



# MANAGEMENT COMPENSATION REPORT

MTU AERO ENGINES AG

# 24

# Management compensation report

The compensation report describes the principles applied in determining the compensation for the Executive Board and Supervisory Board of MTU Aero Engines AG, and states the amount and composition of that compensation. The management compensation report complies with the provisions of Section 162 of the German Stock Corporation Act (AktG) and was prepared jointly by the Supervisory Board and the Executive Board.

## Principles of the compensation system for members of the Executive Board

“At the proposal of the Personnel Committee of MTU Aero Engines AG, the Supervisory Board decides on a system of compensation for the members of the Executive Board, including the material contractual elements such as the total amount of the compensation and its breakdown into non-performance-related and performance-related components. The Personnel Committee reviews the appropriateness and market alignment of the Executive Board compensation on a regular basis. For this, it also uses the expertise of independent external compensation experts with regard to both the compensation system and the structure of the target direct compensation compared with relevant stock market segments. In the case of MTU, cross-comparisons are made by reference to the DAX stock market segment (peer group for cross-group or horizontal comparison). In accordance with the statutory requirements, the compensation system is resubmitted to the Annual General Meeting for approval no later than every four years or, in deviation from this, in the event that the Supervisory Board identifies a need for modifications. (ESRS 2 GOV-3-29e)”<sup>1</sup>

The current compensation system was designed in accordance with the requirements of the Second Shareholders’ Rights Directive (ARUG II) and the German Corporate Governance Code (GCGC) and was approved by 56.51% at the Annual General Meeting on May 8, 2024 (agenda item 8). It has been applied on this basis since fiscal year 2024. From the Supervisory Board’s perspective, the relatively low approval of the remuneration system is due, in particular, to the authorization of the Supervisory Board to grant an additional, performance-related compensation component in special exceptional circumstances. Other points raised included the adjustment of the maximum remuneration and individual aspects of the measurement of target achievement for performance-related remuneration components. In the run-up to the Annual General Meeting, the Supervisory Board addressed the criticisms of the compensation system and published its considerations in this regard: [https://www.mtu.de/fileadmin/EN/5\\_Investor\\_Relations/9\\_1\\_Annual\\_General\\_Meeting/2024\\_AGM\\_A\\_04\\_Top\\_8\\_further\\_info\\_remuneration\\_system\\_MTU.pdf](https://www.mtu.de/fileadmin/EN/5_Investor_Relations/9_1_Annual_General_Meeting/2024_AGM_A_04_Top_8_further_info_remuneration_system_MTU.pdf).

<sup>1</sup> This disclosure is part of MTU Aero Engines AG’s Group Sustainability Statement for fiscal year 2024.

In response to feedback on the compensation system from investors and shareholders, in the reporting year the Supervisory Board resolved to no longer use its authorization to grant an additional, performance-related compensation in special exceptional circumstances from the 2025 fiscal year onward (further information can be found in the [section headed Compensation components and structure/ Performance-related components/ Additional, performance-related compensation in special exceptional circumstances](#)).

In accordance with Section 120a (4) of the German Stock Corporation Act (AktG), the compensation report 2023 was submitted to the Annual General Meeting for approval on May 8, 2024 and was approved by 92.55% of the votes cast.

## Principles of total compensation

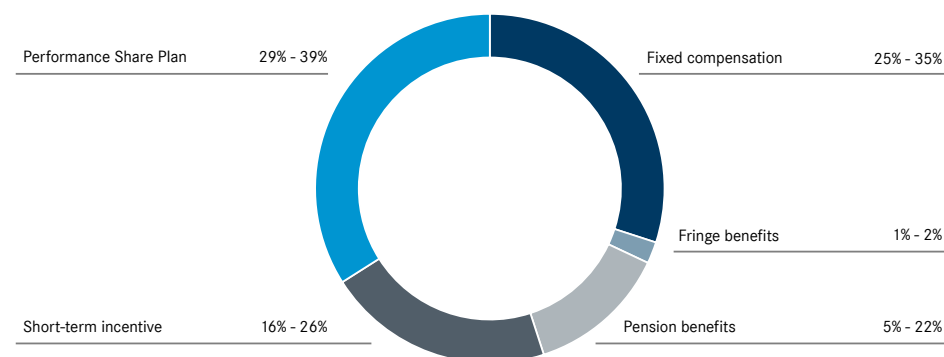
The table below shows the basic components of the current, approved compensation system:

Structure of the compensation system (total target direct compensation)		
Non-performance-related components	Fixed compensation	Contractually agreed fixed compensation, paid in 12 equal installments
	Fringe benefits	<ul style="list-style-type: none"> <li>- Taxable reimbursements of expenses</li> <li>- Cash equivalent of payments in kind</li> <li>- Insurance premiums</li> </ul>
	Pension arrangements	As of January 1, 2021, newly appointed Executive Board members receive an annual cash pension allowance for their own pension provision instead of a defined benefit commitment to a company pension
Performance-related components	Short-term incentive (STI) (performance-related component excluding long-term incentive)	Financial and ESG performance criteria: - 50% EBIT (adjusted) - 30% free cash flow (adjusted) - 20% ESG targets Capped at 0%-200% Strategic targets taken into account by multiplier (0.8-1.2) Cap: 240% of the target amount
	Performance Share Plan (PSP/LTI) (performance-related component with long-term incentive)	Performance period: 4 years Financial and ESG performance criteria: - 40% relative total shareholder return (rTSR) - 40% earnings per share (EPS) (adjusted) - 20% ESG targets Capped at 0%-200% Cap (incl. share price performance and dividend payments): 250% of the target amount
	Additional, performance-related compensation in special exceptional circumstances *)	Possibility for the Supervisory Board to award an additional performance-related compensation in special exceptional circumstances Cap: 80% of base compensation

\*) Resolution by the Supervisory Board in the reporting year: Waiving the ability to grant this performance-related component from the 2025 financial year onwards - further explanations in the [section headed Compensation components and structure / Performance-related components / Additional, performance-related compensation in special exceptional circumstances](#).

“The share of the ESG targets in the variable compensation is 20% for both the STI and the LTI, regardless of a possible strategic multiplier. (ESRS-2 GOV-3 29d)”<sup>2</sup>

#### Structure of the total target compensation



Note: If a member of the Executive Board receives a payment to compensate for the loss of remuneration claims against the previous employer in connection with their initial appointment or is granted an additional, performance-related compensation in special exceptional circumstances, the proportions of the individual components may differ.

All amounts are rounded to full euros, unless otherwise specified. Due to rounding, it is possible that individual amounts in the compensation report may not correspond exactly to the totals stated and that the percentages presented may not correspond exactly to the absolute amounts they refer to.

### Compensation components and structure

The compensation of the Executive Board members is made up of non-performance-related and performance related components, the sum of which constitutes the total compensation of an Executive Board member.

### Non-performance-related components

The non-performance-related compensation is paid monthly and comprises fixed compensation, fringe benefits and pension benefits. The fringe benefits include reimbursement of expenses and remuneration in kind such as the use of a company car for business and private purposes, an annual medical check-up, including taxes paid on these in individual cases.

The members of the Executive Board are covered by a directors' and officers' liability insurance policy taken out by MTU. This insurance policy provides for the statutory deductible for the Executive Board stipulated by Section 93 (2) sentence 2 of the German Stock Corporation Act (AktG).

Executive Board members appointed for the first time before fiscal year 2021 earn vested entitlements to a direct defined benefit commitment. Executive Board members appointed for the first time after January 1, 2021 receive a pension allowance in the form of a lump-sum payment for their own pension provision, which is paid out annually in cash, instead of an entitlement to a direct defined benefit commitment.

Additional information on the contractual structure of the pension arrangements can be found in the following [section headed Rules when terminating the contracts of members of the Executive Board/ Pension arrangements](#).

### Performance-related components

The performance-related compensation is generally made up of the short-term incentive (STI - Short-Term Incentive) component and Performance Share Plan (PSP or LTI - Long-Term Incentive) component.

The payout of the performance-related compensation component with a short-term incentive effect - annual performance remuneration (STI) - takes into account the achievement of the financial performance criteria - EBIT (adjusted) and Free Cash Flow (adjusted) - as well as the non-financial performance criteria - the so-called ESG targets (ESG - Environmental, Social and Governance) - the qualitative criteria of the strategic multiplier defined for the respective financial year.

The payment of the performance-related compensation component with long-term incentive effect - the Performance Share Plan (PSP/LTI) - takes into account the development of the MTU share price, the achievement of financial performance criteria - relative total shareholder return (rTSR) and earnings per share (adjusted) - and the non-financial performance criteria - the ESG (environmental, social and governance) targets. This is intended to ensure that cor-

<sup>2</sup> This disclosure is part of MTU Aero Engines AG's Group Sustainability Statement for fiscal year 2024.

porate governance focuses on the sustainable success of the company, its investors, and other stakeholders.

In order to appropriately reflect structural changes in MTU's business activities in the incentive system, the Supervisory Board has the option of, at its reasonable discretion, on an event-driven basis to substitute individual financial and/or non-financial performance criteria and their respective weighting with equivalent performance criteria that are also the subject of external financial or non-financial reporting. If the performance criteria are adjusted in this way, this is generally done before, or at the latest at the beginning of the fiscal year for which the short-term incentive (JEV/STI) or the Performance Share Plan (PSP/LTI) is granted. For the reporting year and the following year, the Supervisory Board did not identify any structural changes in business activities that would have given it cause to substitute individual financial and/or non-financial performance criteria or their weighting in the STI or PSP/LTI. In the reporting year, the Supervisory Board decided that it would no longer make use of the authorization in the compensation system to grant additional, performance-related compensation in special exceptional circumstances from the 2025 fiscal year. With its resolution, the Supervisory Board considers the compensation system to have been adjusted appropriately in accordance with the feedback received from investors and shareholders (further information can be found in the [section headed Compensation components and structure/ Performance-related components/ Additional, performance-related compensation in special exceptional circumstances](#)).

### Short-term incentive (STI)

The short-term incentive (STI) with a one-year assessment period (performance period) is granted for each fiscal year as performance-related compensation with short-term incentive effect. It amounts to around 40% of the Executive Board's target performance-related direct compensation and is intended to reward the achievement of operational targets that are of particular importance to MTU's development.

The compensation component is granted to the members of the Executive Board for each fiscal year (assessment period) in the amount of the target amount defined individually in the Executive Board employment contract. The payout of the annual performance-related remuneration (STI) is based on the achievement of the target values determined by the Supervisory Board for the financial year for the financial and non-financial (ESG targets) performance criteria or the criteria of the strategic multiplier. The Supervisory Board uses the latter to provide the Executive Board with a balanced range of objectives that are intended to reward the achievement of operational and strategic objectives.

The Supervisory Board determines the weighting and the target minimum and maximum values for the specific financial and non-financial (ESG targets) performance criteria at the latest at the beginning of the respective financial year. After the end of the fiscal year, the value actually achieved for each financial performance criterion and non-financial performance criterion (ESG targets) is compared with the target value previously set.

