



*Convenience translation
The German version is decisive*

Annual General Meeting

**MTU Aero Engines AG
on
May 5, 2022**

Further information on item 6 of the agenda:

Resolution on amending Section 12 paragraphs 1, 3 and 5 of the Articles of Association (Compensation of the Supervisory Board)

Pursuant to Section 113 (3) sentences 1 and 2 German Stock Corporation Act (AktG), at the annual general meeting of listed companies shareholders have to adopt a resolution on compensation of the supervisory board at least once every four years. It is allowed that such resolution be a confirmation of the existing compensation scheme. The currently valid compensation scheme for the Supervisory Board governed by Section 12 of the Articles of Association was confirmed by shareholders of MTU Aero Engines AG at the Annual General Meeting held April 21, 2021. The Executive Board and Supervisory Board propose adjusting the previously existing compensation scheme, amending Article 12 of the Articles of Association accordingly. The compensation scheme for Supervisory Board members of MTU Aero Engines AG, which forms the basis for the amendment of the Articles of Association, is outlined below along with the reasons for adjusting Supervisory Board member compensation.

Under item 6 on the agenda, the Executive Board and Supervisory Board propose amending Article 12 paragraphs 1, 3 and 5 of the Articles of Association. Article 12 paragraphs 1, 3 and 5 of the Articles of Association are to be amended to have the following wording:

“(1) Members of the Supervisory Board shall receive a fixed annual compensation payable after the end of the financial year amounting to EUR 80,000.00 (in words: eighty thousand euros).

.....

...

(3) In addition to the compensation stated in paragraph 1, members of the Supervisory Board who belong to a committee shall receive an additional EUR 20,000.00 (in words: twenty thousand euros), and if serving as committee chair, an additional EUR 40,000.00 (in words: forty thousand euros). This shall not apply to membership in the committee set up to perform the task named in Section 31 (3) of the German Co-determination Act of 1976, for which no additional compensation is paid. In addition to the compensation stated in paragraph 1, members of the Supervisory Board who belong to the nomination committee shall receive an additional EUR 10,000.00 (in words: ten thousand euros), and

if serving as committee chair, an additional EUR 20,000 (in words: twenty thousand euros).

...
...

(5) In addition to their fixed annual compensation, members of the Supervisory Board shall receive an attendance fee of EUR 3,000.00 (in words: three thousand euros) for attending each meeting of the Supervisory Board or of a committee to which they belong, subject to an upper limit of EUR 3,000.00 (in words: three thousand euros) per calendar day."

Reasons for the proposed adjustment

There has been no change in Supervisory Board compensation since the resolution adopted at the 2013 Annual General Meeting. The compensation scheme was not adjusted when MTU Aero Engines AG was included in the DAX in September 2019. Yet all MTU key performance figures have significantly improved, the balance sheet total having nearly doubled and the company's market capitalization and share price are now two-and-a-half times higher than their 2013 levels.

	Year 2013	Year 2021*
Adjusted EBIT	EUR 377 million	EUR 468 million
Total assets	EUR 4,459 million	EUR 8,304 million
Number of employees	8,695	10,508
Market capitalization	EUR 3,712 million	EUR 9,586 million
Stock price	EUR 71.39	EUR 179.40

** 2021 was influenced by the Covid-19 crisis*

Since Supervisory Board compensation was last adjusted in 2013, the international business environment and regulatory framework have become significantly more complex, with heightened requirements and expectations regarding the work and responsibilities of Supervisory Board members. These concern for example issues around sustainability, audit committee activities and audit committee member qualification requirements pursuant to the German Act to Strengthen Financial Market Integrity.

Process for reviewing the compensation of the Supervisory Board

Pursuant to ARUG II, shareholders of listed companies have to pass a resolution on the compensation of the supervisory board every four years at a minimum, which may be a resolution reiterating the existing compensation scheme for supervisory board members. The Supervisory Board of MTU Aero Engines AG will thus review its compensation every four years at a minimum in preparation for this recurring resolution, submitting a corresponding resolution proposal together with the Executive Board for shareholders at the Annual General Meeting. To this end, the Supervisory Board may obtain advice from an independent consultant. The role of the Supervisory Board, i.e. of its members, is to monitor how the Executive Board manages MTU Aero Engines AG as a business and support the latter in an advisory capacity. This represents a fundamentally different activity than activities performed by employees of MTU Aero Engines AG and the MTU Group. Thus in reviewing the structure and amount of Supervisory Board member compensation, a 'vertical comparison' against employee compensation is disallowed.

Supervisory Board members are involved in structuring their own compensation scheme, due to the nature of their role. The inherent conflicts of interest this holds are offset by the fact that by law,

shareholders always ultimately decide on structuring the compensation scheme, voting on corresponding resolutions proposed jointly by the supervisory board and executive board.

Specific adjustments to the Supervisory Board compensation scheme

Pursuant to the Articles of Association, to be amended at the Annual General Meeting on May 5, 2022, all Supervisory Board members will continue receiving a fixed annual base salary. The salary scheme has three levels for the supervisory board chair, deputy chair and other members respectively. Under the new policy, all regular Supervisory Board members are to receive a fixed annual base salary of EUR 80,000. The Supervisory Board chair and deputy chair receive a higher fixed annual base salary in view of the greater organizational and administrative work required of them and their special responsibilities to ensure successful and efficient cooperation between all board members. The Supervisory Board chair receives three times the fixed annual base salary amount, the deputy chair one-and-a-half times.

Additional compensation is paid for Supervisory Board committee membership, reflecting the importance of committee work and the additional preparation and other work this involves. Under the new policies, for committee membership Supervisory Board members receive an additional EUR 20,000 above their fixed annual base salary, and a further EUR 40,000 if serving as committee chair. Supervisory Board members on the nomination committee are to receive an additional 10,000 euros above their fixed annual salary, plus an additional 20,000 euros if serving as chair of that committee. No additional compensation is payable for membership in the 'mediation committee' mandated by Section 31 (3) of the German Co-determination Act (MitbestG).

To adequately compensate the time commitment required for attending Supervisory Board meetings, as before, Supervisory Board members are to receive an attendance fee of EUR 3,000 per Supervisory Board meeting and committee meeting they attend (including phone and videoconference meetings), capped at one meeting per day.

Supervisory Board members are covered by a directors and officers liability insurance policy for members of governing bodies, in line with the company's interests. The insurance premiums are paid by the Company. The Company reimburses Supervisory Board members for out-of-pocket expenditures and any value-added tax payable on their compensation. The Company also provides Supervisory Board members appropriate onboarding support when taking office and continuing training and education during their term.

Compensation for furthering the business strategy and promoting the Company's long-term growth

Supervisory Board compensation consists exclusively of fixed components, as noted. Accordingly, no variable compensation is provided for, which is linked to the attainment of specific goals or targets. This is in line with the suggestion G.18 sentence 1 of German Corporate Governance Code (GCGC), which recommends exclusively fixed compensation. This is because Supervisory Board member compensation can only indirectly further the business strategy and promote the company's long-term growth (see Section 113 (3) sentence 3 in conjunction with Section 87a (1) sentence 1 no. 2 German Stock Corporation Act (AktG)). The Supervisory Board believes in any case that an exclusively fixed compensation scheme is optimally aligned with the mission of the Supervisory Board as a neutral body that serves in an objective advisory and monitoring capacity.