

Compensation report

The compensation report summarizes the basic principles used to establish the compensation of the Management and Supervisory Boards of KUKA Aktiengesellschaft. It explains the structure and amount of compensation paid to members of the Management Board and Supervisory Board. The compensation report complies with the requirements of section 162 of the German Stock Corporation Act (AktG).

The Supervisory Board of KUKA Aktiengesellschaft adopted a new compensation system on March 24, 2021. This was approved by the Annual General Meeting on May 21, 2021. The new compensation system shall apply retroactively as of the beginning of the 2021 fiscal year (with the deviations outlined under Section VII).

The compensation system also largely takes into account the recommendations of the GCGC as amended on December 16, 2019 (hereinafter referred to as "GCGC 2020"). Any deviations from the recommendations of the GCGC 2020 are set out in the Declaration of Compliance by the Management Board and the Supervisory Board dated February 9, 2022.

Compensation of the members of the Management Board

I. Fundamentals of the compensation system

The compensation system for members of the Management Board of KUKA Aktiengesellschaft makes a significant contribution to promoting the corporate strategy of KUKA Aktiengesellschaft and its Group companies (hereinafter collectively "KUKA"). There is a strong focus on sustainable and long-term performance compared to competitors in order to meet the strategic goal of expanding innovation and technology leadership. The compensation system for Management Board members therefore sets incentives to strengthen KUKA's internal financing potential and thus achieve sustainable corporate growth.

The focus on these strategic goals in Management Board compensation is highly consistent with the interests of the shareholders and contributes to KUKA's long-term and sustainable success. The central objective and guiding principle here is, in particular, to sustainably increase KUKA's enterprise value over the long term.

The major part of Management Board compensation is performance-related and ambitious ("pay for performance"). As a result, the achievements of the Management Board members are rewarded accordingly, while missed targets can lead to a reduction in variable compensation down to zero. Besides the financial success of KUKA as an overall Group, additional financial and non-financial performance targets are incorporated in order to take appropriate account of both individual and collective successes of Management Board members. In particular, this incentivizes the implementation of key focus topics and the achievement of sustainability goals, and caters for the interests of important stakeholders (especially customers and employees).

In addition to internal corporate objectives, the compensation system takes into account regulatory requirements. Thus, the compensation system complies with the requirements of the German Stock Corporation Act (AktG) and is largely aligned with the recommendations and suggestions of the GCGC 2020.

In summary, the compensation system for the Management Board is based on the following guidelines:

Guiding principles for KUKA Aktiengesellschaft's compensation system	
Strategy reference	Promoting the implementation of the corporate strategy to ensure the sustainable and long-term success of the company.
Sustainability	Consideration of sustainability targets and interests of key stakeholders.
Competitor comparison	Incentives to secure and strengthen our market position.
Shareholder interests	Align the Executive Board's interests with the long-term increase of the company's value in the best interests of our shareholders.
Pay for performance	Predominantly performance-based compensation which is linked to the achievement of ambitious performance criteria.
Regulatory compliance	Compliance with the regulatory requirements of the AktG and recommendations of the GCGC.

II. The compensation system at a glance

1. Components of Management Board compensation

The compensation system for members of the Management Board of KUKA Aktiengesellschaft contains fixed and variable components. The fixed compensation comprises the base salary and benefits in kind. The variable compensation consists of a short-term variable compensation component (Short-Term Incentive Plan) with a performance period of one year and a long-term variable compensation component (Long-Term Performance Plan) with a performance period of four years.

With the exception of benefits in kind, the compensation components are granted exclusively in cash.

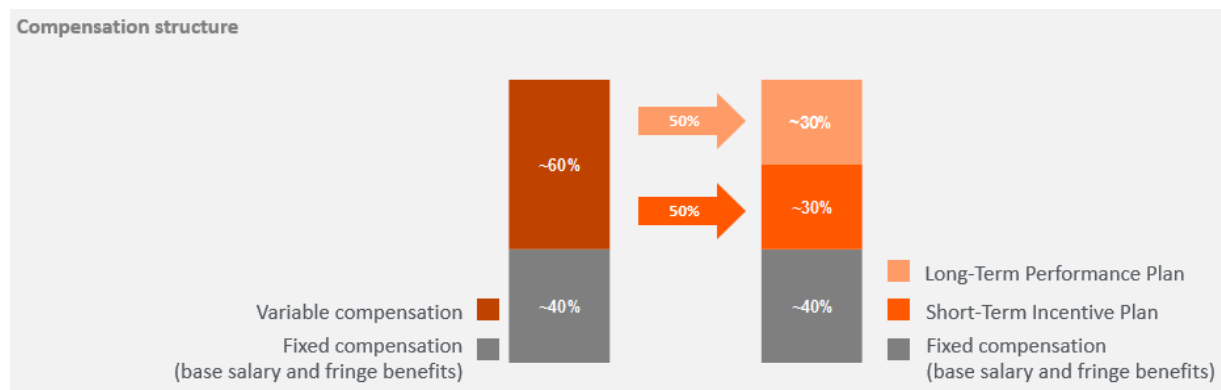
The compensation components are summarized in the following chart:

Overview of the compensation system		
Fixed compensation	Base salary	Paid in twelve equal monthly installments.
	Fringe benefits	Mainly consists of benefits for the provision and use of a company vehicle.
Variable compensation	Short Term Incentive Plan	<ul style="list-style-type: none"> ▪ Performance period: one year ▪ Performance target: <ul style="list-style-type: none"> ▪ Financial targets (70%): Sales Revenues, EBIT, Free Cash Flow ▪ Non-financial targets (30%): individual and collective targets (particularly sustainability targets and stakeholder interests) ▪ Cap: 200% of the target amount
	Long-Term Performance Plan	<ul style="list-style-type: none"> ▪ Performance period: four years ▪ Performance target: <ul style="list-style-type: none"> ▪ Financial target: EPS-development (in %) compared to relevant competitors (relative EPS) ▪ Cap: 200% of the target amount
Malus & Clawback		Reduction (Malus) and reclaim (Clawback) of variable compensation in case of compliance violations or incorrect consolidated financial statement.
Maximum compensation		For the CEO the maximum compensation amounts to € 4,500,000 p.a., for Ordinary Executive Board members to € 3,000,000 p.a.

2. Structure of Management Board compensation

The share of fixed compensation amounts to around 40% of the target total compensation. This means that a predominant share of around 60% of the target total compensation is accounted for by the variable compensation components.

This breakdown assumes 100% values of the variable compensation components. The following chart shows the individual compensation components and their relative shares of the total target compensation.



III. Principles of compensation determination

1. Determination of the specific target total compensation

The Supervisory Board has determined the amount of the individual target total compensation for each Management Board member. Care was taken here to ensure that the compensation is commensurate both with the performance and duties of the respective Management Board member and with the situation of the company.

2. Limitation of the compensation components and maximum total compensation

The Supervisory Board has set a maximum level of compensation for each member of the Management Board in accordance with section 87a para. 1 sentence 2 no. 1 AktG. This amounts to €4,500,000 p.a. for the Chairman of the Management Board and €3,000,000 p.a. for ordinary members of the Management Board. The maximum compensation is the highest amount for the sum of base salary, benefits in kind, Short-Term Incentive Plan and Long-Term Performance Plan and relates to the total of all payments resulting from the compensation provisions for a fiscal year. This is not the compensation deemed appropriate by the Supervisory Board, but merely an absolute upper limit.

Furthermore, the two variable compensation components are each limited in their maximum payout amount, thereby capping the total compensation paid to the Management Board.

3. Appropriateness of Management Board compensation

The Supervisory Board assessed the appropriateness of the Management Board compensation by means of a market comparison with the companies listed in the MDAX (horizontal comparison) and taking into account internal compensation ratios of Management Board members to the executive management team, non-payscale employees andayscale employees (vertical comparison).

IV. Detailed examination of the individual compensation components

1. Fixed compensation

The fixed compensation consists of a base salary and benefits in kind.

Base salary

The base salary is based on the area of responsibility of the respective Management Board member and is paid in twelve equal monthly installments.

Benefits in kind

The benefits in kind granted to Management Board members consist mainly of the non-cash benefits for the provision and use of a company vehicle or chauffeur service. Benefits in kind are limited to €50,000 p.a.

Pension and early retirement scheme

There are no pension or early retirement arrangements.

2. Variable compensation

The variable compensation paid to Management Board members is dependent on the achievement of KUKA's financial targets as well as additional individual and collective targets of the Management Board members. The variable compensation components may be forfeited entirely if the relevant targets are clearly missed, while at the same time they are capped. Thus, on the one hand, the variable compensation clearly reflects a pay-for-performance approach and ensures that the achievements of the Management Board members and their contribution to the implementation of KUKA's strategy are appropriately rewarded. On the other hand, the amount-based cap ensures a balanced risk-reward ratio and thus avoids excessive risk-taking.