Target achievement is 0% if the realized result is below the minimum value set by the Supervisory Board for the respective financial and non-financial (ESG targets) performance criterion. If the minimum value is not reached, the distribution for the respective criterion is forfeited. If the minimum value is reached, the payout ratio for the respective criterion corresponding to the target achievement is 50%. If the defined target value is reached, the payout level for the respective criterion corresponding to the target achievement is 100%. If the defined maximum value is reached or exceeded, the payout level for the respective criterion corresponding to the target achievement is 200% (cap). Between these three defined points, linear interpolation is applied. The STI overall target achievement is calculated as the arithmetic mean of the weighted payout ratios for the financial and non-financial performance criteria determined for the assessment period (performance period).

The Supervisory Board defines the criteria for the strategic multiplier in the form of specified targeted states, which it determines as either achieved or not achieved based on its detailed analysis of the relevant topics during the assessment period. For each criterion, it defines a fixed decimal contribution for the strategic multiplier. If criteria are met, the base value of the strategic multiplier is increased from 0.8 up to a maximum value of 1.2 (if all criteria are met). The overall target achievement determined for the financial and non-financial performance criteria is scaled by applying the strategic multiplier set for the fiscal year, and the STI payout ratio is calculated on this basis. The contractually defined, individual STI target amount is multiplied by the STI payout ratio and, after deduction of the relevant taxes, paid out to the individual Executive Board member as a cash payment in the following year, taking into account the cap of 240% of the respective contractual target amount for the STI at the grant date (STI cap).

When calculating the target achievement of the financial and non-financial performance criteria, the Supervisory Board must, at its due discretion and in justified special circumstances, take into account exceptionally positive and negative developments that have no specific connection to the Executive Board's performance. Only significant business changes that are not taken into account conceptually in the objectives can be considered as exceptional developments. Generally unfavorable market developments explicitly do not constitute exceptional developments. For the reporting year, the Supervisory Board did not identify any justified special circumstances that gave it cause to adjust the target achievement of the STI criteria at its due discretion relative to the methodological requirements of the compensation system.

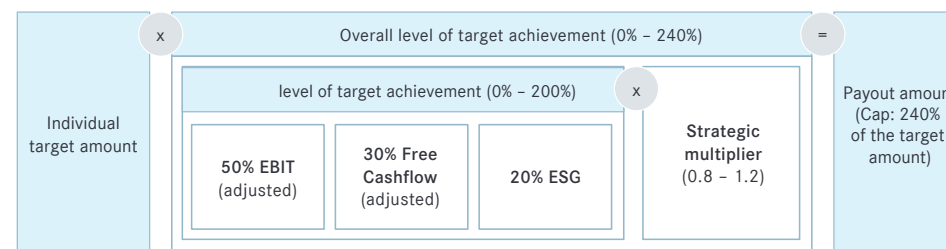
The individual STI target amount per Executive Board member, the target values set by the Supervisory Board for the financial performance criteria, non-financial performance criteria (ESG targets) and strategic multiplier criteria, the target achievement determined on this basis, the overall target achievement, the resulting payout ratio and the corresponding payout amounts are shown below.

#### Financial and non-financial performance criteria of the short-term incentive (STI)

For the reporting year, the Supervisory Board defined the following financial and non-financial performance criteria with their corresponding weighting in the context of the overall target achievement:

- / EBIT (adjusted) – 50% (financial performance criterion)
- / Free cash flow (adjusted) – 30% (financial performance criterion)
- / ESG targets – 20% (non-financial performance criterion)

#### Short-term incentive (STI)



#### EBIT (adjusted) – financial performance criterion

Adjusted earnings before interest and taxes (adjusted EBIT) does not fall under the regulation of the International Financial Reporting Standards (IFRS) and is explicitly regarded as a supplement to the key figures reported in accordance with IFRS and is calculated as follows:

- / “Effects from purchase price allocation”,
- / “Effects from the upshare of the IAE-V2500 program participation”,
- / “Effects from the GTF™-fleet management plan”,
- / “material aperiodic contribution to earnings” in accordance with the respective materiality threshold determined by the Supervisory Board

In this context, the qualification of an item as a special item to be adjusted in the calculation of adjusted earnings before interest and taxes (adjusted EBIT) is always carried out by mutual agreement between the Executive Board and the Supervisory Board.

Background information and quantified details of the special items for which adjustments were made in the reconciliation to adjusted EBIT in the reporting period can be found in the management report in the [section headed Economic report / Results of operations / Reconciliation to adjusted key financial performance figures – Results of operations](#).

#### Free cash flow (adjusted) – financial performance criterion

Free cash flow (adjusted) does not fall under the regulation of the International Financial Reporting Standards (IFRS) and is explicitly regarded as a supplement to the key figures reported in accordance with IFRS and is calculated as follows: MTU calculates free cash flow from the sum of cash flows from operating activities and cash flows from investing activities calculated in accordance with IFRS, with the cash flows from investing activities adjusted for the following special payment items, as in previous years:

- / Cash flows in connection with interest-bearing sales financing and financial investments as part of liquidity management,
- / cash flows in connection with the acquisition of shares in OEM or MRO programs, in accordance with the respective materiality threshold determined by the Supervisory Board,
- / cash flows in connection with the acquisition or sale of significant shareholdings, in accordance with the materiality threshold determined by the Supervisory Board.

In this context, the qualification of an item as a special item to be adjusted in the derivation of free cash flow (adjusted) is always carried out by mutual agreement between the Executive Board and the Supervisory Board.

Background information and quantified details of the special items for which adjustments were made in the reconciliation to adjusted free cash flow in the reporting period can be found in the management report in the [section headed Economic report / Financial position / Liquidity analysis / Reconciliation to adjusted key financial performance figures – Financial position](#).

### ESG targets – non-financial performance criterion

The ESG performance criteria are defined by the Supervisory Board for each fiscal year, taking into account MTU's sustainability strategy. To this end, the Supervisory Board selects up to three non-financial performance criteria (ESG targets) and defines quantifiable target values to be achieved within the STI assessment period (performance period). The inclusion of ESG targets in the STI underscores the ambition of the company's management and Supervisory Board to achieve sustainable business development that takes appropriate account of the interests of all ESG stakeholders and thus boosts the MTU Group's future viability.

#### List of ESG criteria

Environmental management	Social commitment	Compliance	Growth & resilience	Product responsibility & quality
Innovation	Employer attractiveness	Employees & diversity	Responsible procurement	Digital

An explanation of the non-financial performance criteria selected for the reporting year and how they were determined in the context of target achievement can be found in the following [section headed Development of performance-related components](#).

### STI strategic multiplier

In addition to the financial and non-financial performance criteria (ESG targets), the Supervisory Board sets criteria for the Management Board for the financial year, whose achievement determines the strategic multiplier in a range of 0.8 to 1.2 (80% to 120%). The criteria address specific objectives of initiatives that the Executive Board and Supervisory Board consider particularly relevant to MTU's strategic development.

#### Example topics for the selection of criteria for the strategic multiplier:

Establishment and development of business relationships with strategic business partners (customers, suppliers, development partners, etc.)	Further development of technology, production and location strategies	Further development and introduction of (digital) solutions	Organizational and cultural change
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An explanation of the performance criteria selected for the reporting year in the context of the strategic multiplier can be found in the following [section headed Development of performance-related components](#).

### Performance Share Plan (PSP) / Long term incentive (LTI)

The Performance Share Plan (PSP/LTI) with a four-year assessment period (performance period) is granted for each fiscal year as performance-related compensation with a long-term incentive effect. It amounts to around 60% of the Executive Board's target performance-related direct compensation and is intended to reward the achievement of medium- and long-term targets that are of particular importance to the development of MTU's enterprise value.

The compensation component is granted to the members of the Executive Board in the form of conditionally allocated virtual shares (performance shares) for each fiscal year in the amount of the target amount defined individually in the Executive Board employment contract. The number of conditionally allocated virtual shares (performance shares) is calculated from their fair value and the respective contractual target amount for the PSP/LTI at the grant date. The Performance Share Plan (PSP/LTI) is paid out based on the extent to which the target values set for it by the Supervisory Board for the financial performance criteria and the non-financial performance criteria (ESG targets) are achieved.



The Supervisory Board determines the weighting and the target value, minimum value and maximum value for the specific financial performance criteria and non-financial performance criteria (ESG targets) no later than the beginning of the fiscal year in question. After the end of the fiscal year, the value actually achieved for each financial performance criterion and non-financial performance criterion (ESG targets) is compared with the target value previously set.

The target achievement is 0% if the result realized is below the minimum value set by the Supervisory Board for the respective financial performance criterion and non-financial performance criterion (ESG targets). If the minimum value is not reached, no payment is made for the criterion in question. When the minimum value is reached, the payout ratio corresponding to the target achievement is 50% for the criterion in question. When the target value set is reached, the payout ratio corresponding to the target achievement is 100% for the criterion in question. If the maximum value set is reached or exceeded, the payout ratio corresponding to the target achievement is 200% for the criterion in question. Between these three defined points, linear interpolation is applied. The PSP/LTI overall target achievement level is calculated as the arithmetic mean of the weighted payout ratios for the financial and non-financial performance criteria determined for the assessment period (performance period).

Depending on the extent to which the target values of the financial and non-financial performance criteria set by the Supervisory Board for the PSP/LTI are achieved within the four-year assessment period (performance period), the number of virtual shares (performance shares) conditionally allocated for the fiscal year is modified, and a maximum of 200% of the originally granted number of virtual shares (performance shares) is achieved. After the end of the assessment period (performance period), the respective payout amount of the PSP/LTI granted for the reporting year is calculated by multiplying the number of virtual shares finally allocated by the sum of the average MTU share price in the 60 trading days prior to the end of the assessment period (performance period) and the dividend payments per share made during the assessment period (performance period). After deduction of the relevant taxes, the resulting PSP/LTI payout amount is paid out to the individuals in question as a cash payment in the following year, taking into account the cap of 250% of the respective contractual target amount for the PSP/LTI at the grant date (PSP/LTI cap).

When calculating the target achievement of the financial and non-financial performance criteria, the Supervisory Board must, at its due discretion and in justified special circumstances, take into account exceptionally positive and negative developments that have no specific connection to the Executive Board's performance. Only significant business changes that are

not taken into account conceptually in the objectives can be considered as exceptional developments. Generally unfavorable market developments explicitly do not constitute exceptional developments. For the reporting year, the Supervisory Board did not identify any justified special circumstances that gave it cause to adjust the target achievement of the PSP/LTI criteria at its due discretion relative to the methodological requirements of the compensation system.

