

# REMUNERATION REPORT 2021

## REMUNERATION REPORT

### INTRODUCTION

This remuneration report provides a shortened description of the structure and design of the remuneration for Executive Board and Supervisory Board members at Vitesco Technologies Group Aktiengesellschaft (also referred to as the “Company” or Vitesco Technologies Group AG) in fiscal 2021. It also includes extensive disclosures of the individual remuneration awarded, due, or granted to members of the Executive and Supervisory Boards in the 2021 fiscal year. The remuneration system described here was applied as of September 15, 2021 owing to the Company’s spin-off from Continental AG at that time. The remuneration disclosures therefore show the corresponding remuneration paid by the Company pro rata temporis to the members of the Executive and Supervisory Boards during the 2021 fiscal year. Prior to its spin-off any other form of executive remuneration was not awarded, due or granted by the Company.

This remuneration report was jointly prepared by the Executive Board and Supervisory Board and meets the requirements of Sec. 162 AktG as well as the recommendations and suggestions of the German Corporate Governance Code (GCGC) as amended on December 16, 2019. This remuneration report has been audited by KPMG AG Wirtschaftsprüfungsgesellschaft in accordance with the requirements under Sec. 162(3) AktG. A substantive audit was performed alongside the formal audit mandated by law. The auditor’s report regarding the remuneration report is published on the Company’s website under the section Corporate Governance ([ir.vitesco-technologies.com](http://ir.vitesco-technologies.com)).

The Company’s website ([ir.vitesco-technologies.com](http://ir.vitesco-technologies.com)) contains an extensive description of the current system for remunerating the Executive Board and Supervisory Board as well as this remuneration report under the section Corporate Governance.

### FISCAL 2021 IN RETROSPECT

The 2021 fiscal year was marked by the impacts of the Covid-19 pandemic and shortages in global supply and logistics chains. Nevertheless, Vitesco Technologies also made history last year. Its successful stock listing following the spin-off from Continental AG on September 16, 2021 represented a milestone in Vitesco Technologies’ corporate history. It was also one of Germany’s largest initial public offerings in recent years, with a transaction volume of roughly €2.4 billion. From that moment on, Vitesco Technologies started operating as an independent company in the dynamically growing Electric Vehicle market.

Vitesco Technologies successfully achieved significant progress in implementing its transformation in the course of fiscal 2021. This is attested to by the growth of its sales to €8.3 billion, the improvement of its net operating income (2021: €39.5 million; 2020: –€324.3 million), the increase of its return on capital employed (ROCE) to 1.6% (previous year: –11.5%), and its positive free cash flow of about €113.3 million compared to the significant cash burn in the year before. Accordingly, Vitesco Technologies was able to assert itself in a challenging market environment. What’s more, organic sales in the fiscal year were up 4.1% on the previous year. The positive business development is also reflected in the target achievement of the performance bonus.

The Executive Board of Vitesco Technologies was formed in 2021. Andreas Wolf (Chief Executive Officer), Werner Volz (Chief Financial Officer), and Ingo Holstein (Chief Human Resources Officer) were appointed to the Executive Board as per March 9, 2021. The service agreements concluded between Vitesco Technologies Group AG and Andreas Wolf, Werner Volz, and Ingo Holstein each have remuneration provisions taking effect from the time of the spin-off. Klaus Hau, Head of Sensing & Actuation, and Thomas Stierle, Head of Electrification Technology, were also appointed to the Executive Board as per October 4, 2021. Consequently, the Executive Board of Vitesco Technologies Group AG consists of five members. There is currently no Head of Electronic Controls, the third business unit, which is why this business unit does not have its own member on the Executive Board. Andreas Wolf is acting in this role for the time being, while Werner Volz is in charge of the Contract Manufacturing business unit.

## REMUNERATION GOVERNANCE

The Supervisory Board passed a resolution on the Executive Board's remuneration system for fiscal 2021 as part of the spin-off of Vitesco Technologies Group AG from Continental AG on September 15, 2021. The following provides details about this system and its application in the 2021 fiscal year. The remuneration system that will be applied beginning in the 2022 fiscal year is being decided by the Supervisory Board in accordance with Sec. 87a(1) first sentence AktG and will be presented at the Annual General Meeting on May 5, 2022 in accordance with Sec. 120a(1) AktG for the shareholders' approval. Pursuant to Sec. 87a(2) first sentence AktG, the Supervisory Board determines the remuneration for the Executive Board in accordance with the remuneration system to be approved by the Annual General Meeting.

The Supervisory Board sets specific targets before the start of the fiscal year for the performance criteria defined in the remuneration system. The Supervisory Board also determines the target remuneration for Executive Board members under the applicable remuneration system before the start of the fiscal year. In doing so, it ensures in particular that the remuneration is appropriate to the performance and tasks of each Executive Board member as well as to the Company's overall situation and suitable for the Company's long-term, sustainable development.

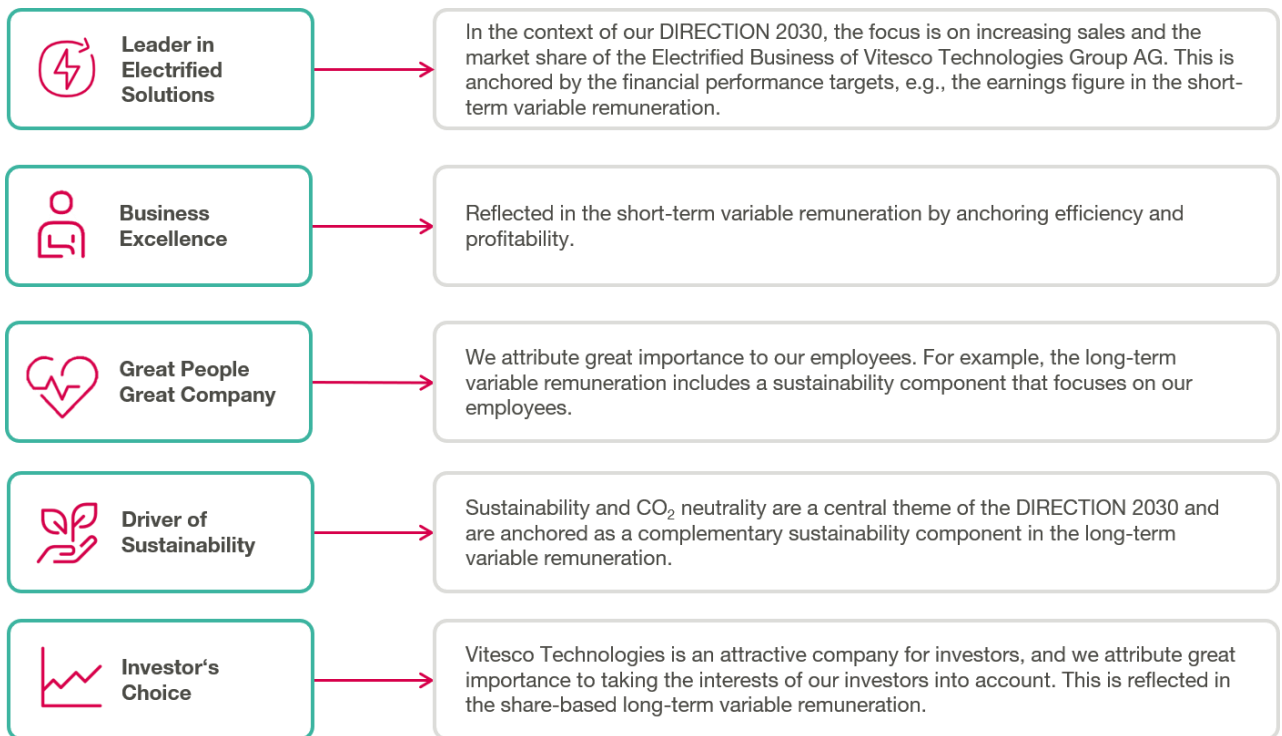
The Supervisory Board regularly checks that the Executive Board's remuneration is appropriate and in line with customary levels. It does this by benchmarking it against a peer group of relevant external companies (horizontally) and based on the Company's internal remuneration ratios (vertically). Adjustments are made if necessary in order to offer attractive remuneration in line with the market and within the regulatory framework.