Short-Term Incentive Plan (short-term variable compensation)

General functional principle

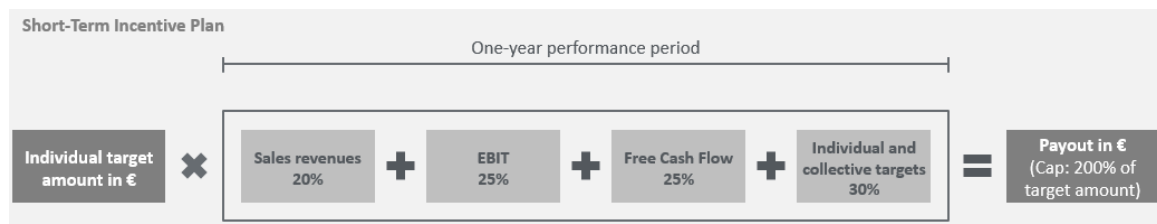
The Short-Term Incentive Plan addresses the operational implementation of the corporate strategy in terms of increasing the revenue and earnings power and strengthening the internal financing potential. This creates the basis for a strategic expansion and diversification of business activities and the requisite investments. The performance period is the respective fiscal year.

At the beginning of each fiscal year, the members of the Management Board are granted a target amount determined in their individual contracts. This is multiplied by the total achievement of the performance targets at the end of the fiscal year to determine the final payout amount. This is limited to 200% of the target amount (cap) and is paid in cash.

Overall target achievement is measured using three financial performance targets and an additional component, which may also include non-financial targets. All performance targets are set by the Supervisory Board at the beginning of the respective fiscal year and are linked additively.

The financial performance targets are derived from KUKA's management system and comprise the key performance indicators "sales revenues", "EBIT" and "free cash flow". The weighting of the financial performance targets with a total of 70% ensures that KUKA's financial performance is significantly interlinked with the compensation of the Management Board.

The component for tracking additional individual and collective targets is weighted with a total of 30%. This component allows specific incentives to be set with regard to central focus topics and consideration of KUKA's key non-financial targets. This includes, in particular, sustainability goals and the interests of key stakeholders.



Performance targets for the Short-Term Incentive Plan

An ambitious target achievement curve is assigned to each of the financial performance targets. At the beginning of each fiscal year, the Supervisory Board sets a target value for these targets, corresponding to 100% target achievement. A threshold value and a maximum value are defined in addition to the target value. The specific threshold, target and maximum values as well as the corresponding target achievement for the respective targets are disclosed transparently ex post in the compensation report.

Sales revenues (20% weighting)

Sales revenues are a key performance indicator in KUKA's financial management system and are implemented in the Short-Term Incentive Plan as a performance target to incentivize and implement the growth strategy pursued by KUKA.

EBIT (25% weighting)

EBIT (earnings before interest and taxes) refers to the operating result before the financial result and taxes and is also a key financial performance indicator for KUKA. By implementing EBIT as a performance target in the Short-Term Incentive Plan, long-term profitable growth and the achievement of sustainably efficient cost structures are incentivized in line with the corporate strategy.

Free cash flow (25% weighting)

Free cash flow represents the cash inflow from operating activities plus cash flow from capital expenditure and reflects the amount of financial resources generated by the company within a fiscal year. KUKA aims to achieve profitable growth. The inclusion of free cash flow ensures that a strengthening of KUKA's internal financing potential is reflected in the Short-Term Incentive Plan. This lays the foundation for sustainable growth through additional investments.

Individual and collective targets (30% weighting)

In addition, criteria-based consideration is given to the individual and collective performance of the Management Board. The relevant performance targets are set by the Supervisory Board on the basis of a catalog of criteria. The catalog of criteria provides the Supervisory Board with guidance for setting specific performance targets for the members of the Management Board at the beginning of each fiscal year. The Supervisory Board also incorporates sustainability goals and the interests of our key stakeholders.

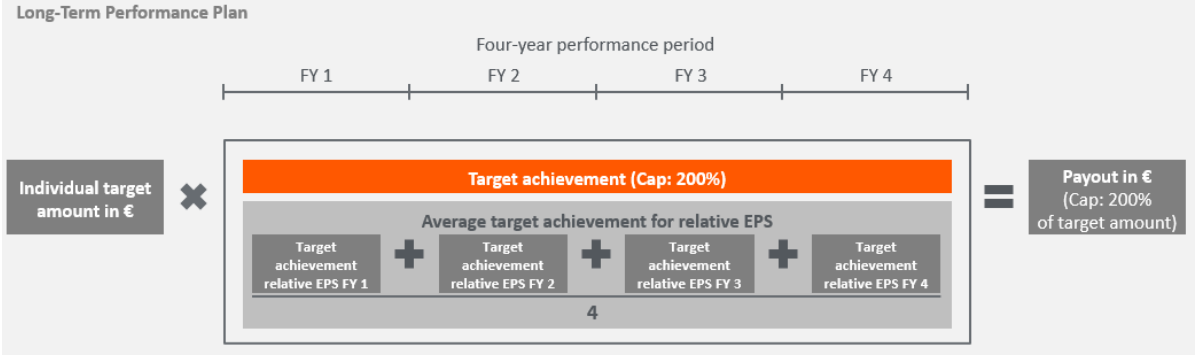
Short Term Incentive Plan – Illustrative criteria catalog for individual and collective targets

