

III. Information on the system for the remuneration of the members of the Executive Board of Deutsche Lufthansa Aktiengesellschaft submitted to the Annual General Meeting for approval under agenda item 4

1. Corporate strategy as the basis for the design of the remuneration system

MISSION STATEMENT OF LUFTHANSA GROUP



The goal of Lufthansa Group is to continue actively shaping the global airline market in its role as the leading European airline group and one of the world’s largest airlines. The implementation of the following mission statement is decisive in this context: The Lufthansa Group connects people, cultures and economies in a sustainable way. In doing so, it aspires to set standards in terms of customer friendliness and sustainability. It uses the potential of innovation and digitization to develop customer-focused products and to increase efficiency.

The financial strategy supports the corporate strategy by aiming at a sustained increase in corporate value. The focus is on the three dimensions of increasing value creation, generation of strong free cash flows, focusing on the use of capital and securing financial stability.

FINANCIAL STRATEGY

Sustainable increase of Company value			
	Increased value creation	Generation of strong free cash flows	Maintain financial stability
Focus	<ul style="list-style-type: none"> – Improved return on capital – Improved profitability – Continuous reduction of environmental impacts 	<ul style="list-style-type: none"> – Increase in operating result – Working capital management – Focused investing activities 	<ul style="list-style-type: none"> – Adequate liquidity – Reduction in net indebtedness – Return to investment grade rating – Minimisation of financial risks
Targets	<ul style="list-style-type: none"> – Adjusted ROCE – Adjusted EBIT margin – Specific CO₂ emissions 	<ul style="list-style-type: none"> – Adjusted free cash flow 	<ul style="list-style-type: none"> – Adjusted net debt/Adjusted EBITDA

2. Principles for the remuneration system for the members of the Executive Board of Deutsche Lufthansa Aktiengesellschaft

The remuneration system for the members of the Executive Board contributes to the promotion of the corporate and financial strategy by providing incentives for sustainable and value-oriented management and taking into account the interests of all stakeholder groups. The Executive Board members are motivated by the design of the remuneration system to achieve the goals set out in the Lufthansa Group’s strategy and to ensure a sustainable and long-term positive development of the company’s value.

In making decisions on the design of the remuneration system and on the structure and level of the remuneration of the members of the Executive Board, the Supervisory Board takes into account in particular the following essential principles:

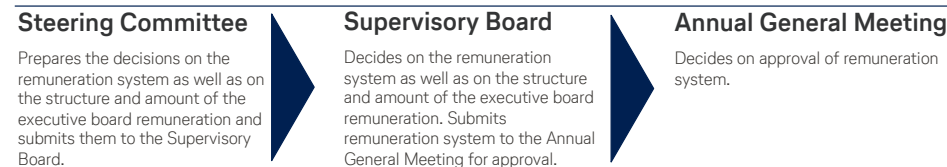
Incentive to implement corporate strategy	The remuneration system as a whole should make a significant contribution to the promotion and implementation of the corporate strategy by linking the payment to relevant and demanding performance criteria.
Coupling of performance and remuneration (Pay for Performance)	The performance-related remuneration should account for a major part of the total remuneration. Outstanding performances should be appropriately rewarded, while missing the targets should reduce remuneration accordingly.
Consideration of joint and individual performance of the Executive Board members	In addition to the performance of the Executive Board as a whole, the remuneration system should also take into account the individual performance of the individual members of the Executive Board in their respective departments.
Consideration of the interests of shareholders and other stakeholders	When designing the remuneration system and in particular defining performance criteria, the interests of the members of the Executive Board shall be closely linked to the interests of the shareholders and other stakeholders.
Sustainability	As part of the promotion of sustainable corporate development, the ecological and social responsibility of the Lufthansa Group should also be taken into account and therefore should also be reflected in the performance criteria.
Appropriateness of the remuneration	The remuneration of the members of the Executive Board shall be proportionate to the duties and performance of the Executive Board member, shall be customary in the market and shall take into account the size, complexity and economic situation of the company. The ratio to the remuneration of the employees should also be taken into account.
Transparency	The remuneration resulting from the remuneration system should be clearly and comprehensibly set out in the annual remuneration report. The performance criteria underlying the system are described, and the actual target values and the achievement of targets for the respective financial years are published ex post.

The aim of the Supervisory Board is to offer the members of the Executive Board remuneration package that is both customary on the markets and competitive, taking into account the legal framework, in order to attract and retain the best candidates for a board position for the Lufthansa Group.

3. Procedures for determining, implementing and reviewing the remuneration system

The Supervisory Board as a whole is responsible for the structure of the remuneration system of the members of the Executive Board and for determining the individual remuneration. The Steering Committee supports the Supervisory Board in this, monitors the appropriate design of the remuneration system and prepares the resolutions of the Supervisory Board. If necessary, the Steering Committee recommends that the Supervisory Board makes changes. In the event of significant changes to the remuneration system, and in any event at least every four years, the remuneration system will be submitted to the Annual General Meeting for approval.

Procedure for determining the remuneration system



If the Annual General Meeting does not approve the submitted remuneration system for the Executive Board, the Supervisory Board will examine the remuneration system in detail, taking into account the market practice and the competitiveness of the system as well as the regulatory framework and requirements of investors, and will present a suitably reviewed remuneration system at the subsequent Annual General Meeting. In this context, the changes to the remuneration system are described in detail and, at the same time, the extent to which the comments of the shareholders have been taken into account.