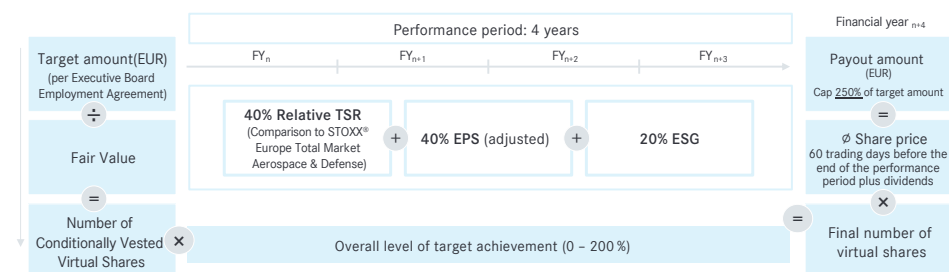
The individual PSP/LTI target amount per Executive Board member, the corresponding number of provisionally allocated virtual shares (performance shares), and the target values set by the Supervisory Board for the financial performance criteria and non-financial performance criteria (ESG targets) are presented below.

#### Financial and non-financial performance criteria of the Performance Share Plan (PSP/LTI)

For the reporting year, the Supervisory Board defined the following financial and non-financial performance criteria with their corresponding weighting in the context of the overall target achievement:

- / relative TSR (rTSR) – 40% (financial performance criterion)
- / earnings per share (EPS) (adjusted) – 40% (financial performance criterion)
- / ESG targets – 20% (non-financial performance criterion).

#### Performance Share Plan (PSP)





### Relative TSR (rTSR) – financial performance criterion

Relative total shareholder return (rTSR) is recognized as an external performance criterion geared to the capital market. It focuses on a relative measurement of MTU share performance against listed companies from the same industry environment and thus the direct alignment of the PSP/LTI with the interests of MTU shareholders. This rewards long-term and sustainable outperformance by the MTU share compared with relevant companies from the same industry environment.

The relative TSR (rTSR) compares MTU's TSR performance with the TSR performance of the companies in the STOXX® Europe Total Market Aerospace & Defense based on the percentile ranking method. In the context of the PSP/LTI, the relative TSR (rTSR) is therefore defined as the ranking of MTU's TSR performance compared to the TSR performance of the companies in the STOXX® Europe Total Market Aerospace & Defense Index. In order to determine the relative TSR target achievement, the TSR performance of the MTU share during the performance period is determined and the TSR performance of the companies of the STOXX® Europe Total Market Aerospace & Defense (benchmark index) is compared. MTU's TSR performance is the share price performance plus notionally reinvested gross dividends. In a similar way to how MTU's TSR performance is determined, the TSR performance of each company in the benchmark index (STOXX® Europe Total Market Aerospace & Defense) is determined and ranked on this basis. The average value of the 60 trading days before the respective reference date – start and end of the assessment period (performance period) – is used for the relative TSR start value and end value.

In the event that the selected benchmark index is significantly restructured, adjusted or discontinued during the performance period, MTU's Supervisory Board reserves the right to select an alternative benchmark index at its reasonable discretion and, if necessary, to calibrate the target achievement curve. No such developments relating to the benchmark index had to be taken into account for the reporting year.

### Earnings per share (EPS) (adjusted) – financial performance criterion

Adjusted earnings per share (adjusted EPS) do not fall under the regulation of the International Financial Reporting Standards (IFRS) and are explicitly regarded as a supplement to the key figures reported in accordance with IFRS and is calculated as follows:

Earnings per share (EPS) (adjusted) are calculated in accordance with the (IFRS-)regulated calculation of basic earnings per share, but taking into account adjusted net income instead of IFRS net income.

The starting point for deriving adjusted net income is the financial performance criterion of adjusted earnings before interest and taxes (adjusted EBIT) described in the STI. Firstly, the adjusted earnings before income taxes is derived from this by adding the net interest income and the interest portion of the other financial income/expense to the adjusted EBIT. None of the other components of financial income/expense, especially those that are influenced by the U.S. dollar exchange rate, such as the effects of exchange-rate hedging, are taken into account here. Adjusted net income is in turn calculated on the basis of adjusted earnings before income taxes by reducing it by the “normalized” taxes on income. The “normalized” taxes are derived from the average Group tax rate of 27% (previous year: 26%) determined as part of the Group's operational planning. The after-tax earnings contributions from companies accounted for using the equity method included in the adjusted net profit before income taxes are not part of the tax base.

Background information and quantified details on the reconciliation to adjusted net income can be found in the management report in the [section headed Economic report / Results of operations / Reconciliation to adjusted key financial performance figures – Results of operations](#).

The target value for the adjusted earnings per share (EPS [adjusted]) set by the Supervisory Board for the reporting period is the arithmetic mean of the adjusted earnings per share (EPS [adjusted]) derived from the Group's operational planning for the grant year of the PSP/LTI tranche and the three subsequent years. The target achievement for EPS (adjusted) is correspondingly calculated as the arithmetic mean of the realized adjusted EPS figures determined during the four-year assessment period (performance period) on the basis of the external, audited financial reporting compared to the defined target value.

### ESG targets – non-financial performance criterion

The ESG performance criteria are defined by the Supervisory Board for each fiscal year, taking into account MTU's sustainability strategy. To this end, the Supervisory Board selects up to three non-financial performance criteria (ESG targets) and defines quantifiable target values to be achieved within the PSP/LTI assessment period (performance period). The inclusion of ESG targets in the PSP/LTI underscores the ambition of the company's management and Supervisory Board to achieve sustainable business development that takes appropriate account of the interests of all ESG stakeholders and thus boosts the MTU Group's future viability.



List of ESG criteria

Environmental management	Social commitment	Compliance	Growth & resilience	Product responsibility & quality
Innovation	Employer attractiveness	Employees & diversity	Responsible procurement	Digital

An explanation of the non-financial performance criteria selected for the reporting year can be found in the following [section headed Development of performance-related components](#).

Additional, performance-related compensation in special exceptional circumstances

Under the approved compensation system, the Supervisory Board was authorized to grant the Executive Board an additional, performance-related compensation in special exceptional circumstances in order to compensate for exceptional challenges that cannot be reflected in other short-term or long-term performance-related compensation or whose management regularly comes into direct conflict with it.

In the exceptional cases, the criteria, the relevant targets and the relevant assessment period (performance period) would always be determined in advance by the Supervisory Board.

The amount of the additional, performance-related compensation in special exceptional circumstances granted (as compensation) cases must be determined by the Supervisory Board, at its reasonable discretion, for the specific individual case. It can never exceed 80% of the respective contractual base compensation at the time it is granted, even in the case of a multi-year assessment period (performance period). Equally, any payout would be counted in full toward the respective maximum compensation for the fiscal year.

An explanation of the additional, performance-related compensation in special exceptional circumstances granted as compensation by the Supervisory Board for the reporting year, the underlying criteria, the associated objectives, and the determination of the level of target achievement can be found in the following [section headed Development of performance-related components](#).

In its meeting on December 9, 2024, the Supervisory Board unanimously decided that it would no longer make use of the authorization in the approved compensation system to grant addition-

al, performance-related compensation in special exceptional circumstances from the 2025 fiscal year onwards. The Supervisory Board passed this resolution in order to effectively address the criticism of the approved compensation system that shareholders expressed in this regard, which it identifies as the cause of the relatively low level of approval at the Annual General Meeting. The authorization is being relinquished, even though the Supervisory Board considers granting this additional performance-related component to be appropriate and legitimate in specific individual cases in order to achieve competitive compensation for the members of the Executive Board in a cross-comparison within the DAX stock market segment relevant to MTU. This resolution is a response to feedback from investors and shareholders, and the Supervisory Board considers the compensation system to have been effectively adjusted in this regard.

Further rules on compensation

Pension arrangements

All Executive Board members appointed prior to fiscal year 2021 receive contributions under direct defined benefit pension commitments. The structure of these commitments is outlined below in the [section headed Rules when terminating the contracts of members of the Executive Board](#). Instead of such direct defined benefit commitments, Executive Board members appointed for the first time after January 1, 2021 receive an annual, earmarked contribution for their own pension provision.

Malus and clawback clauses

Further, the compensation system for the Executive Board contains malus and claw-back rules. This enables the Supervisory Board, at its discretion, to reduce performance-related components that have not been paid out (malus clause) or claim reimbursement of performance-related components that have already been paid (clawback clause). The regulations for malus or clawback are to be applied in the event of serious breaches – e.g., of the Code of Conduct or compliance guidelines. Moreover, the rules serve to retroactively correct the measurement of performance-related compensation components that have already been determined and paid out if this was based on incorrect consolidated financial statements and the corresponding corrected consolidated financial statements would have resulted in a lower amount being paid out.

Share ownership guidelines

The share ownership guidelines require the CEO and the other members of the Executive Board to acquire shares in MTU equivalent to 200% (CEO) and 100% (other Executive Board members) of their respective base compensation within a transitional period (grace period) of four years from

the date of their initial appointment. All Executive Board members fulfilled this individual obligation in the reporting period. The shares held in compliance with the share ownership guidelines are subject to a two-year lock-up period when a member leaves the Executive Board.

### Departure from the defined compensation system in the interests of MTU's well-being

Under Section 87a (2) sentence 2 of the German Stock Corporation Act (AktG), in special and exceptional circumstances (e.g., in the event of a serious financial or economic crisis), the Supervisory Board may temporarily depart from the defined compensation system if this is in the long-term interests of MTU. In this context, generally unfavorable market developments are explicitly not considered special and exceptional circumstances permitting temporary departure from the compensation system. Departure from the compensation system is only possible on the basis of a corresponding resolution by the Supervisory Board, based on a proposal by the Personnel Committee, after careful examination of its necessity. Even in such cases, the compensation must still be geared to the long-term and sustainable development of MTU and reflect the success of the company and the performance of the Executive Board.

### Maximum compensation

In accordance with Section 87a (1) sentence 2 no. 1 of the German Stock Corporation Act (AktG), the Supervisory Board has set a maximum level of compensation for each member of the Executive Board. This comprises all fixed and variable components (fixed compensation, fringe benefits, pension arrangements, performance-related compensation). The maximum compensation caps the total compensation granted for a given fiscal year, regardless of the relevant payout date. It amounts to €8.5 million for the CEO and €5.0 million for the other Executive Board members.

The arrangement takes into account the stipulation that this limitation be kept stable over several years and, in the opinion of the Supervisory Board, explicitly implies no reference to the target compensation level. When measuring the maximum remuneration, the Supervisory Board had to take into account the structural compatibility with common practice in a cross-comparison with the DAX stock market segment relevant for MTU, taking into account a continuing possibility of actuarial peak effects from the existing direct pension commitments ([https://www.mtu.de/fileadmin/EN/5\\_Investor\\_Relations/9\\_1\\_Annual\\_General\\_Meeting/2024\\_AGM\\_A\\_04\\_Top\\_8\\_further\\_info\\_remuneration\\_system\\_MTU.pdf](https://www.mtu.de/fileadmin/EN/5_Investor_Relations/9_1_Annual_General_Meeting/2024_AGM_A_04_Top_8_further_info_remuneration_system_MTU.pdf)).

