



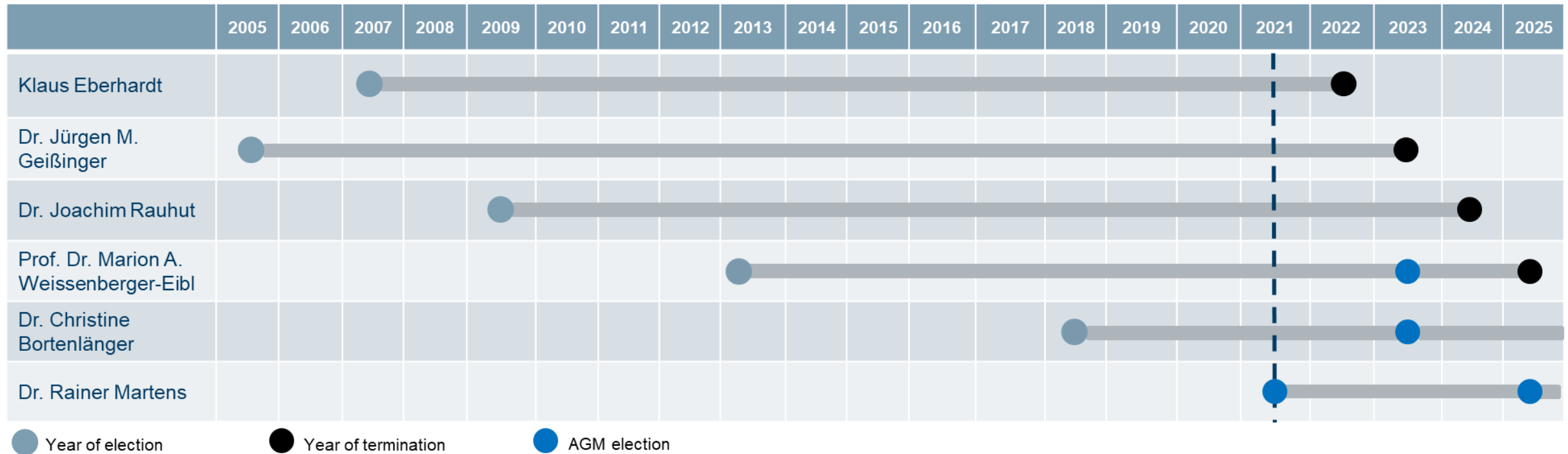
Corporate Governance

Further strengthening MTU's Supervisory Board independence

AGM April 21, 2021

Supervisory Board Tenures – Staggered Terms of Shareholder Representatives

Shortening terms for new Supervisory Board Members to 4 years to meet expectations of investors and requirements of modern Corporate Governance



Supervisory Board Composition – Proposal for new Candidate

Rationale behind nomination of Dr. Rainer Martens is to preserve technological aero engine competence in the Supervisory Board

Dr. Rainer Martens

Independent Consultant



Gender: Male
Age: 60
Education: Mechanical engineering
Internationality: German
Independence: Yes
Mandates: 0

- Former COO of MTU Aero Engines AG
- Retired in 2017
- Cooling-off period >2 years (requirement by German law)
- Replaces Prof. Klaus Steffens, former CEO (and prior to that COO) of MTU until 2004
- Both are outstanding experts in aero engine technology and shaped the technology development of MTU during the last 20 years
- Fulfills respective requirements of MTU's competence profile:
 - Knowledge related to the manufacture and maintenance of MTU's products
 - Experience with respect to the technology of MTU's products and knowledge of the relevant factors of influence
- No conflicts of interests and regarded as independent
- No other mandates

Additional Information regarding Agenda Item 6: Election of new Supervisory Board Member Dr. Rainer Martens

- The **rationale behind** the nomination of Dr. Rainer Martens **is to preserve technological aero engines competence in the Supervisory Board** following the departure of Prof. Klaus Steffens.
- The product portfolio of MTU is a highly specialized one and is extremely difficult to assess without a dedicated expertise in the field of high-tech aero engines.
- After Prof. Klaus Steffens has left the Board, **none of its members has a profound basis in engine-related technology.**
- Supervisory Board discussions in many years have proven that such experience is essential. Dr. Rainer Martens is the ideal candidate to fill this gap.

- Dr. Rainer Martens retired as COO of MTU at the end of 2017, almost **3 ½ years** ago at the time of this year's AGM.
- **This is much longer than the two years cool-off period required under German law, which might be proof that we take this issue seriously.**
- After Prof. Klaus Steffens has left the Board we cannot wait another 1 ½ years to replace the technical expertise which has been lost with his resignation
- **Dr. Rainer Martens is strongly associated with current technologies enabling the path towards significant emission reduction in the mid-term product development and the long-term strategies towards revolutionary emission-free engine technologies such as fuel cells.**

- In addition, we would like to point out that **Dr. Rainer Martens has no conflicts of interest and is regarded independent.** He has no other management nor supervisory board positions, and therefore has sufficient availability to perform his duties as Supervisory Board member of MTU.

Composition of Supervisory Board – Competence Profile

Objectives with regard to the composition of the Supervisory Board

By way of the resolutions it has passed over the past few years, MTU's Supervisory Board has defined targets for

- the number of independent members of the Supervisory Board: The majority of the individuals sitting on the Supervisory Board should be independent members.
- the age limit for members of the Supervisory Board: A member's term of office expires upon the end of the first Annual Meeting held after the member has reached the age of 75 years.
- a standard time limit for the terms of office a member may serve on the Supervisory Board: Four terms of office.

The Supervisory Board considers the legal minimum quota of 30 % women and 30 % men on the Supervisory Board to be reasonable.

2. Requirements regarding time dedicated to serving the office

The Supervisory Board deems it important that its current members as well as the candidates for election to the Supervisory Board have sufficient time available to prepare for and follow up on the scheduled Supervisory Board meetings, to take part in these meetings, and to attend to regular reporting. Their work on committees, especially when chairing such committees, involves an additional time commitment. Based on these criteria, the time burden on the members of the Supervisory Board and candidates for election to the Supervisory Board in connection with other offices in supervisory and control committees, their active job activities and other tasks is taken into account.

3. Areas of competence required on the Supervisory Board

MTU's Supervisory Board should be made up of personalities who, in their entirety, provide a range of competences which ensure comprehensive and effective consultancy to and supervision of the Executive Board with regard to the whole gamut of MTU's business activities, including its strategy and approach to new societal and technological challenges. In the opinion of the Supervisory Board, essential elements of this range of competences should include:

- Corporate experience in an international environment
- Experience in the management and/or supervision of comparable companies
- An understanding of the company's strategy and its future strategic development
- Profound knowledge of the business models and/or of the company's major business segments
- Familiarity with co-determination legislation
- Knowledge related to the manufacture and maintenance of MTU's products
- Experience in risk management, compliance, and corporate governance
- Profound knowledge in financial reporting or auditing of the annual accounts
- Knowledge of stock exchange and stock corporation legislation, plus associated experience
- Experience with respect to the technology of MTU's products and knowledge of the relevant factors of influence
- The special rules of the German Co-Determination Act must be complied with