The Supervisory Board, on a proposal from the Steering Committee, has the option of temporarily diverting from individual components of the remuneration system in exceptional situations if this is necessary in the interests of the long-term well-being of the Company. The special exceptional situation and the need for a deviation are to be determined by a Supervisory Board resolution. In particular, deviations can be made from the provisions of the remuneration structure and the individual components of the remuneration system.

Following approval by the Annual General Meeting on 9 May 2023, this remuneration system is to apply retroactively for all current Executive Board members as of 1 January 2023 and will be applied to new appointments and contract extensions.

All decisions of the Supervisory Board and its committees on the remuneration system are subject to the generally applicable rules that apply to the treatment of conflicts of interest, according to which the members of the Supervisory Board are in particular obliged to disclose conflicts of interest immediately to the Chairman of the Supervisory Board. The Supervisory Board will inform the Annual General Meeting of any conflicts of interest that have occurred during the financial year and their treatment as part of their annual report to the Annual General Meeting.

If necessary, the Supervisory Board may consult external consultants. In doing so, the Supervisory Board ensures the independence of the external remuneration consultant and has this regularly confirmed.

The remuneration system is implemented within the framework of the Executive Board employment contract.

4. Procedure for determining the amount of the Executive Board’s remuneration and for assessing appropriateness

On the basis of the remuneration system presented to the Annual General Meeting, the Supervisory Board determines the total amount of the Executive Board’s remuneration as well as the individual remuneration components. To this end, the Supervisory Board regularly reviews the system and the appropriateness of the individual remuneration components as well as the total remuneration. In doing so, the Supervisory Board ensures that the remuneration is proportionate to the duties and performance of the Executive Board as well as to the situation of the company. In doing so, it also takes into account the appropriateness of the remuneration and considers the amount and structure of the remuneration of the Executive Board of comparable companies as well as the ratio of the remuneration of the Executive Board to the remuneration of the employees, also in terms of time development. The Steering Committee supports the Supervisory Board in this process, prepares the adequacy assessment and issues a recommendation in the event of any changes that are required, on which the Supervisory Board discusses in detail and decides.

The review of the appropriateness and market conformity of Executive Board remuneration is based on a comparison of target and maximum remuneration within a German comparative market. The Supervisory Board may use companies listed in both the DAX and the MDAX as a comparative market. For this horizontal market comparison, the Supervisory Board takes

particular account of the market position of Deutsche Lufthansa Aktiengesellschaft on the basis of the key figures revenue, employees and market capitalization.

In the context of the vertical adequacy assessment, the Supervisory Board examines the remuneration of both senior management and the workforce as a whole, based on the German Group companies within the Lufthansa tariff association. For this purpose, the senior management group was defined by the Supervisory Board as a group of executives at the three management levels below the Executive Board of Deutsche Lufthansa Aktiengesellschaft. The other staff consists of the non-tariff employees below the management levels and the tariff employees on the ground, in the cockpit and in the cabin. Therefore, the Supervisory Board takes into consideration not only the current remuneration ratios, but also how this ratios have developed over time.

5. Further development of the remuneration system 2023

The Supervisory Board has adopted changes to the remuneration system approved by the Annual General Meeting on 5 May 2020 which take effect from the 2023 financial year. The changes are based on a comprehensive review of the existing remuneration system by the Supervisory Board. In particular, they are intended to reflect the changes in the underlying conditions. The following presentation summarizes the main adjustments and explains the reasons for the adjustment:

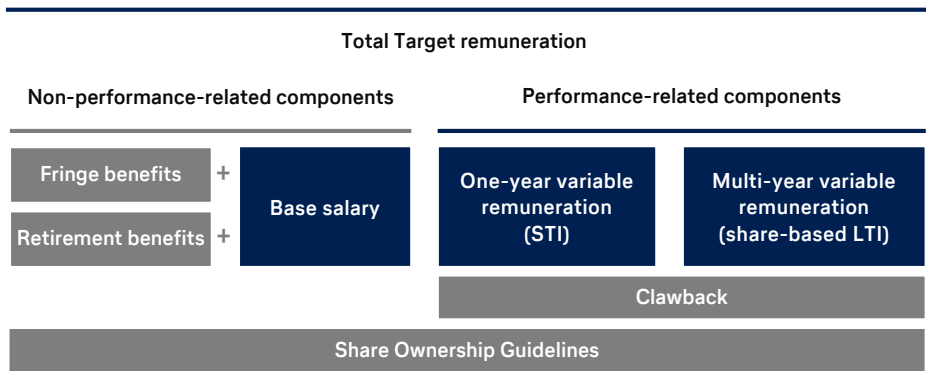
CHANGES TO THE REMUNERATION SYSTEM 2023		
Remuneration system until financial year 2022	Aspect	Remuneration system from financial year 2023
Performance targets: <ul style="list-style-type: none"> – 42.5% Adjusted EBIT margin – 42.5% Adjusted ROCE – 15% Collective and individual commercial and sustainability targets 	One-year variable remuneration (STI)	Performance targets: <ul style="list-style-type: none"> – 40% Adjusted EBIT – 40% Adjusted free cash flow – 20% Strategic and sustainability targets
Performance targets: <ul style="list-style-type: none"> – 42.5% Relative total shareholder return compared with the DAX – 42.5% Adjusted ROCE – 15% Strategic and sustainability targets 	Long-term variable remuneration (LTI)	Performance targets: <ul style="list-style-type: none"> – 30% Relative total shareholder return compared with the sector index – 50% Adjusted ROCE – 20% Strategic and sustainability targets
Differentiation in the amount payable to the CEO (EUR 9.5m) and to ordinary Executive Board members (EUR 5m)	Maximum remuneration	Increase in maximum remuneration for the CEO (max. EUR 11m) and for an outstandingly qualified Executive Board member (max. EUR 6.5m)
		<ul style="list-style-type: none"> – Sets growth incentive above absolute figure – Material amount in the context of Group management – Elimination of double-counting of Adjusted ROCE in STI and LTI – Reflects increasing importance of ESG topics
		<ul style="list-style-type: none"> – Focus on actual competitors via sector index – Reflects increasing importance of ESG topics
		Makes it possible to competitively remunerate Executive Board members of outstanding importance for the Company in the event of exceptional performance

