



## **Remuneration system for members of the Managing Board**

The remuneration system for the members of the Managing Board of Sixt SE as described in more detail below was resolved by the Supervisory Board of the Company on 23 April 2021 and submitted to the Annual General Meeting of the Company on 16 June 2021 for approval. It applies to all employment contracts of Managing Board members that are concluded or renewed after the resolution of the Supervisory Board.

The Annual General Meeting of the Company on 16 June 2021 approved this system for the remuneration of the members of the Managing Board pursuant to section 120a (1) of the German Stock Corporation Act (AktG) with a majority of 81.1159% of the valid votes cast by way of a resolution on agenda item 7.

### **1. Principles of the remuneration system and its contribution to supporting the business strategy and long-term performance of Sixt SE**

In order to achieve the Company purposes, Sixt SE aims to further the growth of the Sixt Group, to increase the focus on integrated and digital mobility services and to position Sixt as the globally leading international provider of mobility services. The Sixt SE management team must act with a high degree of entrepreneurial foresight, innovative spirit, and flexibility in order to successfully implement these strategic objectives while, at the same time, focussing on sustainable earnings.

In order to achieve these objectives, the remuneration system for the Sixt SE's Managing Board is based on the following principles:

- A transparent and comprehensible remuneration system based on the economic success of the entire Group promotes the overall strategic approach of the Managing Board and sustainable growth for the Sixt Group.
- Total remuneration depends on the Managing Board members' performance and their range of duties.
- Basing the calculation of variable remuneration components on results of multiple years and applying caps to individual fiscal years promotes sustainable, long-term growth while discouraging the taking of unreasonably high risks.
- The variable performance-related remuneration contains a long-term share-based component, thereby supporting a strong equity culture and aligning the interests of shareholders, management, and other stakeholders.

In devising the remuneration system, the Supervisory Board took into account both the remuneration system and the remuneration structure of the senior and executive managers at Sixt SE below the Managing Board level as well as of the managing directors at the consolidated companies of the Sixt Group. The Supervisory Board defined a comparison group for the underlying considerations that is composed of

the first two management levels below the Sixt SE Managing Board and the managing directors at the consolidated companies of the Sixt Group.

## **2. Adoption, implementation, and revision of the remuneration system**

The remuneration system is adopted by the corporate body in charge, i.e., the Supervisory Board, and presented to the Annual General Meeting for approval in accordance with section 120a of the German Stock Corporation Act (AktG). If the Annual General Meeting does not approve the remuneration system, the Supervisory Board shall present a revised remuneration system to the Annual General Meeting for approval no later than at the next ordinary meeting.

The Supervisory Board will review the appropriateness of the remuneration components at regular intervals. For this purpose, it will carry out horizontal peer group comparisons and vertical comparisons with the remuneration amounts and structure of a group of senior and executive managers below the Sixt SE Managing Board level that was defined by the Supervisory Board and of the managing directors at the consolidated companies of the Sixt Group. The Supervisory Board may involve external remuneration experts to assess the horizontal and vertical appropriateness. If the Supervisory Board decides to involve external experts it must ensure that they are independent.

The remuneration system will be presented to the Annual General Meeting for approval whenever material changes are required in the view of the Supervisory Board. Furthermore, the remuneration system will be presented to the Annual General Meeting for approval when the designated term has lapsed, but no later than every four years.

## **3. Remuneration components and maximum remuneration**

The total remuneration of each member of the Sixt SE's Managing Board consists of non-performance-related and performance-related components. The performance-related components also include a share-based remuneration component. The total remuneration is composed of the following components:

### **3.1 Non-performance-related remuneration**

#### **a. Basic remuneration**

The members of the Managing Board receive a fixed basic salary per fiscal year that is paid out monthly in twelve equal instalments. The amount of the basic salary is based on the range of duties, the area of responsibility and the experience of the Managing Board member in question.

#### **b. Fringe benefits**

The non-performance-related remuneration also includes fringe benefits in kind. This refers to the provision of a maximum of two company cars for private and business-related use, the possibility to use a chauffeur service, the use of a company mobile phone for business-related as well as private purposes and, if certain requirements are met, a bodyguard. Furthermore, the members of the Managing Board receive allowances for their health insurance and long-term care insurance contributions (currently limited to half of the general and standard statutory health insurance contribution rate). Moreover, Sixt SE may, within reasonable limitations, take out insurance policies for its Managing Board members. At present, accident insurance, a D&O insurance and legal expenses insurance have been taken out on behalf of the Managing Board members. Furthermore, the Supervisory Board may decide in individual cases to grant members of the Managing Board

one-off payments, in particular to compensate for payments no longer received for previous employment and/or to cover the cost of real estate agents and moving house or the cost of running two households.