An external, independent remuneration consultant recently checked and confirmed that the Executive Board's remuneration in fiscal 2021 was in line with the market. Due to the Company's size, the companies in the MDAX and SDAX were used as a mixed peer group for this purpose. An internal, vertical check was carried out, too, and took into account the ratio of Executive Board remuneration to remuneration for senior management, employees not covered by collective agreements, and employees covered by collective agreements.

**BASIC PRINCIPLES OF EXECUTIVE BOARD REMUNERATION**

**Guidelines for Executive Board remuneration**

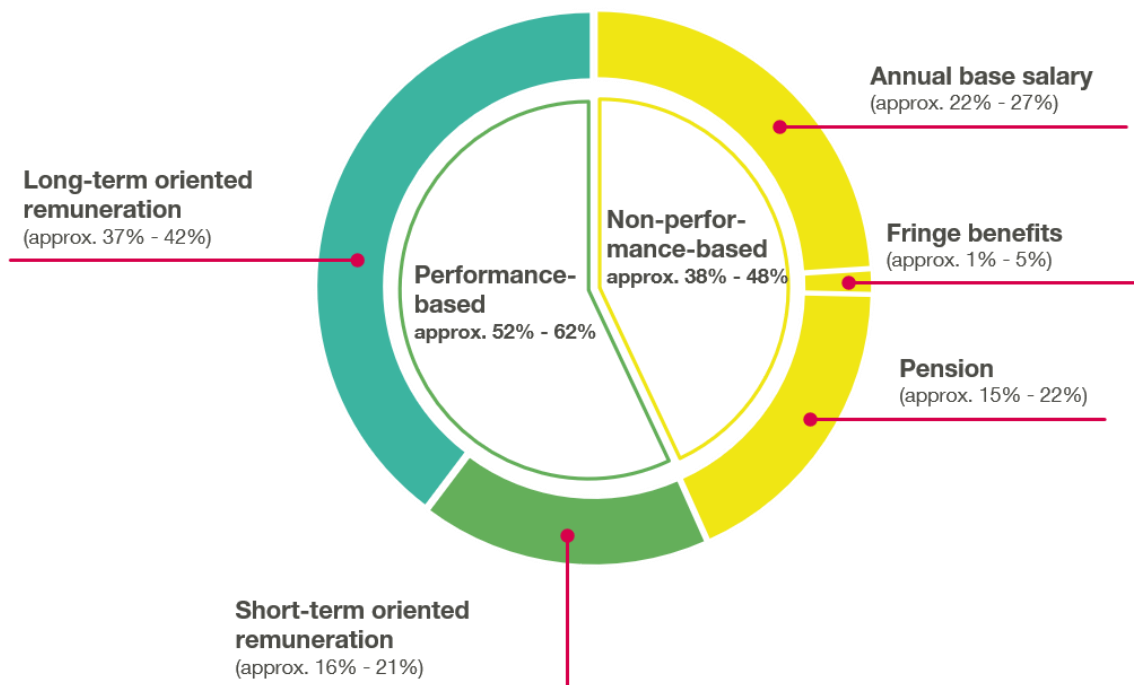
The Executive Board’s remuneration system contributes significantly to the implementation of the Company’s business strategy. It acts as an incentive for the Executive Board’s members to achieve the key strategic targets under the DIRECTION 2030 pursued by Vitesco Technologies Group AG.



In addition to this link to the corporate strategy, a close link to performance – pay for performance – is also ensured by paying predominantly variable remuneration and by integrating specific targets. Furthermore, the remuneration system meets the regulatory requirements of Germany’s Stock Corporation Act and the recommendations and suggestions of the German Corporate Governance Code.

**Overview of the remuneration system for Executive Board members**

The remuneration of the Company’s Executive Board members consists of non-performance-based (fixed) and performance-based (variable) components. The non-performance-based components comprise the annual base salary, fringe benefits, and the company pension. The performance-based remuneration consists of a one-year performance bonus along with an equity deferral for three years, and the long-term incentive (LTI) based on a four-year period. To ensure strong pay for performance, the share of performance-based remuneration components is larger than the share of non-performance-based components of the target total remuneration. Moreover, the variable, performance-based remuneration – comprised of the performance bonus with an equity deferral, and the LTI – are predominantly based on a period spanning several years. The illustration factors in individual salary ratios of the target total remuneration which vary slightly between individual Executive Board members. In total, performance-based remuneration makes up roughly 52% of the target total remuneration. The remuneration is structured as follows:



The remuneration components mainly comprise the following core elements:

Component		Description
Non-performance-based remuneration components	Annual Base Salary	> Fixed remuneration paid in twelve equal monthly amounts
	Fringe Benefits	> Mainly company car, health check-up, contributions to employers' liability insurance association, health and long-term care insurance contributions, D&O insurance
	Pension	> Annual fixed contribution to basic account, contractual vesting
Performance-based remuneration components	Performance Bonus (short-term and long-term)	<ul style="list-style-type: none"> <li>&gt; Performance targets:               <ul style="list-style-type: none"> <li>&gt; Earnings Before Interest and Taxes (EBIT)</li> <li>&gt; Return on Capital Employed (ROCE)</li> <li>&gt; Free cash flow (FCF)</li> </ul> </li> <li>&gt; Multiplier: Personal Contribution Factor (0.8 – 1.2)</li> <li>&gt; Payout:               <ul style="list-style-type: none"> <li>&gt; approx. 40% of net payout in equity deferral with three year holding period</li> <li>&gt; Remainder paid out in cash</li> </ul> </li> <li>&gt; Cap: 200% of target amount</li> </ul>
	Long-Term-Incentive (long-term)	<ul style="list-style-type: none"> <li>&gt; Performance targets:               <ul style="list-style-type: none"> <li>&gt; Relative Total Shareholder Return (TSR)</li> <li>&gt; Sustainability Criteria</li> </ul> </li> <li>&gt; Term: four years</li> <li>&gt; Payout: in cash</li> <li>&gt; Cap: 200% of target amount</li> </ul>
Further contractual clauses	Malus / Clawback	The whole variable remuneration may be reduced in part or in full (malus) or reclaimed (clawback) if it can be proven that there has knowingly been a gross breach of a duty of care within the meaning of Sec. 93 AktG, of an internal company guideline or of any other obligation under the service agreement.
	Share Ownership Guideline (SOG)	<ul style="list-style-type: none"> <li>&gt; Four-year build-up phase of shareholding (chairperson: 200%, ordinary members: 100% of annual gross base salary).</li> <li>&gt; Reduction of build-up phase and SOG target in case of shortened term of service agreement</li> <li>&gt; Two-year holding obligation after termination of service agreement</li> </ul>
	Severance Cap and Non-Compete Clause	<ul style="list-style-type: none"> <li>&gt; Severance cap: amounting to two years' remuneration or the remuneration for the remaining period of the service agreement; offset against the non-compete compensation</li> <li>&gt; Non-compete clause of two years including non-compete compensation of 50% of the most recently received contractual compensation</li> </ul>