6. Components of the Executive Board remuneration system

The remuneration of the Executive Board is made up of fixed, non-performance-related and performance-related variable components. In addition to the base salary, the fixed remuneration includes fringe and retirement benefits. The variable remuneration comprises a one-year (annual bonus) and a multi-year (LTI) component. In the target remuneration, the share of the multi-year variable remuneration exceeds the share of the one-year variable remuneration. In certain cases, the Supervisory Board has the option of withholding the one-year and multi-year variable remuneration or of claiming back remuneration already paid (clawback).

The Share Ownership Guidelines are also an essential part of the remuneration system. They oblige the Chairman of the Executive Board to invest shares in Lufthansa to the value of twice the base salary and ordinary members of the Executive Board to the value of the simple amount of their base salary, and to hold them during the service period and beyond.

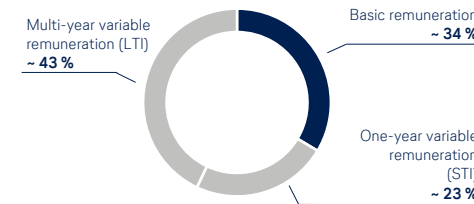
Components of the Executive Board remuneration system



In addition, the Executive Board remuneration system is supplemented by appropriate market-standard commitments in connection with the start and end of the activities on the Executive Board or a change of place of employment.

The three main components of the remuneration system for the members of the Executive Board are the base salary, the one-year variable remuneration (annual bonus) and the multi-year variable remuneration (LTI). The respective share of these three components in the target direct remuneration (base salary, target amount of the annual bonus, target amount of the LTI) is shown in the following figure:

Target direct remuneration



The fringe benefits still amount to approximately 2%, the retirement benefits unchanged to approximately 52% of the base salary of an Executive Board member.

Non-performance-related remuneration components

FIXED ANNUAL BASE SALARY

Each member of the Executive Board receives a fixed base salary. This is paid in twelve equal monthly instalments.

FRINGE BENEFITS

Each member of the Executive Board receives fringe benefits within the limits of the defined maximum remuneration. These include, in particular, the provision of a company car with driver for business and private use, allowances for insurance and industry standard flight allowances for private air travel.

RETIREMENT BENEFITS

The members of the Executive Board receive retirement benefits based on a contribution-based system. During the term of employment, a fixed amount is credited to the members of the Executive Board annually in the personal pension account set up for this purpose. The investment rules of the pension account are based on the investment concept with Deutsche Treuinvest, which also applies to employees of Deutsche Lufthansa Aktiengesellschaft.

The main features of the contribution-based pension commitment for the members of the Executive Board are summarised in the following table:

Contribution	Fixed annual amount
Investment concept	Investment of contributions via the external trust of Deutsche Treuinvest (with guaranteed contribution)
Entitlement	On reaching the age of 60
Non-forfeitability	Claims are vested within the meaning of the law on the improvement of company pensions
Payment	In principle in 10 annual instalments; alternatively, on application, a lower number of instalments or a one-time payment ¹⁾
Flight concessions in an insured event	Limited flight concessions in accordance with the regulations for retired employees, provided that the insured event occurs immediately after leaving the Executive Board
Disability/death	Risk protection in the event of the insured event occurring before the age of 60 as a result of disability or death by increasing the pension benefit by a supplementary risk capital at the time of the occurrence of the insured event until the age of 60

¹⁾ For Executive Board members who still have retirement benefits prior to 1 January 2019, there is also the option of payment in the form of a pension.

Performance-related remuneration components

The variable performance-related remuneration of the members of the Executive Board is designed to support the Lufthansa Group's short- and long-term strategy. For this reason, it consists of a one-year variable remuneration (annual bonus) and a multi-year variable remuneration (LTI), thus ensuring the sustainable and long-term positive development of the company. One-year and multi-year variable remuneration therefore differ in terms of the performance period and the performance criteria taken into account.

Whether and to what extent both components will be paid depends on the achievement of financial and non-financial performance criteria. When making the selection, the Supervisory Board ensures that these are clearly measurable and aligned with the corporate strategy. In this context, Environment, Social and Governance criteria (ESG criteria) are also taken into account. The performance criteria are derived from the company's strategic targets and operational management. They are aimed at increasing profitability, liquidity management and efficient management, taking into account the optimal use of capital. For this reason, the key figures for the management of the Lufthansa Group form the basis for selection of the performance criteria for the variable remuneration. In this sense, the sustainability of business management shall be ensured, taking into account the interests of shareholders and other stakeholders, and

the social and environmental responsibility of the Lufthansa Group. In order to take into account the interests of shareholders, particular attention is paid to the development of the share price. In doing so, the Supervisory Board pays attention to an overall balanced risk/opportunity profile.