The amount of contractual fringe benefits that each member of the Managing Board is entitled to is limited to a contractually defined gross total amount per fiscal year.

### 3.2 Performance-related remuneration

In addition to their non-performance-related basic remuneration and the contractual fringe benefits, the Managing Board members also receive performance-related remuneration. The performance-related remuneration consists of two components, i.e. a bonus and the share-based Share Performance Program.

#### a. Performance-related remuneration

The entitlement to the bonus and the amount thereof are dependent on certain contractually defined and usually earnings-related financial key figures being achieved ("**Performance Indicators**"). At present, consolidated earnings before taxes (EBT) as reported in the consolidated financial statements of Sixt SE for the fiscal year in question is the relevant Performance Indicator for assessing bonus payments. The Supervisory Board may agree on alternative or additional key figures (e.g. revenue) or segment-related key figures as the relevant Performance Indicators for assessing bonus payments if this seems expedient in light of the respective Managing Board member's range of duties.

Given the simplicity and transparency of the underlying calculations and the fact that the Performance Indicators are fundamentally earnings-related and geared to the Group as a whole, the performance-related remuneration component promotes sustainable earnings-oriented growth of the Sixt Group as well as strategic and operational management decisions that target the success of the entire Group. The degree to which the targets have been achieved can be easily ascertained on the basis of the adopted key figures for the respective fiscal year that are reported in the consolidated financial statements of Sixt SE.

During the term of the Managing Board's employment contracts, it is determined for each fiscal year ("**Base Year**") whether and in what amount the respective member has earned their entitlement to a bonus. If the contractual term commences or ends during the year, the bonus for the respective Base Year is granted pro rata temporis.

Whether a member is entitled to a bonus depends overall on whether the agreed Performance Indicator reached a certain minimum threshold in the Base Year in question. If this minimum threshold is not reached, no bonus entitlements arise for the Base Year in question. If the minimum threshold is exceeded, the amount of the bonus entitlement depends on the degree to which the Target Figure generated in the respective Base Year actually exceeds the bonus-related minimum threshold. The employment contracts of the Managing Board members directly and transparently govern the bonus amounts earned in relation to the amount by which the actual figures exceed the minimum threshold for the entire term of the respective contract. The amount of the bonus entitlement is capped at an agreed maximum amount per Base Year for each Managing Board member.

The bonus entitlements of the individual Managing Board members are split into two tranches for each Base Year. The first tranche amounting to 49.9% of the bonus entitlement for the Base Year in question becomes payable after the end of the Annual General Meeting that passes a resolution on the appropriation of profit for that Base Year. The second tranche amounting to 50.1% of the bonus entitlement only arises if the agreed Performance Indicator also reaches a contractually defined minimum threshold in the fiscal year following the Base Year. If the minimum threshold is reached, the second tranche of the respective bonus entitlement becomes payable after the end of the Annual General Meeting that passes a resolution on the appropriation of profit for the fiscal year following the Base Year. If this minimum threshold is not reached, the claim to the second tranche is forfeited without substitution. In this case, the bonus entitlement for the Base Year is reduced to 49.9% of the bonus entitlement that had originally arisen.

b. Share Performance Program

The share-based remuneration is granted through a Share Performance Program that depends on the achievement of certain Performance Indicators. At present, this refers to a defined EBT amount that must be reached. If the defined Performance Indicators are reached in a fiscal year, the Managing Board members are granted a certain number of virtual ordinary shares in the year thereafter. The number of virtual ordinary shares to be granted is currently based on a defined fraction of EBT of the last fiscal year, limited to an agreed cap, divided by the weighted closing price of the ordinary shares for a certain period before the date on which the virtual shares are granted. If the Managing Board member is still in office four years after the shares were granted, the member receives a cash payment under the Share Performance Program. The amount of the cash payment equals the number of virtual ordinary shares granted for the tranche in question multiplied by the weighted closing price of the ordinary shares for a certain period before the date of payment up to an agreed maximum cap. In the event of extraordinary developments that distort the figure upwards or downwards (like, for instance, material changes to accounting policies), the Supervisory Board may, at its reasonable discretion, adjust the formula for calculating the virtual shares to be granted. This provision also serves to implement a corresponding recommendation of the German Corporate Governance Code.