### **Adherence to maximum remuneration**

There are two types of limits on the total remuneration, including all remuneration components illustrated, that is received by the Executive Board. Firstly, the variable remuneration components are each limited to 200% of the target amount. Secondly, a maximum remuneration is defined per Sec. 87a(1) sentence 2 no. 1 AktG and based on the peer group comparison. This maximum remuneration limits the total payable amount of remuneration that is granted for a given fiscal year and incorporates all remuneration components (i.e., annual base salary, pension plan contributions, fringe benefits, performance bonus, and long-term incentive). This total amount is set at €6.2 million for the Chief Executive Officer and €3.2 million for ordinary Executive Board members. As Vitesco Technologies Group AG was spun off from Continental AG during the fiscal year, the maximum remuneration for fiscal 2021 was reduced on a pro rata temporis basis to approximately €1.8 million for Andreas Wolf, to approximately €950 thousand for Werner Volz and Ingo Holstein, and to approximately €810 thousand for Klaus Hau and Thomas Stierle. A disclosure about adherence to the maximum remuneration in 2021 will be made in the remuneration report for the 2024 fiscal year once the LTI assessment period has ended.

### **NON-PERFORMANCE-BASED REMUNERATION COMPONENTS IN 2021**

#### **Annual base salary**

The annual base salary is paid in twelve equal amounts, one each month, and is paid pro rata temporis if a member joins or leaves the Executive Board during a fiscal year. The annual base salary for the 2021 fiscal year adjusted on a pro rata temporis basis was approximately €236 thousand for the Chief Executive Officer, approximately €133 thousand for the Chief Financial Officer, approximately €118 thousand for the Chief Human Resources Officer, and approximately €100 thousand for Executive Board members with responsibility for a specific business area. The remuneration, including the annual base salary, has not been increased since the IPO, i.e., after it was first granted.

#### **Fringe benefits**

The Executive Board members receive fringe benefits in addition to their annual base salary. These benefits include reimbursement on a case-by-case basis of relocation costs and expenses for, having to maintain two households owing to their work for the Company, as well as the use of a company car, including for private purposes, the assumption of the costs for a regular health check-up and of any fees for membership in an employer's liability insurance association – including any income tax payable thereon, premiums for accident insurance, and premiums for health and long-term-care insurance. Further, the Company has taken out directors' and officers' (D&O) liability insurance for each member of the Executive Board.

There were no further fringe benefits paid to Executive Board members during the 2021 fiscal year.

### Pension plan

The following details about the Executive Board's pension plan pertain to benefits granted to the Executive Board members in the event that their appointment ends. The pension plan is designed as a defined-contribution plan that functions like a cash-balance plan. The fixed annual contribution granted by the Company to an Executive Board member is multiplied by an age factor to form a cash component that is credited to his or her pension account. The present value of the pension account is calculated as the balance reached divided by the age factor at the relevant point in time. The payout amount is calculated at the time payment of pension benefits is applied for. The payout amount can be paid as a lump sum, in installments, or as an annuity.

The service cost and defined benefit obligation for Executive Board members were as follows on December 31, 2021:

#### Pension Entitlements in € thousand

	IAS 19			
	Service cost		Defined benefit obligation	
	2021	2020	2021	2020
Andreas Wolf (from Sep. 15, 2021)	230	–	230	–
Werner Volz (from Sep. 15, 2021)	96	–	96	–
Ingo Holstein (from Sep. 15, 2021)	110	–	110	–
Klaus Hau (from Oct. 1, 2021)	78	–	78	–
Thomas Stierle (from Oct. 1, 2021)	91	–	91	–

### PERFORMANCE-BASED REMUNERATION COMPONENTS IN 2021

The Company's Executive Board members are granted performance-based remuneration consisting of a one-year variable remuneration and equity deferral (performance bonus) and multiple-year variable remuneration (the long-term incentive, LTI).

#### Performance bonus

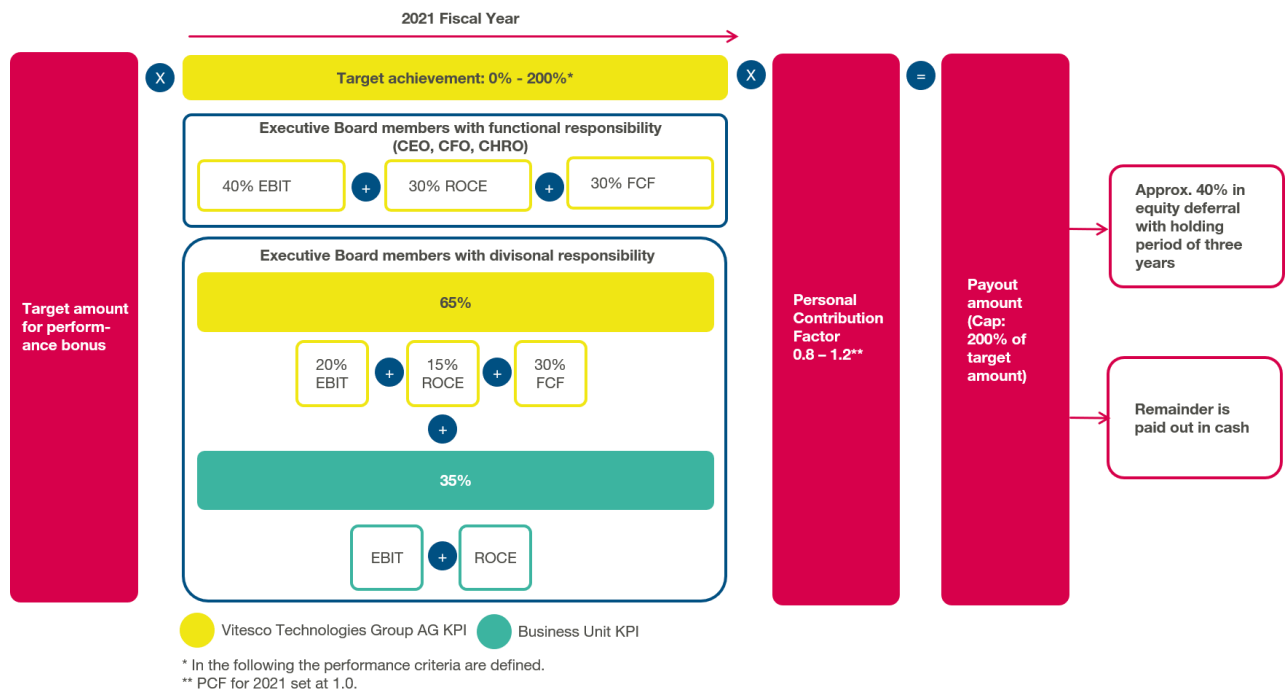
##### Contribution of the performance bonus to the promotion of the business strategy

With its sustainability-oriented business strategy, Vitesco Technologies Group AG, focuses on profitability, efficiency, and innovation. By using EBIT, ROCE, and free cash flow (FCF) as financial performance indicators, the performance bonus acts as a direct incentive to perform well in implementing this business strategy. Complementing it with a "personal contribution factor" ensures that not only financial incentives are taken into account, but also the Company's organizational development and customer focus.