The Supervisory Board follows a clear "pay for performance" approach and ensures that the objectives are challenging and ambitious. If the targets are not met, the variable remuneration can fall to zero. If the targets are clearly exceeded, the target achievement is limited to 200%. Therefore the target achievement for the financial and non-financial targets in both the annual bonus and the LTI lies between 0% and 200%.

ONE-YEAR VARIABLE REMUNERATION (ANNUAL BONUS)

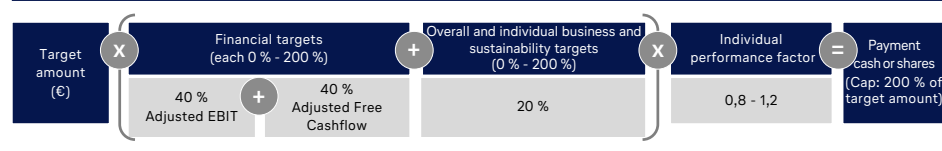
The one-year variable remuneration rewards the contribution to the operational implementation of the corporate strategy during a financial year. 80% of the annual bonus is based on financial and 20% on non-financial overall and individual business and sustainability targets ("business and sustainability targets").

In line with value-oriented management, the financial targets are based on the Group's key performance indicators, thus promoting an improvement in profitability while at the same time providing growth incentives and taking into account the importance of liquidity management (including investment activities). For this reason, the adjusted EBIT and the adjusted Free Cashflow are each accounted for half.

The Supervisory Board annually defines key topics for the business and sustainability targets. These can be used to take into account both the overall responsibility of the Executive Board and specific challenges for individual Executive Board departments.

In addition, the Supervisory Board has the option to apply an individual performance factor between 0.8 and 1.2 in the annual bonus as part of the assessment of the individual performance of each member of the Executive Board. This is based on the individual target agreements agreed annually between the Supervisory Board and the individual members of the Executive Board, which are tailored to the individual areas of responsibility of the Executive Board members. For each member of the Executive Board, the factor between 0.8 and 1.2 is then multiplied by the overall target achievement of the financial and business and sustainability targets. Depending on the performance of each individual member of the Executive Board, the amount of the annual bonus can be adjusted up or down in the sense of a bonus or penalty.

ANNUAL BONUS - COMPOSITION AND OPERATION



Based on the weighted target achievement for the financial and non-financial targets multiplied by the individual performance factor defined for each member of the Executive Board, the Supervisory Board determines the annual bonus to be paid to each member of the Executive Board for the financial year in question.

The annual bonus is paid out after the consolidated financial statements for the respective financial year have been approved. If the target is exceeded, the one-year variable remuneration is limited to a maximum of 200% of the target amount (cap). The Supervisory Board reserves the right to make the payment in shares of the Company instead of cash. The performance criteria, target values and target achievement are reported ex post in the remuneration report for the financial year.

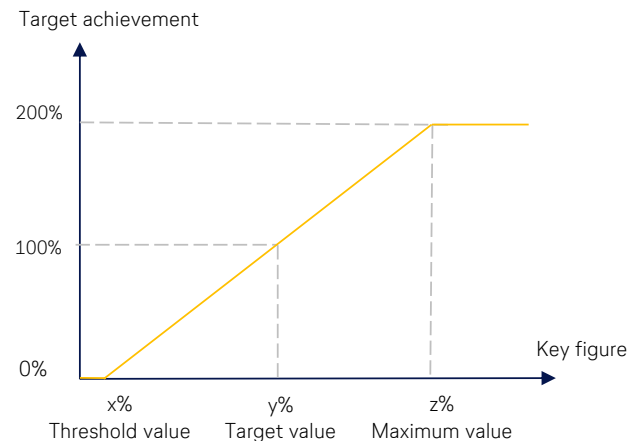
In the event of an entry or withdrawal during the year, the Executive Board member receives a pro rata payment from the annual bonus, unless it expires due to premature termination at the request of the member of the Executive Board without good reason or with good reason for termination by the Company (see also the details of the end-of-service benefits below). The regulations concerning the due date remain unaffected.

► **Financial performance criteria – adjusted EBIT and adjusted Free Cashflow**

The Supervisory Board decides annually for the forthcoming financial year on the target values for 100% target achievement and the threshold and maximum values for the financial targets in the annual bonus based on the recommendation of the Steering Committee. The Supervisory Board takes into account the values of the past years, the medium-term financial planning of the Group and the externally communicated objectives of the company.

For both the adjusted EBIT and the adjusted Free Cashflow, the lower limit is a target achievement of 0% if the threshold is not reached and an upper limit of 200% if the maximum value is reached or exceeded. These values result in a linear target achievement curve in each case.

LINEAR TARGET ACHIEVEMENT CURVE



Based on the defined target achievement curves, the degree of target achievement for each financial performance criterion is determined at the end of the financial year on the basis of actual values. Intermediate values are determined using linear interpolation. The actual values for the adjusted EBIT and adjusted Free Cashflow are derived from the audited consolidated financial statements for the respective financial year and are presented in detail in the respective annual report (see the respective detailed explanations in the Annual Report 2022 for the adjusted EBIT on p. 40 and p. 43, and for the adjusted Free Cashflow on p. 24 and 43).