The share-based long-term performance-related remuneration component also has a high degree of calculation clarity and transparency. As it is linked to the long-term share price performance, it reflects the interests of the shareholders, while ensuring a sustainable corporate strategy.

### 3.3 Target total remuneration

In view of the above-stated objectives – the first step of which will be to return to the level immediately before the outbreak of the COVID-19 pandemic – the target total remuneration for the entire Managing Board amounts to EUR 15.6 million based on the last EBT of Sixt SE of EUR 337 million before the outbreak of the pandemic in fiscal 2019. The total remuneration actually paid for 2019 (consisting of non-performance-related components, components with a long-term incentive effect and the promised performance-related components for 2019, which were paid out in 2020) for the entire Managing Board amounted to EUR 14.06 million. The difference between the above-stated target remuneration and the remuneration actually paid for 2019 is mainly because the calculation of the target remuneration is based on the assumption that the Share Matching Program pays out the maximum amount. This, however, would only be the case if the share price were to double within a period of four years.

### **3.4 Maximum remuneration**

Depending on the Managing Board member's area of responsibility, the maximum remuneration achievable in a fiscal year is capped at an EBT of between EUR 480 million and EUR 1,000 million. If this cap is reached, the maximum total remuneration of all Managing Board members amounts to EUR 23 million. The cap thus equals 1.4x to 2.9x of EBT in 2019, one of the most successful years in the Company's history thus far. Cash flows from share-based remuneration components are allocated to the fiscal year in which the tranche was granted. The total remuneration for a fiscal year cannot exceed the maximum remuneration defined in this respect. The chosen system and the defined targets and thresholds thus create a considerable incentive to pursue the interests of the Group and its stakeholders and, finally, the shareholders. In this context, it is noteworthy that half of the short-term variable remuneration is only paid out if the Group result remains positive in the next year. This ensures that no incentives are created for short-term earnings improvements that are achieved at the cost of upcoming fiscal years.

### **3.5 Relation between non-performance-related and performance-related remuneration components**

Individual remuneration components, including in particular the amount of the basic remuneration and the measurement parameters, the method of calculation and the maximum bonus amounts are defined individually for every member of the Managing Board. The expected relative shares of the individual remuneration components are therefore stated as a percentage range. The share of the non-performance-related remuneration (basic remuneration and fringe benefits) in the maximum remuneration achievable in a fiscal year ranges between 20% and 32%. With regard to fringe benefits, this relation is based on the contractually defined gross total amount of the contractual fringe benefits per fiscal year.

The share of the bonus in the maximum remuneration achievable in a fiscal year ranges between 43% and 58%. This relation is based on the contractually agreed maximum bonus amount per fiscal year.

The share of the share-based Share Performance Program in the maximum remuneration achievable in a fiscal year ranges between 14% and 25%. This relation is based on the contractually agreed maximum amount under the Share Performance Program per fiscal year. The first payment under the Share Performance Program cannot be made until fiscal 2025, provided the payout requirements are in fact met at that time.

## **4. Malus**

The agreements on the bonus as a variable remuneration component also include so-called malus provisions. According to these provisions, the initial entitlement to the second tranche of 50.1% for a fiscal year is only valid if the agreed Performance Indicator also reaches a contractually defined minimum threshold in the fiscal year following the Base Year. If this minimum threshold is not reached, the claim to the second tranche is forfeited and the bonus entitlement for the Base Year is reduced to 49.9% of the nominal bonus entitlement.

## **5. Severance provisions**

No commitments have been made to pay severance compensation in case of a premature termination of a Managing Board member's term of office. At the same time, it was agreed for precautionary reasons that any severance compensation to be paid including any fringe benefits may not exceed the value of

two annual remunerations and is limited to the remuneration for the remaining term of the contract at the most.

**6. Temporary deviations from the remuneration system**

The Supervisory Board may temporarily deviate from the remuneration system if this is in the interest of the Company's long-term development. In such exceptional situations, the basic remuneration, fringe benefits and/or variable remuneration components and the relation between basic remuneration and variable remuneration as well as the relations between the individual variable remuneration components may be designed differently. The Supervisory Board is furthermore entitled to grant new Managing Board members extraordinary payments in order to compensate for potential salary losses in connection with former employment or to cover the cost of moving house or relocating. In the procedure for determining these changes, the principle of horizontal and vertical comparison shall continue to be observed.

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