## Development of performance-related components

### Short-term incentive (STI)

#### Target achievement for STI

	Weighting	Minimum value (50% target achievement)	Target value (100% target achievement)	Maximum value (200% target achievement)	Actual value	Payout ratio for target achievement
<b>Financial performance criteria</b>						
EBIT (adjusted)	50 %	€720 million	€900 million	€1,035 million	€1,050 million	200.00%
Free cash flow (adjusted)	30 %	€50 million	€110 million	€155 million	€183 million	200.00%
<b>Non-financial performance criteria</b>						
CO <sub>2</sub> abatement through sustainable measures	(10 %)	4.30 kt CO <sub>2</sub>	5.40 kt CO <sub>2</sub>	6.20 kt CO <sub>2</sub>	5.82 kt CO <sub>2</sub>	(152,50 %)
Training days per employee	(10 %)	2.25 days	3.00 days	3.60 days	3.38 days	(163,33 %)
ESG targets	20 %					157.92%
<b>Weighted overall target achievement</b>						<b>191.58%</b>
Strategic multiplier		0.80	1.00	1.20	1.20	1.20
<b>STI payout ratio</b>						<b>229.90%</b>

#### Financial performance criteria of the short-term incentive (STI)

A target value (payout ratio 100%) of €900 million, a minimum value (payout ratio 50%) of €720 million and a maximum value (payout ratio 200%) of €1,035 million were set for the EBIT (adjusted) financial STI performance criterion. In the reporting year (assessment period / performance period), the maximum value was exceeded at a realized EBIT (adjusted) of €1,050 million, which means a payout ratio of 200% for this financial performance criterion. In accordance with the

defined weighting of the financial and non-financial STI performance criteria, the payout ratio of the EBIT (adjusted) criterion is incorporated in the weighted overall STI target achievement at a share of 50%.

A target value (payout ratio 100%) of €110 million, a minimum value (payout ratio 50%) of €50 million and a maximum value (payout ratio 200%) of €155 million were set for the reporting year for the free cash flow (adjusted) financial STI performance criterion. In the reporting year (assessment period / performance period), the maximum value was exceeded at a realized free cash flow (adjusted) of €183 million, which means a payout ratio of 200% for this financial performance criterion. In accordance with the defined weighting of the financial and non-financial STI performance criteria, the payout ratio of the free cash flow (adjusted) criterion is incorporated in the weighted overall STI target achievement at a share of 30%.

#### **Non-financial performance criteria – ESG targets – of the short-term incentive (STI)**

“Two equally weighted, non-financial STI performance criteria (ESG targets) were defined as ESG targets for the reporting year: the ‘CO<sub>2</sub> abatement through sustainable measures’ criterion from the area of environmental management and the ‘training days per employee’ criterion from the areas of employer attractiveness and employees & diversity.

The ‘CO<sub>2</sub> abatement through sustainable measures’ criterion expresses the CO<sub>2</sub> reduction in connection with sustainably realized energy efficiency (use of heat pumps, etc.) or climate-neutral substitution of existing energy requirements (use of photovoltaic systems, etc.) in relation to the equivalent reference value for 2019. The Supervisory Board selected the criterion to give a targeted boost to MTU’s “ecoRoadmap” climate protection strategy, which aims to achieve climate-neutral production and maintenance at MTU, thus helping to achieve the targets of the Paris Climate Agreement. The criterion accordingly takes into account all major production and maintenance facilities controlled by MTU (sites: Munich, Hanover, Ludwigsfelde, Rzeszów, Vancouver and Nova Pazova). In light of the time-consuming collection, assessment and quality assurance of extensive, decentralized reporting data, the target achievement for the ‘CO<sub>2</sub> abatement through sustainable measures’ criterion is measured for a 12-month assessment period (performance period) between December 1, 2023 and November 30, 2024 (which differs from the reporting year), based on the emission factors from the reference year 2019 – the year when MTU’s “ecoRoadmap” climate protection strategy was introduced.

A target value (payout ratio 100%) of 5.40 metric kilotons, a minimum value (payout ratio 50%) of 4.30 metric kilotons and a maximum value (payout ratio 200%) of 6.20 metric kilotons were set for the reporting year for the ‘CO<sub>2</sub> abatement through sustainable measures’ non-financial

STI performance criterion. For the reporting year (assessment period / performance period of December 1, 2023–November 30, 2024), the target value was exceeded with realized ‘CO<sub>2</sub> abatement through sustainable measures’ of 5.82 metric kilotons, which, on the basis of linear interpolation, means a payout ratio of 152.50% for this non-financial performance criterion. “In accordance with the defined weighting of the financial and non-financial STI performance criteria, the payout ratio of the ‘CO<sub>2</sub> abatement through sustainability measures’ criterion is incorporated in the weighted overall STI target achievement at a calculated share of 10% (weighting of ESG targets: 20%). (ESRS E1-13)”<sup>3</sup>

The “training days per employee” criterion expresses the average duration of training achieved per employee at the German MTU sites (Munich, Hanover, Ludwigsfelde). The Supervisory Board selected the criterion to give a targeted boost to the strategic, forward-looking focus on proactive learning and individual development – as it considers learning and training to be a prerequisite for the recruitment and retention of employees who realize their potential and put their ideas into practice. This will further deepen and anchor the established leadership values of “we transform”, “we empower” and “we create trust” by giving the employee development process a central management focus. Integrating ambitious employee development in a period characterized by business growth and limited human resources must be recognized as a complex challenge. In light of the time-consuming collection, classification and quality assurance of extensive, decentralized reporting data, the target achievement for the “training days per employee” criterion is measured for an assessment period (performance period) between January 1, 2024 and December 6, 2024 (which differs from the reporting year).

A target value (payout ratio 100%) of 3 days, a minimum value (payout ratio 50%) of 2.25 days and a maximum value (payout ratio 200%) of 3.60 days were set for the reporting year for the “training days per employee” non-financial STI performance criterion. For the reporting year (assessment period / performance period of December 1, 2023–November 30, 2024), the target value was exceeded at a realized 3.38 “training days per employee”, which, on the basis of linear interpolation, means a payout ratio of 163.33% for this non-financial performance criterion. In accordance with the defined weighting of the financial and non-financial STI performance criteria, the payout ratio of the “training days per employee” criterion is incorporated in the weighted overall STI target achievement at a calculated share of 10% (weighting of ESG targets: 20%).

The target achievement of the equally weighted non-financial performance criteria (ESG targets) “CO<sub>2</sub> abatement through sustainable measures” of 152.50% and “training days per employee” of

<sup>3</sup> This disclosure is part of MTU Aero Engines AG’s Group Sustainability Statement for fiscal year 2024.



163.33% results in an arithmetic mean of 157.92%, which, taking into account the weighting of the ESG targets, is incorporated in the weighted STI overall target achievement at 20%. (ESRS 2 GOV-3 29a, 29b, 29c)<sup>4</sup>

### Weighted overall target achievement of the short-term incentive (STI)

Taking into account the target achievement of the financial and non-financial STI performance criteria defined for the reporting year and their weighting, the weighted overall STI target achievement is 191.58%.

### Short-term incentive (STI) strategic multiplier

In addition to the financial and non-financial STI performance criteria described, the Supervisory Board has defined five additional criteria, achievement of which scales the STI strategic multiplier from 0.8 to 1.2.

The strategic multiplier criteria defined for the reporting year and the Supervisory Board's assessment of their achievement are described below:

Criteria – strategic multiplier	Determination of target achievement	Strategic multiplier contribution
STI strategic multiplier base amount		0.80
1. A concept to further reduce customer concentration risks in the commercial OEM and MRO business has been developed and adopted by the Executive Board in consultation with the Supervisory Board.	The Supervisory Board considers the above criterion to have been fully met in the reporting year. In fiscal year 2024, concepts targeted with the criterion were developed in detail to the point where they were ready for implementation, and relevant parts of them have already been fixed through contractual agreements with several engine OEMs to expand cooperation in the commercial and military OEM and commercial MRO business.	+ 0.08

Criteria – strategic multiplier	Determination of target achievement	Strategic multiplier contribution
2. A concept for how to map significantly increasing capacity requirements for the commercial and military OEM business in the MTU production network has been developed and adopted by the Executive Board in consultation with the Supervisory Board.	The Supervisory Board considers the above criterion to have been fully met in the reporting year. In fiscal year 2024, the concepts targeted with the criterion were developed in detail to the point where they were ready for implementation. Key components include a "Global Footprint Production" simulation model, which forms the basis for future production network planning, and optimized functional and process concepts for the production and assembly of key engine components.	+ 0.08
3. A successful strategic partnership has been established with at least one supplier to expand the supplier portfolio for highly complex engine parts.	The Supervisory Board considers the above criterion to have been fully met in the reporting year. In fiscal year 2024, the strategic partnerships with suppliers targeted with the criterion were initiated and established. In this context, development partnerships were formalized with suppliers, qualification plans were defined and series production volumes were agreed at competitive prices.	+ 0.08
4. The decision on continuing the Flying Fuel Cell technology and product development has been made. In case of continuation of the work, a corresponding financing and partnership concept has been developed and adopted by the Executive Board in consultation with the Supervisory Board.	The Supervisory Board considers the above criterion to have been fully met in the reporting year. In fiscal year 2024, the decision was made to continue the work on the Flying Fuel Cell technology, as targeted by the criterion, and the concepts for the financing and the technology partnership required in this context were developed. In the reporting year, milestones were reached in the development of MTU Flying Fuel Cell technology and, on this basis, the technology roadmap and the necessary financing through third-party funds were specified and initiated.	+ 0.08

<sup>4</sup>This disclosure is part of MTU Aero Engines AG's Group Sustainability Statement for fiscal year 2024.

Criteria – strategic multiplier	Determination of target achievement	Strategic multiplier contribution
5. The content and implementation of a joint venture with Safran Helicopter Engines for a future European helicopter engine program has been finalized.	The Supervisory Board considers the above criterion to have been fully met in the reporting year. In fiscal year 2024, the Executive Board was able to develop and contractually formalize the cooperation with Safran Helicopter Engines that is targeted with the criterion in order to establish a future European helicopter engine program. The joint venture established under this framework is based in France and its governing bodies are staffed by experienced managers with extensive industry expertise. On this basis, the joint venture between Safran and MTU aims to convince the national government clients to cooperate on a further European joint project in the form of a future European helicopter engine program.	+ 0.08
STI strategic multiplier determined		1.20

Overall, the Supervisory Board was able to determine that the targets for all five defined criteria had been achieved and thus that the STI strategic multiplier was 1.2.

### Short-term incentive (STI) payout ratio

Taking into account the weighted overall STI target achievement of 191.58% and the strategic multiplier determined of 1.2, this results in an STI payout ratio of 229.90%.