If exceptional circumstances arise that have a significant impact on the financial targets and whose occurrence could not be foreseen at the time the target values were set by the Supervisory Board, the Supervisory Board may adjust the one-year variable remuneration accordingly. Exceptional circumstances may include, for example, significant acquisitions, the sale of significant parts of the business, alterations or changes in the underlying accounting standards and/or comparable circumstances. If an adjustment is required for a financial year due to exceptional circumstances, this will be presented in detail and transparently in the relevant remuneration report.

► **Non-financial business and sustainability targets**

For the non-financial “business and sustainability targets”, the Supervisory Board, also based on the recommendation of the Steering Committee, first decides on the key topics to be applied for the financial year and the specific performance criteria in this respect. The Supervisory Board focuses on aspects relating to the operational implementation of the corporate strategy as well

as sustainability aspects, in particular with regard to the environment, social responsibility and governance (so-called ESG topics).

EXAMPLES FOR KEY TOPICS OF THE BUSINESS AND SUSTAINABILITY TARGETS IN THE ANNUAL BONUS

Operational implementation of the corporate strategy	▶ Market position	▶ Improvements/Efficiency enhancements
	▶ Portfolio measures	▶ Implementation of major projects
Sustainability (ESG)	▶ Customer satisfaction	▶ Compliance
	▶ Employee satisfaction	▶ Reputation
	▶ Environmental protection	▶ Quality

As part of the non-financial targets in the annual bonus, quantifiable targets are set for each performance criterion – always within a range of 0% to 200%. These values always result in a linear target achievement curve.

Based on the defined target achievement curves, the degree of target achievement for each non-financial performance criterion is determined at the end of the financial year based on actual values. Intermediate values are determined using linear interpolation. The Supervisory Board approves the target achievement for the non-financial performance criteria based on the methodology defined in advance by the Supervisory Board.

The key topics defined for each financial year, the specific target values and the target achievement are reported annually ex post, in detail and transparently, in the remuneration report.

▶ **Individual performance factor**

In addition, on the basis of individual target agreement discussions between the Chairman of the Supervisory Board and the members of the Executive Board, qualitative criteria for the overall Executive Board as well as individual criteria for each Executive Board member are determined by the Supervisory Board as the basis for the individual performance factor. The performance criteria are derived in particular from the individual departmental responsibilities of the individual members of the Executive Board and should, derived from the corporate strategy, cover relevant aspects with regard to all stakeholder groups. The defined performance criteria are then used to derive specifically measurable targets and/or expectations for the individual members of the Executive Board.

After the end of the financial year the Supervisory Board determines an individual performance factor of between 0.8 and 1.2 for each member of the Executive Board based on the specified criteria.

A change in the performance criteria and target values during a fiscal year is excluded.

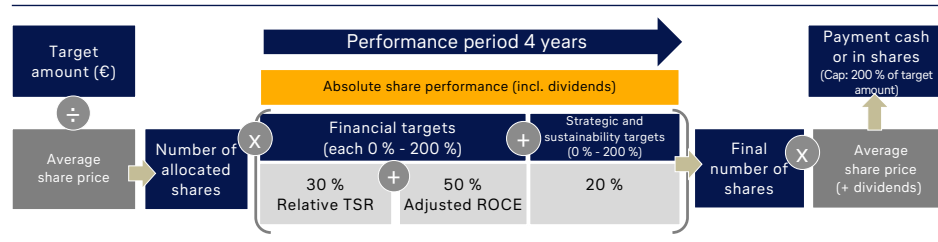
Multi-year variable remuneration (LTI)

The members of the Executive Board should be committed to sustainable growth and value creation, and thus to long-term and sustainable corporate development. For this reason, with multi-year variable remuneration the majority of the variable remuneration is geared to the achievement of long-term targets. In addition, an attractive and sustainable return on investment is to be aimed at for the shareholders as key stakeholders, so that they can participate in the success of the Lufthansa Group. The aim is to establish a close link between the interests of the members of the Executive Board and the interests of the shareholders, particularly within the framework of the multi-year variable remuneration.

80% of the multi-year variable remuneration of the Executive Board is based on financial and 20% on non-financial performance criteria. On the one hand, the achievement of the relative total shareholder return (TSR), i.e. the return on shares taking into account notionally reinvested dividends, of Deutsche Lufthansa Aktiengesellschaft is measured in comparison with an international industry index. The Company thus compares its performance with that of the main competitors of the Lufthansa Group airlines. Secondly, the return on capital employed (Adjusted ROCE) during the 4-year performance period is included in comparison with strategic targets set by the Supervisory Board at the beginning of the respective performance period. In addition, non-financial strategic and sustainability targets are applied. For the strategic and sustainability targets, the Supervisory Board defines focus topics for the respective performance period.

At the beginning of the performance period, virtual shares are conditionally allocated to the members of the Executive Board. The number of shares is determined by dividing the target amount of the LTI by the average share price of Deutsche Lufthansa Aktiengesellschaft over the first 60 trading days after the start of the respective performance period. At the end of the performance period, the number of conditionally allocated shares is multiplied by the total target achievement of the financial and non-financial performance criteria. The resulting final number of shares is multiplied by the average share price of Lufthansa shares over 60 trading days before the end of the performance period plus dividends paid during the performance period and, once the consolidated financial statements have been adopted, will be paid out in cash for the last year of the respective performance period.