The annual performance bonus has a term of one year. The payout amount is limited to a maximum of 200% of the target amount and depends on the financial performance criteria as well as the non-financial personal contribution factor (PCF).



The performance bonus earned is calculated by multiplying the target amount with the target achievement. Approximately 40% of the net payout amount (20% of the gross payout amount) is allocated an equity deferral that does not vest until after three years. The remaining amount is paid out in cash. The performance bonus as a whole comprises the following:



### Financial performance criteria

Target achievement for the financial performance criteria can range between 0% and 200%, which recognizes the performance of the Executive Board members and can also reduce the performance bonus to zero if targets are not met.

The financial performance criteria are based on the Company's key performance indicators and comprise EBIT, ROCE, and FCF.

**EBIT (earnings before interest and taxes)** refers to the Company's profit before factoring in financial income/expenses and taxes and is adjusted for impairment of goodwill and gains and/or losses from the disposal of parts of the Company. It is an indicator of operational profitability and acts as an incentive to increase the Company's future profit.

**ROCE (return on capital employed)** is determined as the ratio of the adjusted EBIT described above to the average capital employed (total assets less current liabilities) during the fiscal year, and is thus an indicator of the Company's profitability and efficiency.

**FCF (free cash flow)** is defined as the cash flow that remains before financing activities; it is adjusted for cash inflows/outflows from the sale or purchase of companies and business units. FCF is an indicator of liquidity and acts as an incentive to distribute dividends to shareholders and to reduce borrowing and enables future investments in the Company's innovation.

The financial performance criteria are applied for all Executive Board members, whereas Executive Board members who are responsible for a business unit are also assessed against financial performance criteria for the business unit for which they are responsible. These criteria include EBIT and ROCE.

Andreas Wolf, Werner Volz, and Ingo Holstein are each responsible for a central function. When calculating their target achievement based on the financial performance criteria for the performance bonus, 40% of the calculation is based on the entire Company's EBIT, 30% on its ROCE, and 30% on its FCF.

Klaus Hau and Thomas Stierle are each in charge of a business unit. A total of 65% of their target achievement is based on the performance criteria of the entire Company while a total of 35% is based on the performance criteria of their relevant business unit. When calculating their target achievement for the entire Company, 20% of the calculation is based on the entire Company's EBIT, 15% on its ROCE, and 30% on its FCF. When calculating their target achievement for the business units, 20% of the calculation is based on the EBIT of the relevant business unit and 15% on its ROCE.

Klaus Hau heads the Sensing & Actuation business unit and Thomas Stierle heads the Electrification Technology business unit. A target achievement curve could not be calculated for ROCE in the Electrification Technology business unit in fiscal 2021, so 35% of the business unit component of Thomas Stierle's financial target achievement for this fiscal year was determined based on the EBIT of the Electrification Technology business unit.

#### **Personal contribution factor (PCF)**

The personal contribution factor can be between 0.8 and 1.2 and depends on an appraisal of personal performance criteria for each Executive Board member.

The individual criteria of the PCF are set by the Supervisory Board before the beginning of each fiscal year and enable the Supervisory Board to consider individual or collective achievements by the Executive Board based on non-financial performance criteria, in addition to the financial performance criteria. The Supervisory Board can choose from the following topics when selecting the criteria:

- › Market development and customer focus (e.g., new markets, new products, or customer segments)
- › Implementation of transformation projects (e.g., spin-off, portfolio adjustments, reorganization, efficiency enhancements, strategic alliances)
- › Organizational and cultural development (e.g., promotion of corporate values, agility and ownership, strengthening of internal cooperation and communication, succession planning, employer branding)

This allows for appropriate consideration of achievements contributed by the Executive Board that play a significant role in implementing the Company's strategy and that cannot be measured with financial metrics.

The Supervisory Board may choose not to set targets for the PCF for a given fiscal year, either for individual Executive Board members or for all of them; in this case, the PCF value for the Executive Board members concerned will be 1.0 for the relevant fiscal year.

Personal targets were not defined for the 2021 fiscal year, therefore the PCF used is 1.0 for all Executive Board members.

### Application of the performance bonus in the 2021 fiscal year

The targets, minimums, and maximums as well as the actual figures and target achievements for the performance bonus' financial performance criteria are summarized in the following table:

#### Target Achievement for 2021 Performance Bonuses

	Minimum	Target	Maximum	Actual	Weighting in %	Target achievement in %
<b>Central function<sup>1</sup></b>						
EBIT of Vitesco Technologies Group AG (€ million)	-391.8	-195.9	0.0	-26.9	40.0	186.3
ROCE of Vitesco Technologies Group AG (% points)	-10.4	-7.4	-4.4	-1.1	30.0	200.0
FCF of Vitesco Technologies Group AG (€ million)	-552.6	-425.1	-297.6	17.8	30.0	200.0
<b>Sensing &amp; Actuation business unit<sup>2</sup></b>						
EBIT of Vitesco Technologies Group AG (€ million)	-391.8	-195.9	0.0	-26.9	20.0	186.3
ROCE of Vitesco Technologies Group AG (% points)	-10.4	-7.4	-4.4	-1.1	15.0	200.0
FCF of Vitesco Technologies Group AG (€ million)	-552.6	-425.1	-297.6	17.8	30.0	200.0
EBIT of Sensing & Actuation (€ million)	138.3	172.9	207.5	231.1	20.0	200.0
ROCE of Sensing & Actuation (€ million)	12.1	15.1	18.1	22.0	15.0	200.0
<b>Electrification Technology business unit<sup>3</sup></b>						
EBIT of Vitesco Technologies Group AG (€ million)	-391.8	-195.9	0.0	-26.9	20.0	186.3
ROCE of Vitesco Technologies Group AG (% points)	-10.4	-7.4	-4.4	-1.1	15.0	200.0
FCF of Vitesco Technologies Group AG (€ million)	-552.6	-425.1	-297.6	17.8	30.0	200.0
EBIT of Electrification Technology (€ million)	-315.8	-280.7	-245.6	-233.7	35.0	200.0

1) The Executive Board members responsible for a central function are: Andreas Wolf, Werner Volz, and Ingo Holstein.

2) The Executive Board member responsible for the Sensing & Actuation business unit is Klaus Hau.

3) The Executive Board member responsible for the Electrification Technology business unit is Thomas Stierle.

The definitions of the performance criteria are provided above.

The payout amounts presented below are calculated pro rata temporis based on the individual target amounts granted for the 2021 fiscal year in conjunction with target achievement as measured against the performance criteria. Approximately 40% of the net payout amount (20% of the gross payout amount) went toward the equity deferral that does not vest until after three years. The remaining amount was paid out in cash:

**Summary of 2021 Performance Bonuses**

	Target amount in € thousand	Target achievement financial performance criteria in %	Personal contribution factor <sup>1</sup>	Total target achievement in %	Total payout amount in € thousand	Equity deferral in € thousand <sup>2</sup>
Andreas Wolf (from Sep. 15, 2021)	355	194.5	1.0	194.5	691	276
Werner Volz (from Sep. 15, 2021)	148	194.5	1.0	194.5	288	115
Ingo Holstein (from Sep. 15, 2021)	133	194.5	1.0	194.5	259	104
Klaus Hau (from Oct. 1, 2021)	113	197.3	1.0	197.3	224	89
Thomas Stierle (from Oct. 1, 2021)	113	197.3	1.0	197.3	224	89

1) The Supervisory Board did not define any personal performance criteria for the 2021 fiscal year. For this reason, the value for the personal contribution factor is set at 1.0 for the 2021 fiscal year.