### Performance Share Plan (PSP) / Long term incentive (LTI)

#### Target achievement PSP/LTI

	Weighting	Minimum value (0% or 50% target achievement)	Target value (100% target achievement)	Maximum value (200% target achievement)
<b>Financial performance criteria</b>				
Relative total shareholder return (rTSR)	40%	25th percentile <sup>1)</sup>	50th percentile	75th percentile
Earnings per share (EPS) (adjusted)	40%	11,58 € <sup>2)</sup>	14,48 €	16,65 €
<b>ESG performance criteria</b>				
Remaining CO <sub>2</sub> emissions	(10%)	0,0% <sup>2)</sup>	9,8%	17,2%
Women in leadership	(10%)	14,0% <sup>2)</sup>	16,0%	18,0%
ESG targets	20%			

<sup>1)</sup> When the minimum value is reached, the target achievement is 0%.

<sup>2)</sup> When the minimum value is reached, the target achievement is 50%.

As of January 1, 2024, the members of the Executive Board were conditionally allocated virtual shares (performance shares) under the Performance Share Plan (PSP/LTI) in accordance with their respective contractual PSP/LTI target direct compensation component and the grant date fair value of €166.34 per virtual share (performance share).

Depending on the extent to which the target values of the financial and non-financial performance criteria set by the Supervisory Board for the PSP/LTI are achieved within the four-year



assessment period (performance period), the number of virtual shares (performance shares) conditionally allocated for the fiscal year is modified, and a maximum of 200% of the originally granted number of virtual shares (performance shares) is achieved. After the end of the assessment period (performance period), the respective payout amount of the PSP/LTI granted for the reporting year is calculated by multiplying the number of virtual shares finally allocated (PSP/LTI overall target achievement) by the sum of the average MTU share price in the 60 trading days prior to the end of the assessment period (performance period) and the dividend payments per share made during the assessment period (performance period). After deduction of the relevant taxes, the resulting PSP/LTI payout amount is paid out to the individual Executive Board member as a cash payment in the following year, taking into account the cap of 250% of the respective contractual target amount for the PSP/LTI at the grant date (PSP/LTI cap).

The following table shows the virtual shares (performance shares) conditionally allocated in fiscal year 2024:

LTI tranche 2024					
	Target amount in €	Grant date fair value in €	Number of provisionally allocated virtual shares	Maximum number of possible performance shares (target achievement max. 200%)	Maximum possible payout amount (250% of target amount) in €
Lars Wagner	1,392,000	166.34	8,369	16,738	3,480,000
Peter Kameritsch	684,000	166.34	4,113	8,226	1,710,000
Dr. Silke Maurer	684,000	166.34	4,113	8,226	1,710,000
Michael Schreyögg	684,000	166.34	4,113	8,226	1,710,000
<b>Total</b>	<b>3,444,000</b>	<b>166.34</b>	<b>20,708</b>	<b>41,416</b>	<b>8,610,000</b>

Further information on the development of the fair value of performance shares granted in the reporting year under the PSP/LTI can be found in the Notes to the Consolidated Financial Statements in [section 27. Other provisions](#).

### Financial performance criteria of the Performance Share Plan (PSP/LTI)

For the financial performance criterion of relative TSR (rTSR – MTU's percentile ranking compared with the TSR performance of the companies in the STOXX® Europe Total Market Aerospace & Defense Index), the target value for the LTI/PSP tranche granted in the reporting year (payout ratio of 100%) was set at the 50th percentile, the minimum value (payout ratio 0%) at the 25th percentile and the maximum value (payout ratio 200%) at the 75th percentile. The Supervisory Board set the target, minimum and maximum values after careful consideration of the various practices in place internationally, with the aim of ensuring that the compensation of the members of the Executive Board is competitive, in particular in comparison with the relevant practices on the DAX, the stock exchange segment relevant to MTU ([www.mtu.de/file-admin/EN/5\\_Investor\\_Relations/9\\_1\\_Annual\\_General\\_Meeting/2024\\_AGM\\_A\\_04\\_Top\\_8\\_further\\_info\\_remuneration\\_system\\_MTU.pdf](http://www.mtu.de/file-admin/EN/5_Investor_Relations/9_1_Annual_General_Meeting/2024_AGM_A_04_Top_8_further_info_remuneration_system_MTU.pdf)).

In accordance with the defined weighting of the financial and non-financial STI performance criteria, the payout ratio of the rTSR criterion is incorporated in the weighted overall PSI/LTI target achievement at a share of 40%.

A target value (payout ratio 100%) of €14.48/share, a minimum value (payout ratio 50%) of €11.58/share and a maximum value (payout ratio 200%) of €16.65/share were set for the reporting year for the EPS (adjusted) financial PSP/LTI performance criterion. In accordance with the defined weighting of the financial and non-financial STI performance criteria, the payout ratio of the EPS (adjusted) criterion is incorporated in the weighted overall PSP/LTI target achievement at a share of 40%.

### Non-financial performance criteria – ESG targets – of the Performance Share Plan (PSP/LTI)

“Two equally weighted, non-financial PSP/LTI performance criteria (ESG targets) were defined as ESG targets for the reporting year: the ‘remaining CO<sub>2</sub> emissions’ criterion from the area of environmental management and the ‘women in leadership’ criterion from the area of employees & diversity.

The ‘remaining CO<sub>2</sub> emissions’ criterion expresses the Scope 1 and 2 residual CO<sub>2</sub> emissions from MTU's production and maintenance activities targeted at the end of the four-year PSP/LTI assessment period (performance period) for 2027. The Supervisory Board selected the criterion to give a targeted boost to MTU's “ecoRoadmap” climate protection strategy, which aims to achieve climate-neutral production and maintenance at MTU, thus helping to achieve the targets of the Paris Climate Agreement, taking into account the requirements of the Science Based Targets initiative (SBTi). The criterion accordingly takes into account all major production



and maintenance facilities controlled by MTU (sites: Munich, Hanover, Ludwigsfelde, Rzeszów, Vancouver and Nova Pazova). In light of the time-consuming collection, assessment and quality assurance of extensive, decentralized reporting data, the target achievement for the ‘remaining CO<sub>2</sub> emissions’ criterion is measured for the four-year assessment period (performance period) by comparing the remaining emissions between December 1, 2023 and November 30, 2024 (reference period) and those between December 1, 2026 and November 30, 2027 (target period) on the basis of emission factors from the reporting year (2024).

A target value (payout ratio 100%) of 45.30 metric kilotons (9.8%), a minimum value (payout ratio 50%) of 50.20 metric kilotons (0%) and a maximum value (payout ratio 200%) of 41.60 metric kilotons (17.2%) were set for the reporting year for the ‘remaining CO<sub>2</sub> emissions’ non-financial PSP/LTI performance criterion for the reduction of remaining CO<sub>2</sub> emissions in the target period (December 1, 2026– November 30, 2027) compared with the reference period (December 1, 2023– November 30, 2024). The definition of minimum, target and maximum values expresses the ambition of not exceeding the base value from 2024 despite significant business growth.

“In accordance with the defined weighting of the financial and non-financial PSP/LTI performance criteria, the payout ratio of the ‘remaining CO<sub>2</sub> emissions’ criterion is incorporated in the weighted overall PSP/LTI target achievement at a calculated share of 10% (weighting of ESG targets: 20%). (ESRS E1-13)”<sup>5</sup>

The “women in leadership” criterion expresses the relative proportion of female managers targeted at the German MTU sites (Munich, Hanover, Ludwigsfelde) at the end of the four-year PSP/LTI assessment period (performance period). The Supervisory Board selected the criterion to give a targeted boost to gender equality in a professional context and thus to promoting equal opportunities.

A target value (payout ratio 100%) of 16.0%, a minimum value (payout ratio 50%) of 14.0% and a maximum value (payout ratio 200%) of 18.0% were set for the reporting year for the “women in leadership” non-financial PSP/LTI performance criterion. The definition of minimum, target and maximum values expresses the ambition of bringing the proportion of female managers in line with the relative proportion of female employees within the assessment period (performance period).

<sup>5</sup> This disclosure is part of MTU Aero Engines AG’s Group Sustainability Statement for fiscal year 2024.

In accordance with the defined weighting of the financial and non-financial PSP/LTI performance criteria, the payout ratio of the “women in leadership” criterion is incorporated in the weighted overall PSP/LTI target achievement at a calculated share of 10% (weighting of ESG targets: 20%). (ESRS 2 GOV-3 29a, 29b, 29c)”<sup>6</sup>

#### **Weighted overall target achievement for the Performance Share Plan (PSP/LTI)**

The PSP/LTI performance-related compensation component granted for the reporting year will be paid out as planned after the level of target achievement for the four-year PSP/LTI assessment period (performance period) has been determined in 2028.

Further information on the development of obligations in connection with performance shares granted under the PSP/LTI in the reporting year can be found in the Notes to the Consolidated Financial Statements in [section 27. Other provisions](#).

#### **Additional, performance-related component in special exceptional circumstances**

In the reporting year, the Supervisory Board granted additional, performance-related compensation in special exceptional circumstances for specific reasons relating to the GTF™-fleet management plan. The underlying objectives (criteria) focus on reducing the resulting operational and financial burdens and further developing the resilience of MTU’s business model.

An amount of €200,000 per defined criterion for the CEO and €100,000 per ordinary member of the Executive Board was agreed in the assessment of the additional, performance-related compensation in special exceptional circumstances. The selected valuation takes into account the fact that the multi-year GTF™ fleet management plan, which was set up in 2023, will have a significant negative impact on MTU’s opportunity/risk profile and thus on the STI performance-related compensation component. Due to the importance and urgency of the defined objectives, the reporting year was defined as the assessment period (performance period).

<sup>6</sup> This disclosure is part of MTU Aero Engines AG’s Group Sustainability Statement for fiscal year 2024.



The defined criteria for the additional, performance-related compensation in special exceptional circumstances granted and the Supervisory Board’s assessment of their degree of achievement are described below:

Criteria of the additional, performance-related compensation granted considering special exceptional circumstances	Determination of target achievement
1. The average throughput time of PW1100G-JM shop visits was significantly reduced in the reporting year compared with the previous year, and additional MRO capacity was created accordingly.	The Supervisory Board considers the criterion to have been fully met in the reporting year. The concepts targeted under the criterion to improve the range of qualifications and flexibility of staff capacities, the shop floor layout, and bottleneck management were developed in fiscal year 2024. By implementing key aspects of these concepts, the largest MTU MRO site, Hanover, was able to reduce the throughput times of PW1100G-JM shop visits by more than 20% in 2024 compared to the previous year. This significantly improved MTU's operational and financial risk position in the reporting year.
2. Worldwide MTU MRO network capacity for the PW1100G-JM is being significantly increased compared with 2023.	The Supervisory Board considers the criterion to have been fully met in the reporting year. In fiscal year 2024, the concepts targeted under the criterion to increase MTU network capacity were largely implemented, resulting in an increase of more than 65% compared with the previous year. These concepts include the industrialization of best-practice MRO processes and, in particular, significant investments in the expansion of relevant personnel, machine and test stand capacities at the Hanover, Rzeszów (EME) and Zhuhai sites. This significantly improved MTU's operational and financial risk position in the reporting year.
3. The number of PW1100G-JM new engine deliveries (production engines) is being significantly increased compared with 2023.	The Supervisory Board considers the criterion to have been fully met in the reporting year. In fiscal year 2024, the concepts targeted under the criterion to significantly increase PW1100G-JM new engine deliveries were largely implemented, resulting in an increase of more than 15% compared with the previous year. These concepts include the optimization of material management, production processes and assembly processes, and an increase in staff flexibility. The increase in deliveries of new engines will facilitate the uninterrupted operation of the A320neo fleet, which is negatively affected by the GTF fleet management plan. This significantly improved MTU's operational and financial risk position in the reporting year.

