be paid at a later stage. To make the transition to the new system easier for the members of the Board of Management, they will receive a one-off transition payment in return in 2023 which will be offset against later payments.

## **D. Other**

### **1. Malus and clawback**

The short-term variable remuneration and virtual performance shares are subject to malus and clawback conditions. For significant, deliberate or grossly negligent breaches of duty by the members of the Board of Management, the Supervisory Board is entitled to retain up to 50 per cent of the as yet unpaid variable remuneration granted for the financial year in which the breach of duty occurs (malus) and to reclaim up to 50 per cent of the variable remuneration already paid for a specific period of time (clawback). The Supervisory Board's decision in this regard is based on its prudent judgement. The potential liability of the member of the Management Board for damages to the company in accordance with Section 93, Paragraph 2 of the German Stock Corporation Act is not affected by this.

### **2. Maximum remuneration**

The remuneration of the Board of Management is limited in two regards. First, the variable remuneration components are limited in terms of their amount (short-term variable remuneration: 150 per cent of the target amount, virtual performance shares: 180 per cent of the target amount). Second, the Supervisory Board has set a maximum remuneration in accordance with Section 87a, Paragraph 1, Sentence 2, Item 1 of the German Stock Corporation Act limiting the payable remuneration that is granted for a financial year. This maximum remuneration comprises the basic remuneration, ancillary benefits, pension and payments under the STI and LTI. The maximum remuneration is €3,500,000.00 for the Chairman of the Board of Management and €2,300,000.00 for each of the ordinary members of the Board of Management:

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

### **A. Terms of Board of Management employment contracts**

The Board of Management employment contracts are concluded for the duration of the respective appointment and extended for the duration of the re-appointment. Ordinary members of the Board of Management are appointed for three years as a rule and the Chairman of the Board of Management for four years as a rule.

The Board of Management employment contracts do not contain an ordinary termination option for either party. This does not affect the mutual right to terminate the Board of Management employment contract without notice for good cause.

### **B. Benefits upon contract termination**

In the event of a premature termination of either the appointment of the member of the Board of Management as a member of the Board of Management or the employment contract, any payments to the member of the Board of Management that may be required (in the absence of good cause as defined in Section 626 of the German Civil Code), including ancillary benefits,

should not exceed the sum of an annual total remuneration, STI remuneration and LTI remuneration or the value of the remuneration for the remaining term of the employment contract (severance cap).

### **C. Change of control**

There are no commitments in the event of a premature termination of a position on the Board of Management as a result of a change of control.

### **D. Appointment or departure during the year**

If a member joins or leaves the Board of Management during a financial year, the remuneration is granted pro rata temporis.

In the event of a (premature) termination of the employment contract or the commencement of a pension, the as yet unpaid virtual performance shares of the ongoing LTI tranches will remain at the agreed amount and be paid after the Supervisory Board assesses the target achievement in accordance with the regular specifications. Early payment will not occur. Virtual performance shares from ongoing tranches will cease without any substitution if the employment contract of a member of the Board of Management is extraordinarily terminated by the company for good cause or the member of the Board of Management resigns from their position.

### **E. Remuneration of Supervisory Board mandates within and outside of the Jungheinrich Group**

Any remuneration of a member of the Board of Management for Supervisory Board mandates at companies in which Jungheinrich or a company affiliated with Jungheinrich has a significant shareholding are taken into account for the emoluments of the member of the Board of Management. The Supervisory Board has the right to decide whether and to what extent the remuneration payable to the member of the Board of Management for holding Supervisory Board mandates outside of the Group should be taken into account for the emoluments of the member of the Board of Management.

### **V. Temporary deviation from the remuneration system**

The Supervisory Board may deviate from the remuneration system on an exceptional basis in accordance with the legal provision of Section 87a, Paragraph 2, Sentence 2 of the German Stock Corporation Act if extraordinary circumstances necessitate a deviation in the interest of the company's long-term welfare. This requires a Supervisory Board resolution that establishes the need for a deviation in a transparent and justified manner. The components of the remuneration system which may be deviated from under the circumstances mentioned are the remuneration structure as well as the set performance criteria and targets in the STI and LTI. If this happens, the Supervisory Board may also grant additional remuneration components on a temporary basis. In addition, the components tangibly affected by the deviation from the remuneration system and the need for this deviation must be detailed to the shareholders in the remuneration report.