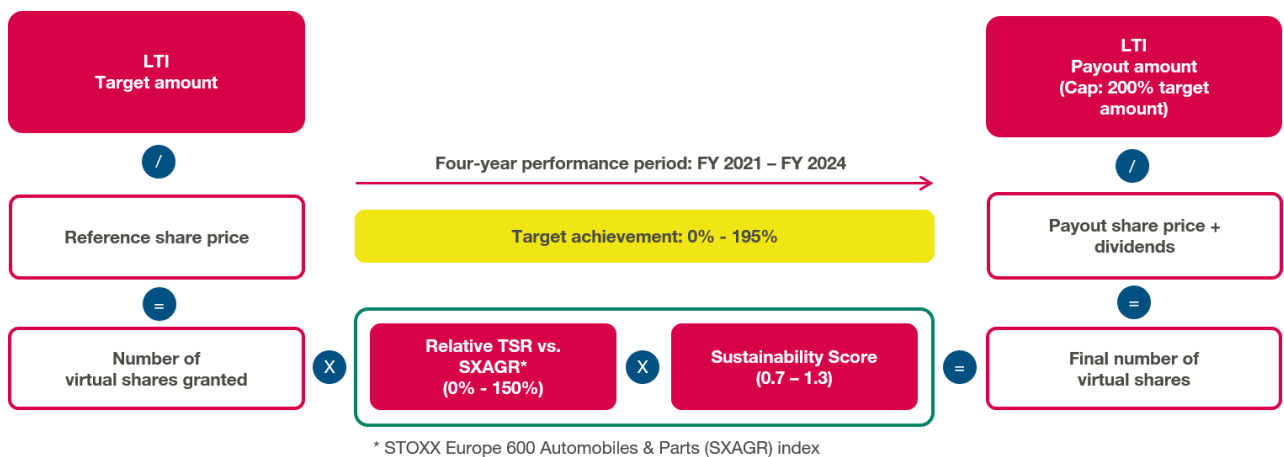
2) Shares of Vitesco Technologies Group AG worth 20% of the gross payout amount must be purchased from the net performance bonus payout and then held for a period of three years; the corresponding gross amount was calculated assuming a ratio of taxes and charges of roughly 50%.

**Long-term incentive**

**Contribution of the long-term incentive to the promotion of the business strategy**

Ever since its listing in September 2021, Vitesco Technologies Group AG has considered the interests of its investors and shareholders to be crucially important. The stock-based design of the LTI and the integration of relative TSR as a market-oriented element in this remuneration component act as an incentive to pursue the investors' and shareholders' interests. Additionally, using the sustainability score as a performance criterion ensures that the remuneration provides appropriate support for sustainable business development.

The LTI for the Executive Board members is designed as a virtual performance share plan on a rolling annual basis with a four-year performance period. The defined performance criteria include the relative total shareholder return (TSR) and the Company's sustainability score.



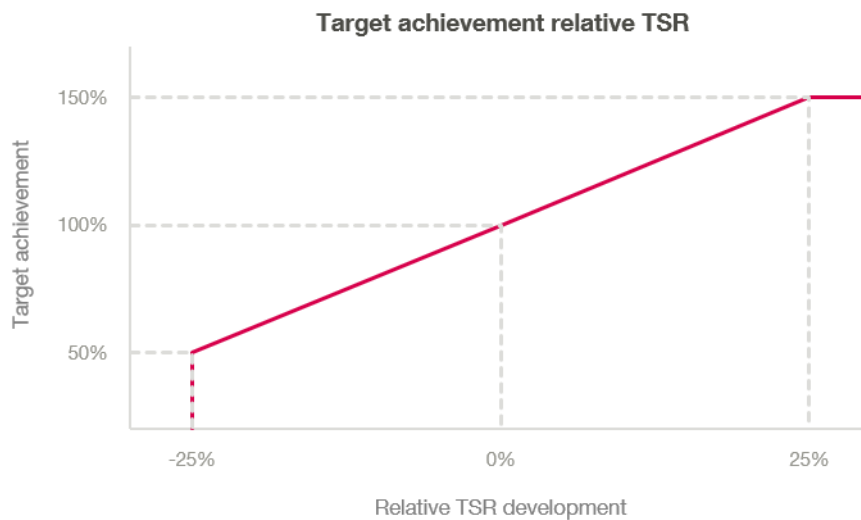
The number of granted virtual shares is calculated at the beginning of the performance period by dividing an Executive Board member's target amount by the reference share price. The reference share price is calculated as the arithmetic mean of the Company's closing share prices in the XETRA trading system operated by the Frankfurt Stock Exchange (or a successor system) in the last two months prior to the start of the performance period for the relevant LTI tranche. There is a deviating provision for the LTI tranche for the 2021 fiscal year due to the spin-off during the fiscal year. The share reference price is calculated as the arithmetic mean of the Company's closing share prices in the XETRA trading system operated by the Frankfurt Stock Exchange (or a successor system) in the first three months following the initial listing, including the day of the listing.

At the end of the performance period, the total target achievement that determines the payout amount is calculated first. This involves multiplying the target achievement for both performance criteria, relative TSR and sustainability score, by each other. The total target achievement is limited to a maximum of 195%. The number of virtual shares granted at the beginning of the performance period is then multiplied by the total target achievement. The final number of virtual shares so determined is then multiplied by the Company's payout share price, taking into account the dividends paid out during the performance period, with the result of this being the payout amount. The payout share price is calculated as the arithmetic mean of the Company's closing share prices in the XETRA trading system operated by the Frankfurt Stock Exchange (or a successor system) on the trading days in the final two months preceding the next Annual General Meeting after the LTI period ends. The LTI payout amount is limited to 200% of the target amount.

**Relative total shareholder return (TSR)**

To calculate the relative TSR, the TSR on the Company’s stock is compared at the end of the performance period with the TSR of the STOXX Europe 600 Automobiles & Parts (SXAGR), the benchmark index, at the end of the performance period. The benchmark period for the year of the spin-off began on the day of the initial listing, i.e., September 16, 2021. Relative TSR is an instrument with a market focus and therefore incentivizes developing the Company’s value proportionally to a relevant peer group. TSR measures the stock price development of the Company and companies in the benchmark index while also incorporating dividend payments. It puts a focus on the interests of our shareholders.

The target-achievement curve is defined in the remuneration system and illustrated below. If the Vitesco Technologies Group AG TSR corresponds to the benchmark TSR, the performance criterion is deemed achieved at a degree of 100%. The variance is calculated by adding double the difference between the Vitesco Technologies Group AG TSR and the benchmark TSR to the value 1.0 (100% target achievement). The result is the following target achievement curve: If the Vitesco Technologies Group AG TSR falls below the benchmark TSR by 25 percentage points or more, the target achievement is 0%; if the Vitesco Technologies Group AG TSR exceeds the benchmark TSR by 25 percentage points or more, the target achievement is 150%; if the Vitesco Technologies Group AG TSR falls below or exceeds the benchmark TSR by less than 25 percentage points, the level of target achievement will be calculated using linear interpolation for a result between 50% and 150%. A target achievement of more than 150% is excluded.