Criteria of the additional, performance-related compensation granted considering special exceptional circumstances	Determination of target achievement
4. Additional contractual agreements grant extended access to program information. Furthermore, measures have been taken to secure the financing of the resources and capacities to be contributed to the program workshares.	The Supervisory Board considers the criterion to have been fully met in the reporting year. In fiscal year 2024, the contractual agreements targeted under the criterion were successfully concluded and implemented. This enabled significant measures to be taken to expand service provision and improve the financial security of the resources and capacities to be contributed to MTU program workshares. This significantly improved MTU's operational and financial risk position in the reporting year.

In the reporting year, the Supervisory Board decided that it would no longer make use of the authorization in the compensation system to grant additional, performance-related compensation in special exceptional circumstances from the 2025 fiscal year onwards. With its resolution, the Supervisory Board considers the compensation system to have been adjusted appropriately and effectively (further information can be found in the [section headed Compensation components and structure / Performance-related components / Additional, performance-related compensation in special exceptional circumstances](#)).

## Compensation of individual members of the Executive Board

### Compensation for the reporting period

The members of the Executive Board were granted the following total target compensation for the reporting year; the performance-related compensation components were initially based on theoretical target achievement of 100%.

Further information on the development of target compensation can be found in the [section Vertical comparison](#).

Total target compensation								
Members of the Executive Board	Lars Wagner Chief Executive Officer		Peter Kameritsch Chief Financial Officer and Chief Information Officer		Dr. Silke Maurer Chief Operating Officer <sup>1)</sup>		Michael Schreyögg Chief Program Officer	
	2024	2023	2024	2023	2024	2023	2024	2023
in €								
Fixed compensation	1,100,004	999,996	660,000	600,000	660,000	600,000	660,000	600,000
Pension allowance <sup>2)</sup>					200,000	200,000		
Fringe benefits	39,479	36,386	9,595	9,863	10,347	16,001	29,911	26,826
<b>Total non-performance-related compensation</b>	<b>1,139,483</b>	<b>1,036,382</b>	<b>669,595</b>	<b>609,863</b>	<b>870,347</b>	<b>816,001</b>	<b>689,911</b>	<b>626,826</b>
<b>Proportion of non-performance-related compensation in %</b>	<b>24%</b>	<b>21%</b>	<b>28%</b>	<b>32%</b>	<b>36%</b>	<b>48%</b>	<b>29%</b>	<b>32%</b>
STI	928,000	750,000	456,000	360,000	456,000	360,000	456,000	360,000
LTI (2024: PSP   2023: RSP)	1,392,000	1,100,000	684,000	540,000	684,000	540,000	684,000	540,000
Additional ad hoc performance-related compensation in special exceptional cases <sup>3)</sup>	800,000	-	400,000	-	400,000	-	400,000	-
<b>Total performance-related compensation</b>	<b>3,120,000</b>	<b>1,850,000</b>	<b>1,540,000</b>	<b>900,000</b>	<b>1,540,000</b>	<b>900,000</b>	<b>1,540,000</b>	<b>900,000</b>
<b>Proportion of performance-related compensation in %</b>	<b>64%</b>	<b>37%</b>	<b>64%</b>	<b>47%</b>	<b>64%</b>	<b>52%</b>	<b>64%</b>	<b>45%</b>
Pension expenses (IAS 19) <sup>4)</sup>	588,570	2,159,675 <sup>5)</sup>	200,267	392,549			185,617	456,207
<b>Proportion of pension expenses in %</b>	<b>12%</b>	<b>43%</b>	<b>8%</b>	<b>21%</b>			<b>8%</b>	<b>23%</b>
<b>Total target compensation</b>	<b>4,848,053</b>	<b>5,046,057</b>	<b>2,409,862</b>	<b>1,902,412</b>	<b>2,410,347</b>	<b>1,716,001</b>	<b>2,415,528</b>	<b>1,983,033</b>

<sup>1)</sup> Executive Board member since February 1, 2023. For comparison: prior year values on a full year basis.

<sup>2)</sup> A defined benefit commitment is granted to Executive Board members who were appointed for the first time before the 2021 financial year.

<sup>3)</sup> Resolution by the Supervisory Board in the reporting year: Waiving the ability to grant this performance-related component from the 2025 financial year onwards - further explanations in the section headed Compensation components and structure/ Performance-related components/ Additional, performance-related compensation in special exceptional circumstances.

<sup>4)</sup> In fiscal year 2023, the IFRS pension expenses (IAS 19) were influenced by past service costs in connection with the adjustment of the basic compensation as of January 1, 2024, which determines the respective pension commitment.

<sup>5)</sup> In fiscal year 2023, the IFRS pension expenses (IAS 19) were influenced by past service costs in connection with the adjustment of the basic compensation due to appointment as CEO effective January 1, 2023.

**Compensation granted and owed**

The following table contains an individual breakdown of the compensation of each Executive Board member for the reporting period. The non-performance-related compensation is reported as compensation granted and corresponds to the amounts paid in the reporting period. The performance-related compensation is reported as compensation granted and owed, and thus corresponds to the amounts to be received in the following year for the reporting year.

The long-term PSP/LTI performance-related remuneration granted in the reporting year will be reported in the compensation report for fiscal year 2027 due to its four-year assessment period (performance period).

**Total compensation granted and owed**

Members of the Executive Board	<b>Lars Wagner</b> Chief Executive Officer		<b>Peter Kameritsch</b> Chief Financial Officer and Chief Information Officer		<b>Dr. Silke Maurer</b> Chief Operating Officer <sup>1)</sup>		<b>Michael Schreyögg</b> Chief Program Officer		<b>Total</b>	
in €	2024	2023	2024	2023	2024	2023	2024	2023	2024	2024
Fixed compensation	1,100,004	999,996	660,000	600,000	660,000	550,000	660,000	600,000	3,080,004	2,749,996
Pension allowance <sup>2)</sup>					200,000	183,333			200,000	183,333
Fringe benefits <sup>3)</sup>	39,479	36,386	9,595	9,863	10,347	16,001	29,911	26,826	89,333	89,076
<b>Total non-performance-related compensation</b>	<b>1,139,483</b>	<b>1,036,382</b>	<b>669,595</b>	<b>609,863</b>	<b>870,347</b>	<b>566,001</b>	<b>689,911</b>	<b>626,826</b>	<b>3,369,337</b>	<b>3,022,405</b>
<b>Proportion of non-performance-related compensation in %</b>	<b>28%</b>	<b>54%</b>	<b>32%</b>	<b>59%</b>	<b>38%</b>	<b>59%</b>	<b>32%</b>	<b>59%</b>		
STI <sup>4)</sup>	2,133,472	896,250	1,048,344	430,200	1,048,344	394,350	1,048,344	430,200	5,278,504	2,151,000
LTI (2024: PSP <sup>5)</sup>   2023: RSP <sup>4)</sup> )		1,100,000		540,000		495,000		540,000		2,675,000
Additional ad hoc performance-related compensation in special exceptional cases <sup>6)</sup>	800,000		400,000		400,000		400,000		2,000,000	
<b>Total performance-related compensation</b>	<b>2,933,472</b>	<b>896,250</b>	<b>1,448,344</b>	<b>430,200</b>	<b>1,448,344</b>	<b>394,350</b>	<b>1,448,344</b>	<b>430,200</b>	<b>7,278,504</b>	<b>2,151,000</b>
<b>Proportion of performance-related compensation in %</b>	<b>72%</b>	<b>46%</b>	<b>68%</b>	<b>41%</b>	<b>62%</b>	<b>41%</b>	<b>68%</b>	<b>41%</b>		
<b>Total compensation granted and owed</b>	<b>4,072,955</b>	<b>1,932,632</b>	<b>2,117,939</b>	<b>1,040,063</b>	<b>2,318,691</b>	<b>960,351</b>	<b>2,138,255</b>	<b>1,057,026</b>	<b>10,647,841</b>	<b>5,173,405</b>
Pension expenses (IAS 19) <sup>7) 8)</sup>	588,570	2,159,675 <sup>9)</sup>	200,267	392,549			185,617	456,207	974,454	3,008,431
<b>Total compensation including pension expenses</b>	<b>4,661,525</b>	<b>4,092,307</b>	<b>2,318,206</b>	<b>1,432,612</b>	<b>2,318,691</b>	<b>960,351</b>	<b>2,323,872</b>	<b>1,513,233</b>	<b>11,622,295</b>	<b>8,181,836</b>

<sup>1)</sup> Executive Board member since February 1, 2023.

<sup>2)</sup> Executive Board members who were appointed to the Executive Board for the first time after January 1, 2021 receive a pension allowance for their own pension provision.

<sup>3)</sup> Fringe benefits include charges to taxable income covering benefits in kind amounting to €55,290 (previous year: €58,279), premiums for insurance policies taken out on behalf of members of the Executive Board amounting to €6,786 (previous year: €5,997) and membership dues amounting to €27,257 (previous year: €24,802).

<sup>4)</sup> The payment is made after approval of the consolidated financial statements in the following year.

<sup>5)</sup> The LTI from the PSP (tranche 2024) will be reported as compensation granted or owed after the end of the four-year performance period in fiscal year 2027.

<sup>6)</sup> Resolution by the Supervisory Board in the reporting year: Waiving the ability to grant this performance-related component from the 2025 financial year onwards - further explanations in the section headed Compensation components and structure / Performance-related components / Additional, performance-related compensation in special exceptional circumstances.

<sup>7)</sup> A defined benefit commitment is granted to Executive Board members who were appointed for the first time before the 2021 financial year.

<sup>8)</sup> In fiscal year 2023, the IFRS pension expenses (IAS 19) were influenced by past service costs in connection with the adjustment of the basic compensation as of January 1, 2024, which determines the respective pension commitment.

<sup>9)</sup> In fiscal year 2023, the IFRS pension expenses (IAS 19) were influenced by past service costs in connection with the adjustment of the basic compensation due to appointment as CEO effective January 1, 2023.

Members of the Executive Board did not receive any compensation for supervisory board and similar appointments at Group companies. The Group did not grant any loans to members of the Executive Board in the reporting period or the previous year.

The compensation of the members of the Executive Board did not have to be adjusted due to a malus or clawback in either the reporting period or the previous year. Moreover, there was no need to temporarily depart from the defined compensation system due to specific exceptional circumstances.

The compensation of the members of the Executive Board did not have to be adjusted due to exceeding the maximum compensation set in either the reporting period or the previous year.