LTI – composition and operation



If the target is exceeded, the multi-year variable remuneration is limited to a maximum of 200% of the target amount (cap). The Supervisory Board reserves the right to make the payment in shares of the Company instead of cash. The performance criteria and target values of each LTI program are reported in detail in the remuneration report for the year of the allocation of the shares.

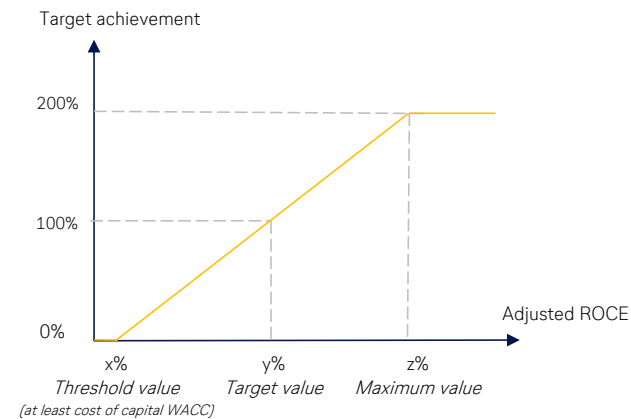
In the event of an entry or withdrawal during the year, the Executive Board member will receive the multi-year variable remuneration – unless it expires due to premature termination at the request of the member of the Executive Board without good reason or with good reason for termination by the Company (see also the details of the end-of-service benefits below) – on a pro rata basis for the period of their Executive Board activity during the year of the allocation of the shares. The regulations concerning the determination of the payment and the due date remain unaffected. In the event of the death of a member of the Executive Board, however, the heirs have the right to vote. They can opt either for immediate payment of the pro rata LTI based on the 100% target amount or for a corresponding pro rata payment based on the actual target achievement at the end of the performance period.

► **Financial performance criteria – adjusted ROCE and relative TSR**

For the financial performance criteria, Adjusted ROCE is included in the overall target achievement with a weighting of 50% and relative TSR with a weighting of 30%.

The Supervisory Board decides annually, based on a recommendation of the Steering Committee for the forthcoming performance period, on the target values for the 100% target achievement and on the values for the target achievement of 0% and 200% for the adjusted ROCE over the 4-year performance period. The Supervisory Board is guided by the 4-year operational planning relevant for the Group, with the lower threshold value being based on the coverage of the cost of capital. This is in line with the strategic goal of achieving a return on capital employed that exceeds the cost of capital. Only then will the company create value.

LTI: ADJUSTED ROCE TARGET



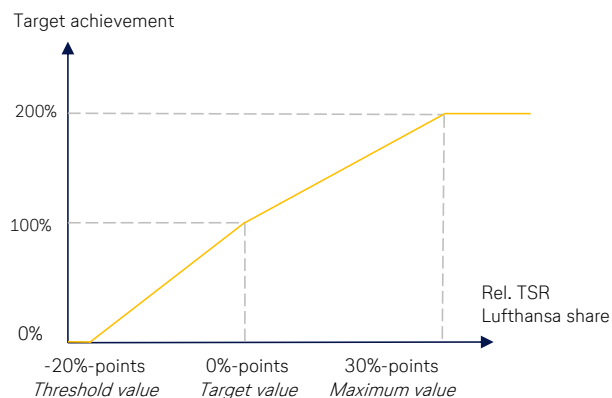
Using the defined target achievement curve, the degree of target achievement is determined for each year on the basis of the actual values. Intermediate values are determined using linear interpolation. The actual values for adjusted ROCE used to determine target achievement in each year of the performance period are derived from the audited consolidated financial statements for the respective fiscal years. At the end of the 4-year performance period, overall target achievement is calculated as the average of the target achievements of the individual years.

For the relative TSR, the share return of Deutsche Lufthansa Aktiengesellschaft is compared with the share return of a comparative index. The benchmark index is an international industry index, which is generally the NYSE Arca Global Airlines Index. However, the Supervisory Board may, at its due discretion, determine a different index for the respective performance period if the composition of the international industry index changes or if this index is no longer an appropriate benchmark for other reasons. To determine the TSR performance, at the end of the 4-year performance period the average share price for Deutsche Lufthansa Aktiengesellschaft over the last 60 trading days before the start of the performance period is compared with the average share price over the last 60 trading days before the end of the performance period. Notional reinvested dividends are taken into account. The TSR performance is calculated analogously for the comparative index. The relative TSR is then calculated as the difference between the TSR performance of Deutsche Lufthansa Aktiengesellschaft and the TSR performance of the comparative index in percentage points (outperformance). On this basis, the degree of target achievement is determined using the defined target achievement curve at the end of the 4-year performance period.

For the relative TSR, target achievement is 100% if Deutsche Lufthansa Aktiengesellschaft's TSR equals the TSR of the comparative index. If the relative TSR is -20 percentage points or less, target achievement is 0%. Target achievement is 200% if the relative TSR is 30 percentage points or more. The Supervisory Board may, at its due discretion, decide on a different target achievement curve with the allocation for a performance period. Intermediate values are determined using linear interpolation. This results in the following target achievement curve:

LTI: TARGET - RELATIVE TSR

TSR of the Lufthansa share to a comparative index consisting of major competitors



The target values are presented transparently as part of the annual remuneration report after the first year of the performance period. A detailed and transparent report on the achievement of targets will be provided at the end of the 4-year performance period.