### Sustainability score

Sustainability is an integral part of the business strategy of Vitesco Technologies Group AG. For the Company, it means adding value for society in a significant way and reducing any negative impact from the Company's business activities. A sustainability strategy has been established for the Company, which the Supervisory Board has incorporated into the remuneration system in the form of the sustainability score. The Executive Board's sustainability strategy defines the following topics<sup>1</sup>: climate protection, clean mobility, circular economy, sustainable supply chains, green and safe factories, good working conditions, product quality, corporate governance, innovation and digitalization, safe mobility, long-term profitability, and corporate citizenship. The Supervisory Board sets up to six performance criteria for the sustainability score and bases them on the aforementioned topics. The sustainability score can be between 0.7 and 1.3 and depends on the number of performance criteria that have been achieved during the performance period. The performance criteria for 2021 comprise the following criteria:

- > Reduction of CO<sub>2</sub> emissions
- > Share of recycled waste
- > Employee satisfaction
- > Number of accidents
- > Share of women and men in management positions

### Application of the long-term incentive in the 2021 fiscal year

The specific performance criteria, total target achievement, and the final amount of virtual shares and the resulting payout amount will be reported in the remuneration report for the 2024 fiscal year, after the performance period has ended.

#### 2021 LTI Tranche Grant

	Target amount in € thousand	Reference share price in €	Number of virtual shares granted
Andreas Wolf (from Sep. 15, 2021)	237	49.01	4,830
Werner Volz (from Sep. 15, 2021)	148	49.01	3,019
Ingo Holstein (from Sep. 15, 2021)	148	49.01	3,019
Klaus Hau (from Oct. 1, 2021)	126	49.01	2,571
Thomas Stierle (from Oct. 1, 2021)	126	49.01	2,571

<sup>1</sup> The topics noted here refer to the sustainability score for the LTI tranche 2021 and deviate from the sustainability agenda of Vitesco Technologies Group AG due to the upstream definition. The topics of the sustainability score for future LTI tranches will be in line with the sustainability agenda.

## SHARE OWNERSHIP GUIDELINE

Provisions in the Executive Board members' service agreements require them to invest a minimum amount in the Company's stock within a build-up phase and, after the build-up phase ends, to hold the shares acquired through this investment for the duration of their appointment and for a further two years after their appointment ends and their service agreement is terminated (this is referred to as the share ownership guideline, SOG).

The minimum amount to be invested by each member of the Executive Board is based on their agreed gross annual base salary. For the Chief Executive Officer, the minimum amount is 200% of his or her annual base salary; for ordinary Executive Board members it is 100% of their annual base salary (SOG target). The four-year build-up phase ends prematurely if a Board member's service agreement is terminated. The set SOG target is also reduced accordingly on a pro rata temporis basis. The shares held by Executive Board members in connection with the equity deferral as part of their performance bonus are counted toward their SOG target achievement.

## MALUS AND CLAWBACK PROVISIONS

If an Executive Board member, in his/her role as a member of the Executive Board, commits a demonstrably deliberate gross infringement of his/her duty of care as set out in Sec. 93 AktG, of a significant conduct principle in the internal guidelines issued by the Company, or of one of his/her other obligations as set out in the service agreement, the Supervisory Board may, at its due discretion, partially or entirely reduce (to zero) the variable remuneration that is due for the fiscal year in which the gross infringement took place (the "malus provision").

If the variable remuneration has already been paid by the time the decision is made to impose a reduction, the Executive Board member must pay back the excess payments received in accordance with this decision (the "clawback provision"). In this case, the Company is also entitled to offset the clawback amount against other remuneration entitlements of the Executive Board member.

Any claims for damages held by Vitesco Technologies Group AG against the member of the Executive Board, in particular under Sec. 93(2) AktG, will remain unaffected by the agreement of a malus or clawback provision. Malus or clawback provisions were not exercised in the 2021 fiscal year.

## REMUNERATION-RELATED DEALINGS AND TRANSACTIONS

### **Benefits from third parties**

The Executive Board members did not receive any benefits from third parties as part of their role as Executive Board members of Vitesco Technologies Group AG.

### **Premature termination of the service agreement**

In the event of premature termination of an Executive Board position without good cause, any payments that may be arranged to be made to the Executive Board member shall not exceed the value of two years' compensation (the "severance cap") or the compensation for the remaining term of the member's service agreement. In the event of a "bad-leaver" situation, the tranches of the LTI applicable at that time are forfeited and not substituted. In particular, a bad-leaver situation is deemed to have occurred if the service agreement at the Company is extraordinarily terminated for cause before the LTI period has ended.

If an Executive Board member passes away during the term of his or her service agreement, his or her spouse or civil partner and entitled children or wards are deemed to be joint creditors with an entitlement to the member's annual base salary for the month of the death and the following six months, but not beyond the agreed term of the service agreement.



### Post-contractual non-compete clause

A post-contractual non-compete clause, valid globally for two years, is agreed with each Executive Board member. The Company pays the Executive Board members compensation of 50% of the contractual compensation most recently received for the duration of the non-compete clause. Any severance payments that are made in the event of a mutually agreed, premature termination of a service agreement are counted towards the non-compete compensation.

### DISCLOSURE OF INDIVIDUAL EXECUTIVE BOARD REMUNERATION

The following tables show the individual target remuneration as well as the remuneration awarded or due in the 2021 fiscal year to members of the Executive Board in accordance with Sec. 162 AktG.

As the spin-off from Continental AG took effect on September 15, 2021, the following only shows the remuneration for the 2021 fiscal year on a pro rata temporis basis from the time of the spin-off. A column for the 2020 fiscal year is displayed to prepare for consistent remuneration disclosure in the future, though it does not contain any data as yet due to the spin-off in 2021.

#### Target remuneration

The target remuneration for individual Executive Board members comprises the remuneration that is paid if the level of target achievement is 100%. The following is a table showing the individual target remuneration on a pro rata temporis basis for the 2021 fiscal year from the time of the spin-off from Continental AG for each Executive Board member.

#### Target Remuneration

	Andreas Wolf Chief Executive Officer (from Sep. 15, 2021)			Werner Volz Chief Financial Officer (from Sep. 15, 2021)		
	2021		2020	2021		2020
	€ thousand	%	€ thousand	€ thousand	%	€ thousand
Base salary	236	22	–	133	25	–
Fringe benefits	2	0	–	4	1	–
One-year variable remuneration	213	20	–	89	17	–
Performance bonus in 2021 (immediate payment)	213	–	–	89	–	–
Multiple-year variable remuneration	379	36	–	207	39	–
Performance bonus in 2021 (deferral) <sup>1</sup>	142	–	–	59	–	–
LTI 2021 – 2024	237	–	–	148	–	–
Service cost for pension plan	230	22	–	96	18	–
<b>Total remuneration</b>	<b>1,059</b>	<b>100</b>	<b>–</b>	<b>529</b>	<b>100</b>	<b>–</b>

1) Shares of Vitesco Technologies Group AG worth 20% of the gross payout amount must be purchased from the net performance bonus payout and then held for a period of three years; the corresponding gross amount was calculated assuming a lump sum of 50% for taxes and charges.