Former Executive Board members received pension payments of €917,341 in the reporting period (Reiner Winkler €607,650; Dr. Rainer Martens €309,691).

### Vertical comparison

The following table shows the change in the individual compensation of the Executive Board and Supervisory Board members, the earnings indicators for the company and the Group and the average compensation of the workforce. The following aspects are to be taken into account here:

- / Unlike the rest of the workforce, the Executive Board's target direct compensation is so far reviewed and, if necessary, adjusted not on an annual basis but at less frequent intervals and thus has to take into account a multi-year adjustment for inflation.
- / The impact of performance-related compensation components varies greatly in the vertical comparison because of the differentiated compensation structures, and no conclusions can be drawn from these about the development of the target direct remuneration.
- / The retention of profits within foreign subsidiaries means that MTU Aero Engines AG's net profit after tax calculated in accordance with the German Commercial Code (HGB) is of limited use as an indicator of the MTU Group's performance and therefore as a reference for the development of the performance-related compensation components. Accordingly, the Group's EBIT (adjusted), which is also used as the financial performance target for performance-related remuneration components for the Executive Board and all of the German workforce, is reported here as additional information.
- / In all compensation groups evaluated, the calculation of the annual changes in compensation excludes company pension schemes.

### Vertical comparison

	2024	Change 2024 vs. 2023 in %	2023	Change 2023 vs. 2022 in %	2022	Change 2022 vs. 2021 in %	2021	Change 2021 vs. 2020 in %	2020
<b>Compensation granted and owed to Executive Board members active in the reporting period</b>									
Lars Wagner	4,072,955	34%	3,032,632	53% <sup>1)</sup>	1,977,460	9%	1,809,566	32%	1,374,109
Peter Kameritsch	2,117,939	34%	1,580,063	-20%	1,973,178	9%	1,812,449	31%	1,379,276
Dr. Silke Maurer	2,318,691	41%	1,638,685	-	2)				
Michael Schreyögg	2,138,255	34%	1,597,026	-20%	1,991,578	9%	1,830,669	31%	1,395,212
<b>Earning indicators</b>									
Adjusted Group EBIT (IFRS)	1,053	29%	818	25%	655	40%	468	13%	416
Net profit of MTU Aero Industries AG (German Commercial Code [HGB])	494	294%	-255	-195%	267	35%	198	50%	132
<b>Average compensation of the workforce</b>									
Employees in Germany <sup>3)</sup>	99,265	5%	94,380	6%	88,870	2%	87,118	8%	81,035

<sup>1)</sup> Appointed CEO effective January 1, 2023 – as a result, his target direct compensation was adjusted.

<sup>2)</sup> Executive Board member since February 1, 2023.

<sup>3)</sup> Includes the active workforce in Germany (permanent employees, including employees on parental leave working part-time) standardized to full-time equivalents (FTEs) based on the following compensation elements: non-performance related basic salary and, depending on employment group, collectively agreed one-time payments or performance-related variable compensation (profit-sharing bonus, bonuses I and II, STI and RSP / LTI).



## Vertical comparison

	Change 2024 vs. 2023 in %	Change 2023 vs. 2022 in %	Change 2022 vs. 2021 in %	Change 2021 vs. 2020 in %
<b>Compensation of former Executive Board members</b>				
Dr. Rainer Martens	1%	1%	34%	– <sup>1)</sup>
Dr. Stefan Weingartner			– <sup>2)</sup>	– <sup>2)</sup>
Reiner Winkler	1%	– <sup>3)</sup>		
<b>Compensation granted and owed to present Supervisory Board members</b>				
Gordon Riske (Chairman of the Supervisory Board, Personnel Committee and Nomination Committee) (since May 5, 2022)	0%	55%	– <sup>4)</sup>	
Josef Mailer (Deputy Chairman of the Supervisory Board)	0%	0%	74%	–6%
Dr. Joachim Rauhut (Chairman of the Audit Committee until May 8, 2024; member of the Personnel Committee and Nomination Committee since May 11, 2023 until May 8, 2024)	–62%	14%	85%	–5%
Ute Wolf (Supervisory Board member since May 11, 2023; Chair of the Audit Committee and member of the Personnel Committee and Nomination Committee since May 8, 2024)	148%	– <sup>3)</sup>		
Dr. Christine Bortenlänger (member of the Audit Committee since April 22, 2021)	–2%	0%	97%	17%
Dr. Johannes Bussmann (since May 8, 2024)	– <sup>5)</sup>			
Kai Eisenblätter (Supervisory Board member since May 11, 2023)	46%	– <sup>3)</sup>		
Daniele Frijia (Supervisory Board member since August 17, 2022)	2%	152%	– <sup>4)</sup>	
Dr. Marc Haltrich (Supervisory Board member since May 11, 2023)	46%	– <sup>3)</sup>		
Anita Heimerl	–3%	3%	67%	0%
Dr. Rainer Martens (Supervisory Board member since January 26, 2021)	–3%	3%	77%	– <sup>1)</sup>
Claudia Sowa-Frank (Supervisory Board member since May 11, 2023)	57%	– <sup>3)</sup>		
Univ.-Prof. Dr. Marion A. Weissenberger-Eibl	–3%	3%	67%	3%

<sup>1)</sup> First-time payment in fiscal year 2021.

<sup>2)</sup> One-time payment in fiscal year 2021.

<sup>3)</sup> First-time payment in reporting period.

<sup>4)</sup> First-time payment in fiscal year 2022.

<sup>5)</sup> First-time payment in reporting period.

## Rules when terminating the contracts of members of the Executive Board

### Regulations in the event of joining or leaving during the year

If an individual joins or leaves the Company during the fiscal year, entitlements to fixed remuneration and STI and PSP/LTI performance-related remuneration components are reduced pro rata temporis.

### Pension arrangements

The active members of the Executive Board in the reporting year who were appointed before fiscal year 2021 earn vested entitlements to company pension benefits in accordance with the “MTU Pension Capital – Pension Provisions for Members of the MTU Aero Engine’s AG Executive Board” plan. The benefit target is to provide a pension amounting to 60% of the fixed basic compensation after 15 years of service on the Executive Board.

To replace any MTU pension entitlements earned by individual Executive Board members prior to their appointment to the Executive Board, they are granted an initial transfer amount equal to their individually earned pension capital. Once the initial transfer amount has been determined, a pension account is opened for each eligible member of the Executive Board, to which further capital units are credited annually. The annual capital units are determined on the basis of the individual Executive Board member’s contribution and an age-related factor. The age-related factor represents an interest rate of 6% p.a. until the age of 60. As a rule, the contribution period is limited to 15 years of service on the Executive Board and ends when the member reaches the age of 60. From the age of 61, the pension capital earns interest at 4% p.a. until the pension is drawn (= bonus amount) up to the age of 65. The total of the accrued capital units, plus the initial transfer amount and any bonus amounts credited, make up the pension capital available to finance post-employment benefits.

If benefits are payable because a member of the Executive Board becomes disabled or dies before reaching the fixed retirement age of 60, 50% of the benefits earnable up to the fixed age limit are added to the accrued balance on the pension account, taking into account the promised contribution period. The amount credited is based on the contribution paid at the time of exit.

When an insured event occurs, the pension capital is generally granted as a one-time payment. At the request of the Executive Board member and subject to the Group’s approval already granted, a lifelong annuity may be granted, with 1% adjustment p.a. Alternatively, at the request

of the Executive Board member, the capital may be drawn in 10 installments, with a 4% increase in each case.

Executive Board members appointed for the first time after January 1, 2021 receive a pension allowance in the form of a lump-sum payment for their own pension provision, which is paid out annually in cash, instead of an entitlement to a direct defined benefit commitment. Granting the pension allowance instead of direct commitments relieves MTU of the actuarial opportunities and risks related to defined benefit commitments.

Basic details of the above-mentioned commitments and benefits are shown individually in the following table:

Existing post-employment benefit entitlements					
Members of the Executive Board in €	Initial transfer amount <sup>1)</sup>	Guaranteed capital <sup>2)</sup>	Annual contribution	End of contribution period	Annual pension amount <sup>3)</sup>
Lars Wagner	207,344	207,344	543,962	31.12.2025	424,682
Peter Kameritsch	461,573	461,573	297,504	31.12.2025	245,867
Michael Schreyögg	365,627	365,627	378,089	31.07.2026	357,065

<sup>1)</sup> Entitlements earned up to the time of the change in the pension plan – Michael Schreyögg: July 1, 2013; Peter Kameritsch and Lars Wagner: January 1, 2018.

<sup>2)</sup> Level of benefits to which the insured party would have been entitled under the previous pension plan.

<sup>3)</sup> All entitlements to company pension benefits (excluding individual employee-funded capital account [“Pension Capital Aufbauseite”] from previous periods of service) taking into account the maximum contribution period. In the case of Lars Wagner and Peter Kameritsch, contributions were taken into account until December 31, 2025.

The differences in the annual contributions to the pension accounts result from the remaining periods of service until the end of the respective maximum contribution period, the respective age-related factors, and the individual amounts of pensionable compensation.



The following table shows the service cost for the reporting period and the previous year, and the corresponding levels of provisions, recognized in accordance with IFRS for members of the Executive Board:

Allocations to pension provisions and total amounts recognized				
Members of the Executive Board	Year	Service cost (IFRSs)	Past service cost (IFRSs)	Carrying amount of pension provisions as of Dec. 31 (IFRSs) <sup>1)</sup>
in €				
<b>Lars Wagner</b>	<b>2024</b>	<b>588,570</b>	<b>0</b>	<b>4,942,257</b>
	2023	474,533	1,685,142 <sup>2) 3)</sup>	5,074,706
<b>Peter Kameritsch</b>	<b>2024</b>	<b>200,267</b>	<b>0</b>	<b>5,846,312 <sup>4)</sup></b>
	2023	169,433	223,116 <sup>2)</sup>	5,593,686
<b>Michael Schreyögg</b>	<b>2024</b>	<b>185,617</b>	<b>0</b>	<b>6,687,857</b>
	2023	158,430	297,777 <sup>2)</sup>	6,427,521
<b>Total</b>	<b>2024</b>	<b>974,454</b>	<b>0</b>	<b>17,476,426</b>
	<b>2023</b>	<b>802,396</b>	<b>2,206,035</b>	<b>17,095,913</b>

<sup>1)</sup> Where appropriate, the provisions include obligations relating to claims arising from the individual employee-funded capital accounts ("Pension Capital Aufbaukonto") from previous service periods.

<sup>2)</sup> In the reporting period, the IFRS pension expenses (IAS 19) were influenced by past service costs in connection with the adjustment of the basic compensation as of January 1, 2024, which determines the respective pension commitment.

<sup>3)</sup> In the reporting period, the IFRS pension expenses (IAS 19) were influenced to a large extent by past service costs in connection with the adjustment of the basic compensation due to appointment as CEO effective January 1, 2023.

<sup>4)</sup> As a result of Peter Kameritsch's decision in January 2025 not to agree to extend the mandate beyond December 31, 2025, the provision would be reduced to EUR 4,416,138 as of December 31, 2024.