► **Non-financial strategic and sustainability targets**

For the non-financial strategic and sustainability targets, the Supervisory Board, based on the recommendation of the Steering Committee, first decides on the key topics to be applied for the performance period, as well as the specific performance criteria in this respect. These serve the long-term implementation of the corporate strategy and may include other long-term strategic aspects in addition to sustainability aspects.

Examples for key topics of the strategic and sustainability targets in the LTI

Long-term strategic targets	► Market position and -consolidation	► Digitization
	► Portfolio development	► Flexibilization
	► Implementation of major projects	
Sustainability (ESG)	► Customer satisfaction	► Compliance
	► Employee satisfaction	► Reputation
	► Environmental protection	► Quality

For each performance criterion of the non-financial targets, the target achievement is limited to a value between 0% and 200%. These values each result in a linear target achievement curve. Intermediate values are determined using linear interpolation.

The Supervisory Board approves the target achievement for the non-financial performance criteria based on the methodology defined in each case at the beginning of the performance period as part of the determination of the target values by the Supervisory Board.

A detailed and transparent report on the key non-financial performance criteria and specific targets set for the respective performance period is provided in the annual remuneration report after the first year of the performance period, and on the achievement of targets after the end of the 4-year performance period.

Maximum remuneration

The Supervisory Board has set uniform maximum amounts for the performance-related remuneration components for all members of the Executive Board. For both, the one-year and multi-year variable remuneration, these are uniformly 200% of the target amount for all members of the Executive Board.

In addition, the Supervisory Board has set a maximum remuneration for the respective members of the Executive Board in accordance with Section 87a (1) sentence 2 No. 1 AktG for the sum of the expended remuneration amounts for a financial year (including fringe and retirement benefits). This amounts to EUR 11.0 million for the Chairman of the Executive Board, EUR 6.5 million for an ordinary member of the Executive Board qualifying as a distinguished member and EUR 5.0 million for all other ordinary members of the Executive Board.

If the remuneration for a financial year exceeds this limit, the variable remuneration will be reduced accordingly.

Share ownership guidelines

According to the share ownership guidelines (SOG) the Chairman of the Executive Board is obliged to acquire Lufthansa shares in the double amount and ordinary members of the Executive Board in the single amount of their respective base salary, and to hold them for the duration of their service and beyond. If the base salary is increased, the share value to be acquired will also increase.

In principle, a four-year development phase applies to the share portfolio. Existing shareholdings are taken into account. Compliance with this obligation must be demonstrated annually by the members of the Executive Board.

The shares held under the SOG are to be held until the termination of the Executive Board employment contract. Upon leaving the Executive Board, the Executive Board member can annually sell 25% of the shares that they hold under the SOG.

Clawback provision

The Supervisory Board has the option of withholding the variable remuneration in the following cases or of reclaiming the remuneration already paid:

- ▶ In the case of a deliberate or grossly negligent breach of statutory obligations or a violation of internal company guidelines (compliance clawback), the entitlement to recovery shall be the amount of the damage incurred or the maximum amount of the variable remuneration paid for the financial year in which the breach occurred.
- ▶ If variable remuneration components linked to the achievement of certain targets have been wrongly paid out on the basis of incorrect data (performance clawback), the entitlement to recovery is the amount of the difference resulting from the recalculation of the variable remuneration amount in relation to the payment made.

The assertion of entitlement to recovery or retention shall be at the discretion of the Supervisory Board as required.

Secondary activities of members of the Executive Board

The assumption of secondary activities of members of the Executive Board outside the Lufthansa Group requires the prior approval of the Steering Committee of the Supervisory Board.

If members of the Executive Board hold mandates or similar positions in companies in which Deutsche Lufthansa Aktiengesellschaft has an indirect or direct stake, they shall be deemed to be covered by the Executive Board remuneration and shall not be paid separately. Any remuneration arising from such mandates shall be offset against Executive Board remuneration.

Commitments relating to the start of the activity or a change of place of employment

In the event of an initial appointment to the Executive Board or a subsequent change of place of employment at the request of the company, the Supervisory Board shall, on a proposal from the Executive Committee, decide whether and to what extent the following additional remuneration services are promised in an individual contract:

Compensation for the lapse of benefits provided by the previous employer. The Supervisory Board can grant compensation if remuneration commitments from previous employers expire as a result of a switch to Deutsche Lufthansa Aktiengesellschaft (e.g. promises of long-term variable remuneration or pension commitments).

Relocation costs. To the extent that a change of place of residence is required as a result of the appointment as a member of the Executive Board or as a result of changes in the place of employment at the request of the Company, the Supervisory Board may decide that the Company will be responsible for the reimbursement of relocation costs or similar services to an appropriate extent.

Term of the Executive Board employment contracts

The term of the Executive Board employment contracts is linked to the duration of the appointment. The Supervisory Board will take into account the regulations of Section 84 AktG according to which members will be appointed to the Executive Board for a maximum period of five years and shall not be reappointed for at least one year before the previous term of office expires. In addition, a term of three years should not be exceeded for initial appointments. The employment contracts of the members of the Executive Board do not make provision for the possibility of ordinary termination; the right of extraordinary termination by either party remains unaffected.

In the event of a member of the Executive Board being unfit to work for more than 12 months, the Executive Board employment contract shall automatically end at the end of the 12 months without the need for separate termination.

In the event of a reduction in the maximum remuneration fixed by the Supervisory Board at the time the contract is concluded by resolution of the Annual General Meeting pursuant to Section 87(4) AktG, the member of the Executive Board also has the option of terminating the Executive Board employment contract with a notice period of three months to the end of the month and resigning from office. This does not give rise to entitlement to severance pay. However, the Executive Board member is otherwise treated as if the Executive Board employment contract had been duly fulfilled.