	Ingo Holstein Chief Human Resources Officer (from Sep. 15, 2021)			Klaus Hau Head of Sensing & Actuation (from Oct. 1, 2021)		
	2021		2020	2021		2020
	€ thousand	%	€ thousand	€ thousand	%	€ thousand
Base salary	118	23	–	100	24	–
Fringe benefits	2	0	–	3	1	–
One-year variable remuneration	80	16	–	68	16	–
Performance bonus in 2021 (immediate payment)	80	–	–	68	–	–
Multiple-year variable remuneration	201	39	–	171	41	–
Performance bonus in 2021 (deferral) <sup>1</sup>	53	–	–	45	–	–
LTI 2021 – 2024	148	–	–	126	–	–
Service cost for pension plan	110	22	–	78	18	–
<b>Total remuneration</b>	<b>511</b>	<b>100</b>	<b>–</b>	<b>421</b>	<b>100</b>	<b>–</b>

1) Shares of Vitesco Technologies Group AG worth 20% of the gross payout amount must be purchased from the net performance bonus payout and then held for a period of three years; the corresponding gross amount was calculated assuming a lump sum of 50% for taxes and charges.

	Thomas Stierle Head of Electrification Technology (from Oct. 1, 2021)		
	2021		2020
	€ thousand	%	€ thousand
Base salary	100	23	–
Fringe benefits	3	1	–
One-year variable remuneration	68	16	–
Performance bonus in 2021 (immediate payment)	68	–	–
Multiple-year variable remuneration	171	39	–
Performance bonus in 2021 (deferral) <sup>1</sup>	45	–	–
LTI 2021 – 2024	126	–	–
Service cost for pension plan	91	21	–
<b>Total remuneration</b>	<b>433</b>	<b>100</b>	<b>–</b>

1) Shares of Vitesco Technologies Group AG worth 20% of the gross payout amount must be purchased from the net performance bonus payout and then held for a period of three years; the corresponding gross amount was calculated assuming a lump sum of 50% for taxes and charges.

### Remuneration awarded or due

The following tables show the remuneration awarded or due to Executive Board members in the 2021 fiscal year in accordance with Sec. 162 AktG and the proportion of this relative to total remuneration. Awarded remuneration is considered remuneration for which the work duty owed was performed in full during the relevant reporting period. Due remuneration comprises remuneration that is due but has not been actually disbursed yet.

Accordingly, an example disclosure for variable remuneration commitments first made in the 2021 fiscal year appears as follows: The remuneration for the performance bonus is disclosed in the 2021 column and therefore for the fiscal year during which the underlying work was performed in full.

#### Remuneration Awarded or Due

	Andreas Wolf Chief Executive Officer (from Sep. 15, 2021)			Werner Volz Chief Financial Officer (from Sep. 15, 2021)		
	2021		2020	2021		2020
	€ thousand	%	€ thousand	€ thousand	%	€ thousand
Base salary	236	20	–	133	26	–
Fringe benefits	2	0	–	4	1	–
One-year variable remuneration	414	36	–	173	33	–
Performance bonus in 2021 (immediate payment)	414	–	–	173	–	–
Multiple-year variable remuneration	276	24	–	115	22	–
Performance bonus in 2021 (deferral) <sup>1</sup>	276	–	–	115	–	–
<b>Total remuneration awarded or due</b>	<b>929</b>	<b>–</b>	<b>–</b>	<b>425</b>	<b>–</b>	<b>–</b>
Service cost for pension plan	230	20	–	96	18	–
<b>Total remuneration</b>	<b>1,158</b>	<b>100</b>	<b>–</b>	<b>520</b>	<b>100</b>	<b>–</b>

	Ingo Holstein Chief Human Resources Officer (from Sep. 15, 2021)			Klaus Hau Head of Sensing & Actuation (from Oct. 1, 2021)		
	2021		2020	2021		2020
	€ thousand	%	€ thousand	€ thousand	%	€ thousand
Base salary	118	24	–	100	25	–
Fringe benefits	2	0	–	3	1	–
One-year variable remuneration	155	32	–	134	33	–
Performance bonus in 2021 (immediate payment)	155	–	–	134	–	–
Multiple-year variable remuneration	104	21	–	89	22	–
Performance bonus in 2021 (deferral) <sup>1</sup>	104	–	–	89	–	–
<b>Total remuneration awarded or due</b>	<b>379</b>	<b>–</b>	<b>–</b>	<b>327</b>	<b>–</b>	<b>–</b>
Service cost for pension plan	110	23	–	78	19	–
<b>Total remuneration</b>	<b>489</b>	<b>100</b>	<b>–</b>	<b>405</b>	<b>100</b>	<b>–</b>

1) Shares of Vitesco Technologies Group AG worth 20% of the gross payout amount must be purchased from the net performance bonus payout and then held for a period of three years; the corresponding gross amount was calculated assuming a lump sum of 50% for taxes and charges.

	Thomas Stierle Head of Electrification Technology (from Oct. 1, 2021)		
	2021		2020
	€ thousand	%	€ thousand
Base salary	100	24	–
Fringe benefits	3	1	–
One-year variable remuneration	134	32	–
Performance bonus in 2021 (immediate payment)	134	–	–
Multiple-year variable remuneration	89	21	–
Performance bonus in 2021 (deferral) <sup>1</sup>	89	–	–
<b>Total remuneration awarded or due</b>	<b>327</b>	<b>–</b>	<b>–</b>
Service cost for pension plan	91	22	–
<b>Total remuneration</b>	<b>418</b>	<b>100</b>	<b>–</b>

1) Shares of Vitesco Technologies Group AG worth 20% of the gross payout amount must be purchased from the net performance bonus payout and then held for a period of three years; the corresponding gross amount was calculated assuming a lump sum of 50% for taxes and charges.

## SUPERVISORY BOARD REMUNERATION IN THE 2021 FISCAL YEAR

### Basic principles of Supervisory Board remuneration

The members of the Supervisory Board receive fixed annual remuneration that takes account of the independence of the Supervisory Board.

The fixed annual remuneration for Supervisory Board members is €60 thousand for an ordinary member, €90 thousand for a deputy chairperson, and €120 thousand for the Chairperson of the Supervisory Board.

Depending on their membership, members of the Audit and Executive Committees receive committee remuneration for the additional time demands of their positions. This committee remuneration comes to €30 thousand for the chairperson of a committee and €20 thousand for any other member. If members hold multiple committee positions, the committee remuneration is limited to a total of €40 thousand for a committee chairperson and to a total of €30 thousand for any other committee members. For this purpose, the highest maximum amount of remuneration applicable to the individual Supervisory Board member will apply.

The Supervisory Board members additionally receive a meeting attendance fee for each Supervisory Board meeting that they attend in person (including by means of electronic communication). This also applies accordingly to attendance at committee meetings, unless a Supervisory Board meeting or another committee meeting for which the member already receives an attendance fee is held on the same day.

Supervisory Board members who commence or end their Supervisory Board position in the course of a year receive the fixed remuneration and, if applicable, a committee remuneration on a pro rata temporis basis. Furthermore, the Company reimburses all Supervisory Board members for the expenses that they incur in the performance of their duties as well as any value added tax payable. The Company may take out directors' and officers' (D&O) liability insurance for each member.