The defined benefit obligations (DBO) for former members of the Executive Board, measured in accordance with International Financial Reporting Standards (IFRS), amount to €21,551,775 (previous year: €22,113,042).

## Early termination of contracts of service

### Severance payment

Members of the Executive Board whose contract of service is terminated early by MTU are entitled to receive a severance payment equivalent to the total of the prorated fixed compensation, prorated short-term incentive (STI) and prorated compensation under the Performance Share Plan (PSP/LTI) for the original remaining term of their contract. The severance payment is capped at twice the departing Executive Board member's total annual compensation ("severance payment cap").

If the contract of service is terminated by MTU for compelling cause, no severance payment is made. In this case, all PSP/LTI tranche expire without compensation.

In the event of a change of control (CoC), Executive Board members have the right to resign from their office as a member of the Executive Board for cause. Under the contracts of service for members of the Executive Board, a change of control is deemed to have occurred if a shareholder, alone or on the basis of voting rights attributable to that shareholder pursuant to Sections 33 ff of the German Securities Trading Act (WpHG), acquires the majority of the voting rights in the company and this results in significant disadvantages for the Executive Board. Material disadvantages are, in particular, if the Executive Board member is removed, if the member's responsibilities and duties are significantly altered, or if the Executive Board member is asked to accept a reduction in employment benefits or to agree to premature termination of the respective contract of service. In such case, each member of the Executive Board shall have a special right of resignation, which is to be exercised within a period of six months, with a period of notice of three months to the end of a month. If a member of the Executive Board makes use of the special right of resignation, or if the Executive Board member's contract of service is terminated by mutual consent within nine months of the change of control, the Executive Board member receives a severance payment corresponding to the benefits still to be awarded up to the end of the contract term originally agreed. For the calculation of the severance payment, 100% target fulfillment is agreed for the variable compensation components. The maximum amount of the severance payment is limited to the severance payment cap.

### Incapacity to work and death

In the event of incapacity to work due to illness, accident or another reason for which the Executive Board member is not responsible, the Executive Board member shall continue to receive their fixed compensation for a period of 12 months, but no longer than until the end of the Executive Board contract of service. The short-term incentive will also continue to be granted. If

the temporary incapacity to work lasts longer than 12 months, the payment amount determined at the end of the performance period is reduced proportionately. This is calculated from the following ratio: the number of full months of incapacity for work beyond the 12-month period in relation to the total performance period of 48 months.

If the Executive Board member dies during the term of the Executive Board contract of service, the spouse, registered partner or dependent children receive the (pro rata) fixed compensation for the month of death and the three months following the month of death. A pro rata claim up to the end of the month of death arises for STI. In this case, the payout ratio of 100% and the strategic multiplier of 1 are taken into account and multiplied by the individual target amount. With respect to the tranche(s) of the Performance Share Plan (PSP/LTI) prior to the expiration of the performance period, all virtual performance shares will be forfeited, and a compensatory payment will be made for the virtual performance shares. Here, the conditionally allocated number of virtual shares is multiplied by the average MTU share price of the last 60 trading days before the date of death, and the dividends paid within the performance period up to that point are added.

### Performance-related compensation in the event of early termination of the contract of service

If the appointment is revoked by MTU for compelling cause, the Executive Board member shall not receive any short-term incentive (STI) for the fiscal year in progress at the time of end of membership of the Executive Board if the contract of service is terminated without notice.

If the Executive Board contract of service ends by termination by MTU without notice for cause in accordance with Section 626 (1) of the German Civil Code (BGB) or by the resignation of the mandate by the Executive Board member without a mutually agreed arrangement, or if the appointment is revoked by the Supervisory Board for cause pursuant to Section 84 (4) of the German Stock Corporation Act (AktG) before the end of the performance period, all performance shares of the PSP/LTI shall be forfeited without compensation ("bad leaver").

If a member of the Executive Board ends their term of office after their contract of service has expired, whether at the instigation of MTU or the Executive Board member, the current PSP/LTI tranches granted during their term of office will be paid out to the respective Executive Board member after the assessment period (performance period) and in accordance with the relevant target achievement pursuant to the PSP/LTI plan conditions described ("good leaver").

## Compensation of the Supervisory Board

The rules governing Supervisory Board compensation are laid down in the articles of association of MTU Aero Engines AG. The compensation is relative to the size of the Group and the duties and responsibilities of the Supervisory Board members.

Pursuant to Article 12 of the current articles of association of MTU Aero Engines AG, members of the Supervisory Board receive fixed annual compensation of €80,000, payable after the end of the fiscal year. The chair of the Supervisory Board receives three times and the deputy one-and-a-half times the amount of fixed compensation. In addition to this compensation, members serving on one of the Supervisory Board's committees receive an additional €20,000 for the fiscal year and a further €40,000 for the fiscal year if they chair a committee. Furthermore, members of the Supervisory Board receive an attendance fee of €3,000 per meeting of the Supervisory Board and its committees, limited to €3,000 per day. Expenses incurred in connection with the exercise of their office are reimbursed, as is any value-added tax payable on compensation. The members of the Supervisory Board do not receive any share-based compensation.

The following table contains an individualized breakdown of the compensation of each Supervisory Board member in the reporting period (figures exclude value-added tax). The fixed annual payment and compensation for committee membership are disclosed as compensation owed and comprise the compensation for the reporting period paid out at the start of the following year.



The attendance fees are disclosed as compensation granted and are the amounts paid to each member in the reporting period.

## Compensation granted and owed to the Supervisory Board for 2024

Supervisory Board members	Fixed annual payment		Compensation for membership in committee		Attendance fees		Total compensation	
	in €	in %	in €	in %	in €	in %	in €	in %
Gordon Riske (Chairman of the Supervisory Board, Personnel Committee and Nomination Committee)	240,000	66%	90,000	25%	33,000	9%	363,000	100%
Josef Mailer (Deputy Chairman of the Supervisory Board) <sup>1) 4) 7)</sup>	120,000	60%	40,000	20%	39,000	20%	199,000	100%
Dr. Joachim Rauhut (Chairman of the Audit Committee until May 8, 2024; member of the Personnel Committee and Nomination Committee since May 11, 2023 until May 8, 2024) <sup>2) 5)</sup>	28,444	38%	32,000	42%	15,000	20%	75,444	100%
Ute Wolf (Vorsitzende Prüfungsausschuss seit 8.5.2024) <sup>3) 6)</sup>	80,000	47%	58,250	34%	33,000	19%	171,250	100%
Dr. Christine Bortenlänger <sup>4)</sup>	80,000	60%	20,000	15%	33,000	25%	133,000	100%
Dr. Johannes Bussmann (since May 8, 2024)	51,778	74%			18,000 <sup>8)</sup>	26%	69,778	100%
Kai Eisenblätter <sup>7)</sup>	80,000	79%			21,000	21%	101,000	100%
Daniele Frijia <sup>1) 7)</sup>	80,000	63%	20,000	16%	27,000	21%	127,000	100%
Dr. Marc Haltrich	80,000	79%			21,000	21%	101,000	100%
Anita Heimerl <sup>7)</sup>	80,000	79%			21,000	21%	101,000	100%
Dr. Rainer Martens	80,000	79%			21,000	21%	101,000	100%
Claudia Sowa-Frank <sup>4) 7)</sup>	80,000	60%	20,000	15%	33,000	25%	133,000	100%
Univ.-Prof. Dr. Marion A. Weissenberger-Eibl	80,000	79%			21,000	21%	101,000	100%
<b>Total</b>	<b>1,160,222</b>		<b>280,250</b>		<b>336,000</b>		<b>1,776,472</b>	

<sup>1)</sup> Member of the Personnel Committee.

<sup>2)</sup> Member of the Personnel Committee until May 8, 2024.

<sup>3)</sup> Member of the Personnel Committee since May 8, 2024.

<sup>4)</sup> Member of the Audit Committee.

<sup>5)</sup> Member of the Nomination Committee until May 8, 2024.

<sup>6)</sup> Member of the Nomination Committee since May 8, 2024.

<sup>7)</sup> These employee representatives have declared that they will donate their Supervisory Board compensation to the Hans-Böckler-Stiftung, in accordance with the guidelines of the Confederation of German Trade Unions.

<sup>8)</sup> Dr. Johannes Bussmann waived an attendance fee of EUR 3,000.

*Note: This is a translation of the German original. Solely the original text in German language is authoritative.*

## Independent Auditor's Report

### To MTU Aero Engines AG, Munich

Report on the audit of the remuneration report

We have audited the attached remuneration report of MTU Aero Engines AG, Munich, for the financial year from January 1 to December 31, 2024, including the related disclosures, prepared to meet the requirements of Section 162 AktG [Aktiengesetz: German Stock Corporation Act].

### Responsibility of the Management Board and the Supervisory Board

The management and the Supervisory Board of MTU Aero Engines AG are responsible for the preparation of the remuneration report, including the related disclosures, in accordance with the requirements of § 162 AktG. The management and the Supervisory Board are also responsible for such internal control as they have determined necessary to enable the preparation of the remuneration report that is free from material misstatement, whether due to fraud or error.

### Auditor's responsibilities

Our responsibility is to express an opinion on this remuneration report, including the related disclosures, based on our audit. We conducted our audit in accordance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report, including the related disclosures, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts, including the related disclosures, in the remuneration report. The procedures selected depend on the auditor's professional judgement. This includes an assessment of the risks of material misstatement, whether due to fraud or error, in the remuneration report, including the related disclosures. In assessing these risks, the auditor considers the internal control system relevant for the preparation of the remuneration report, including the related disclosures. The objective is to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the Supervisory Board, as well as evaluating the overall presentation of the remuneration report, including the related disclosures.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Opinion

In our opinion, on the basis of the knowledge obtained in the audit, the remuneration report for the financial year from January 1 to December 31, 2024, including the related disclosures, complies in all material respects with the financial reporting requirements of Section 162 AktG.

### Other matter – formal examination of the remuneration report

The substantive audit of the remuneration report described in this independent auditor's report includes the formal examination of the remuneration report required by Section 162 (3) AktG, including issuing an assurance report on this examination. As we have issued an unqualified opinion on the substantive audit of the remuneration report, this opinion includes the conclusion that the disclosures pursuant to Section 162 (1) and (2) AktG have been made, in all material respects, in the remuneration report.

### Limitation of liability

The terms governing this engagement, which we fulfilled by rendering the aforementioned services to MTU Aero Engines AG, are set out in the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms] as amended on 1 January 2024. By taking note of and using the information as contained in this auditor's report, each recipient confirms to have taken note of the terms and conditions laid down therein (including the limitation of liability of EUR 4 million for negligence under Clause 9 of the General Engagement Terms) and acknowledges their validity in relation to us.

Munich, March 18, 2025

KPMG AG

Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Huber-Straßer

Wirtschaftsprüferin

[German Public Auditor]

Hanshen

Wirtschaftsprüfer

[German Public Auditor]