End-of-service benefits

The remuneration system also regulates the amount of remuneration in the event of premature termination of the Executive Board employment contract. Depending on the reason for termination, the following provisions apply to the promised remuneration when leaving office:

Termination by mutual consent. In the event of premature termination of the contract without good reason, the Company will, in accordance with the recommendation of the German Corporate Governance Code, compensate no more than the value of the entitlements for the remainder of the contract, whereby the payments must not exceed two years' compensation (maximum severance payment). The maximum severance payment is calculated on the basis of the amount of annual remuneration, which is made up of the basic remuneration and the target values for the one-year and multi-year variable remuneration; benefits in kind and fringe benefits are not taken into account.

Early termination at the request of the Executive Board member without good reason or good cause for termination by the company. In this case there is no entitlement to severance pay or other payments from the one-year or multi-year variable remuneration.

Change of control. In the event of a change of control, the Executive Board member and the Company each have the right to terminate the Executive Board employment contract within a period of six months from the change of control. In this case, the Executive Board member is entitled to a severance payment in the amount of their remuneration entitlements for the remaining term of the contract. The amount of the severance payment must not exceed the contractually agreed severance payment limit described above.

Post-contractual non-competition clause. The members of the Executive Board are subject to a one-year non-competition rule after leaving the Executive Board. During the post-contractual restraint of competition, the Company will pay the member of the Executive Board compensation (compensation for damages) equal to half of the basic remuneration. The Company has the possibility to waive the post-contractual prohibition of competition until the end of the Executive Board contract, with the effect that the company is no longer obliged to pay compensation after six months from receipt of the waiver. The severance payment is to be offset against the compensation for damages.

Death. If the member of the Executive Board dies while in the service of the company, the widower or widow shall continue to receive the base salary for a period of six months, but no longer than until the end of the Executive Board employment contract.

This information is conclusive. No additional compensation will be granted.

7. The remuneration system at a glance

The following table once again provides a general overview of the components of the remuneration system for the members of the Executive Board, the respective structure of the remuneration components and the underlying objectives:

Component	Objective	Structure
Non-performance-related remuneration		
Base salary	Should reflect the role and responsibilities in the Executive Board. Should ensure an adequate basic income and prevent the taking of inappropriate risks	Annual fixed remuneration
Fringe benefits	Should secure an adequate pension	Company car including driver, industry standard flight allowances for private air travel, insurance premiums
Retirement benefits	Should secure an adequate pension	Annual allocation of a fixed amount
Performance-related remuneration		
One-year variable remuneration (annual bonus)	Should support profitable growth, taking into account liquidity management as well as the overall responsibility of the Executive Board and the individual performance of the Executive Board members	<ul style="list-style-type: none"> – Adjusted EBIT versus target value (40%) – Adjusted Free Cashflow versus target value (40%) – Overall and individual business and sustainability targets (20%) – Individual performance factor (bonus/penalty, 0.8–1.2) – Cap: 200% of the target amount – Payment: in cash or in shares
Multi-year variable remuneration (LTI)	Should promote a sustainable positive development of the company's value, while at the same time linking the interests of the members of the Executive Board to those of the shareholders	<ul style="list-style-type: none"> – Allocation of virtual Lufthansa shares with a four-year term – Number of final virtual shares depending on: <ul style="list-style-type: none"> – Average adjusted ROCE during the performance period versus target values (50%) – Relative TSR of Lufthansa share versus comparative index (50%) – Strategic and sustainability targets (20%) – Performance based on the 60-day average Lufthansa share price at maturity and dividend payments during the performance period – Cap: 200% of the target amount – Payment: in cash or in shares
End-of-service benefits		
Termination by mutual consent	Should avoid unduly high severance payments	Severance payment limited to the remaining term of the employment contract or a maximum of two years' remuneration (maximum severance payment)
Post-contractual non-competition clause	Serves to protect the company's interests	<ul style="list-style-type: none"> – One-year non-competition rule after leaving the Executive Board – Waiver of non-competition by company possible
Change of control	Should ensure independence in takeover situations	– Severance payment equal to the amount of the remuneration entitlements for the remaining term of the employment contract or a maximum of 100% of the aforementioned severance payment limit
Other remuneration regulations		
Share Ownership Guidelines	Should strengthen the share culture and the close link between the interests of the members of the Executive Board and the shareholders	<ul style="list-style-type: none"> – Obligation to invest in Lufthansa shares over a period of basically 4 years – Chairman of Executive Board: 200% of the base salary – Ordinary Member of the Executive Board: 100% of the base salary – Retention obligation for the period of the Executive Board's activities; gradual reduction of the share portfolio by 25% per annum after leaving the Executive Board
Compliance and performance clawback	Should ensure sustainable business development	Possibility for the Supervisory Board to withhold annual bonus and LTI or to reclaim remuneration already paid
Maximum remuneration according to Sec. 87a (1) sentence 2 No. 1 AktG	Should avoid uncontrolled high payouts	<p>Reduction of variable remuneration if the maximum limit for a financial year is exceeded:</p> <ul style="list-style-type: none"> – Chairman of Executive Board: EUR 11.0 million – Distinguished ordinary Executive Board member: EUR 6.5 million – Ordinary Member of the Executive Board: EUR 5.0 million