Remuneration component	Chairperson of the Supervisory Board	Deputy Chairperson of the Supervisory Board	Ordinary Supervisory Board member
Annual fixed remuneration	120,000 €	90,000 €	60,000 €
Attendance fee per meeting	1,500 €		

	Chairperson of a committee	Ordinary committee member
Audit Committee*	30,000 €	20,000 €
Executive Committee*	30,000 €	20,000 €

\* The committee remuneration for the Chairperson of the Audit Committee and of the Executive Committee is limited to 40,000 €. the committee remuneration for other Supervisory Board members is limited to 30,000 €.

### Disclosure of individual Supervisory Board remuneration

The following table shows the remuneration awarded or due to the Supervisory Board members in the 2021 fiscal year, broken down by individual remuneration component. The Supervisory Board's remuneration for fiscal 2021 is also shown on a pro rata temporis basis as the Company was only spun off on September 15, 2021. A column for the 2020 fiscal year has also been included to ensure a consistent table format in this section of future annual reports:

Supervisory Board Remuneration

	2021						2020	
	Fixed remuneration		Committee remuneration		Meeting attendance fee		Total remuneration	Total remuneration
	€ thousand	%	€ thousand	%	€ thousand	%	€ thousand	€ thousand
Prof. Siegfried Wolf (Supervisory Board Chairman)	40	74	10	18	5	8	55	–
Ralf Schamel <sup>1</sup> (Deputy Supervisory Board Chairman)	30	73	7	16	5	11	41	–
Carsten Bruns <sup>1</sup>	20	87	–	0	3	13	23	–
Prof. Hans-Jörg Bullinger	20	87	–	0	3	13	23	–
Manfred Eibeck	20	64	7	21	5	15	31	–
Lothar Galli <sup>1</sup>	20	61	7	21	6	18	33	–
Yvonne Hartmetz <sup>1</sup>	20	61	7	21	6	18	33	–
Susanne Heckelsberger	20	55	10	28	6	17	36	–
Joachim Hirsch	20	87	–	0	3	13	23	–
Prof. Sabina Jeschke	20	87	–	0	3	13	23	–
Michael Köppl <sup>1</sup>	20	61	7	21	6	18	33	–
Erwin Löffler <sup>1</sup>	20	64	7	21	5	15	31	–
Klaus Rosenfeld	20	61	7	21	6	18	33	–
Georg F. W. Schaeffler	20	53	10	27	8	20	38	–
Kirsten Vörkel <sup>1</sup>	20	64	7	21	5	15	31	–
Anne Zeumer <sup>1</sup>	20	87	–	0	3	13	23	–

1) Employee representative.

**YEAR-ON-YEAR COMPARISON OF REMUNERATION AND EARNINGS**

In line with the legal requirements under Sec. 162(1) sentence 2 no. 2 AktG for disclosing the remuneration of Executive Board and Supervisory Board members, the remuneration for Executive Board and Supervisory Board members has been compared with the workforce's remuneration and the Company's development in earnings. The remuneration of the workforce, based on full-time-equivalent hours, comprises the remuneration received by senior management, non-collective-agreement employees, and collective-agreement employees in Germany as of September 15, 2021. The earnings metrics consist of the net loss of Vitesco Technologies Group AG and EBIT for the Vitesco Technologies Group. The variable remuneration of the Executive Board is based on the Group's performance. Given the Company's spin-off and IPO during the 2021 fiscal year, the year-on-year comparison will be built up progressively over the next five fiscal years.

Year-on-Year Comparison

	2021	2020	2021/2020 <sup>2</sup> change
	€ thousand	€ thousand	%
<b>Executive Board members</b>			
Andreas Wolf (from Sep. 15, 2021)	929	–	–
Werner Volz (from Sep. 15, 2021)	425	–	–
Ingo Holstein (from Sep. 15, 2021)	379	–	–
Klaus Hau (from Oct. 1, 2021)	327	–	–
Thomas Stierle (from Oct. 1, 2021)	327	–	–
<b>Average</b>	<b>477</b>	<b>–</b>	<b>–</b>
<b>Supervisory Board members</b>			
Prof. Siegfried Wolf (Supervisory Board Chairman)	55	–	–
Ralf Schamel <sup>1</sup> (Deputy Supervisory Board Chairman)	41	–	–
Carsten Bruns <sup>1</sup>	23	–	–
Prof. Hans-Jörg Bullinger	23	–	–
Manfred Eibeck	31	–	–
Lothar Galli <sup>1</sup>	33	–	–
Yvonne Hartmetz <sup>1</sup>	33	–	–
Susanne Heckelsberger	36	–	–
Joachim Hirsch	23	–	–
Prof. Sabina Jeschke	23	–	–
Michael Köppl <sup>1</sup>	33	–	–
Erwin Löffler <sup>1</sup>	31	–	–
Klaus Rosenfeld	33	–	–
Georg F. W. Schaeffler	38	–	–
Kirsten Vörkel <sup>1</sup>	31	–	–
Anne Zeumer <sup>1</sup>	23	–	–
<b>Average</b>	<b>32</b>	<b>–</b>	<b>–</b>
<b>Employees</b>			
<b>Average</b>	<b>23</b>	<b>–</b>	<b>–</b>
<b>Development in earnings</b>			
Net loss of Vitesco Technologies Group AG per Sec. 275 HGB, € million	–1,050.4	–	–
EBIT of Group, € million	39.5	–	–

1) Employee representative.

2) Because the spin-off of Vitesco Technologies Group AG from Continental AG took effect on September 15, 2021, the year-on-year comparison of changes in the Company's remuneration and earnings is going to be built up as time goes by.

For the Supervisory Board

For the Executive Board

**Prof. Siegfried Wolf**  
Chairman of the Supervisory Board

**Andreas Wolf**  
Chief Executive Officer

**Werner Volz**  
Chief Financial Officer



# INDEPENDENT AUDITOR'S REPORT

To Vitesco Technologies Group Aktiengesellschaft, Regensburg

## REPORT ON THE AUDIT OF THE REMUNERATION REPORT

We have audited the attached remuneration report of Vitesco Technologies Group Aktiengesellschaft, Regensburg, for the financial year from January 1 to December 31, 2021, including the related disclosures, prepared to meet the requirements of Sec. 162 AktG [Aktiengesetz: German Stock Corporation Act].

### RESPONSIBILITIES OF MANAGEMENT AND THE SUPERVISORY BOARD

The management and the Supervisory Board of Vitesco Technologies Group Aktiengesellschaft are responsible for the preparation of the remuneration report, including the related disclosures, in accordance with the requirements of Sec. 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, 2021, including the related disclosures, complies in all material respects with the financial reporting requirements of Sec. 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 Sec. 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 Sec. 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 aforesaid services to Vitesco Technologies Group Aktiengesellschaft, are set out in the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms] as amended on 1 January 2017. 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 €4 million for negligence under Clause 9 of the General Engagement Terms) and acknowledges their validity in relation to us.

Munich, March 23, 2022

KPMG AG  
Wirtschaftsprüfungsgesellschaft  
[Original German version signed by:]

Huber-Straßer  
Wirtschaftsprüferin  
[German Public Auditor]

Zimmermann  
Wirtschaftsprüferin  
[German Public Auditor]