- | | |
|------------------------------|---|
| • Development of new markets | • Employee satisfaction |
| • Mergers and Acquisitions | • Sustainability (ESG: Environment, Social, Governance) |
| • Research and development | • Group organization |
| • Innovation | • Compliance |
| • Customer satisfaction | • Supply chain management |

a. Long-Term Performance Plan (long-term variable compensation)

The long-term variable compensation is granted annually in the form of the Long-Term Performance Plan (LTPP) with a performance period of four years. At the beginning of each fiscal year, the Management Board members are assigned an allocation value determined in their individual contracts for the respective tranche of the LTPP. During the performance period, a performance factor is determined for each fiscal year based on the relative development of KUKA's "relative earnings per share" (relative EPS) performance target compared with a defined group of competitors. A ranking list is formed, the competitors in the top and bottom 25% percentiles are eliminated, and the performance factor is determined on the basis of KUKA's relative position in the remaining ranking list. At the end of the performance period, the payout factor is calculated

from the arithmetic mean of the annual performance factors and multiplied by the allocation value. The payout amount determined is capped at 200% of the allocation value. Payment is made in cash at the end of the performance period.



The LTPP provides incentives and rewards for KUKA’s long-term development. Based on the comparison of KUKA’s EPS performance with the EPS performance of relevant competitors, the strategic goal of expanding innovation and technology leadership is reflected in the Management Board’s long-term variable compensation.

V. Further compensation arrangements

1. Malus and clawback

The employment contracts of the members of the Management Board contain provisions for the reduction (malus) and return (clawback) of short-term and long-term variable compensation.

If there is a material violation of the duty of care pursuant to section 93 para. 2 AktG or a material breach of contractual compliance obligations, the Supervisory Board shall be entitled, at its due discretion, to reduce in full or in part the variable compensation not yet paid out for the fiscal year in which such violation or breach occurred (compliance malus). Under the same circumstances, the Supervisory Board may, at its due discretion, demand full or partial repayment of any variable compensation already paid out for the fiscal year in which such violation or breach occurred (compliance clawback).

In addition, the Supervisory Board is entitled to demand the return of variable compensation already paid out if it transpires that the audited and approved consolidated financial statements on which the calculation of the amount to be paid out were incorrect and must be adjusted in accordance with the relevant accounting standards and that lower or no variable compensation would have been paid out on the basis of the corrected and audited consolidated financial statements (performance clawback).

The above provisions shall not affect any claims by KUKA Aktiengesellschaft for damages, in particular pursuant to section 93 para. 2 AktG, the right of KUKA Aktiengesellschaft to revoke the appointment pursuant to section 84 para. 3 AktG, or the right of KUKA Aktiengesellschaft to terminate the employment contract of the Management Board member without notice (section 626 para. 1 of the German Civil Code [BGB]).

2. Contract term and termination options

Employment contracts (service contracts) are concluded with the members of the Management Board for the duration of their appointment. When making appointments to the Management Board, the Supervisory Board observes the requirements of section 84 AktG, in particular the maximum term of five years. The employment contracts of Management Board members have a fixed term. In the case of initial appointment, this is a maximum of three years.

There is no right to ordinary termination. This does not affect the statutory right to extraordinary termination for good cause pursuant to section 626 para. 1 BGB.

3. Provisions governing entry into the employment relationship during the year

The base salary and the target amounts of the variable compensation components are generally decreased pro rata temporis if the employment relationship commences during the year.

4. Provisions governing premature termination of the employment relationship

a. Severance payment

In the event of premature termination of the Management Board appointment or the employment contract by the company without good cause, or in the event of mutually agreed premature termination of the position on the Management Board without good cause, or in the event of premature resignation from office or termination of the employment contract by the Management Board member for good cause for which the Company is responsible, any severance payment to be made shall be limited to two years' compensation, but no more than the compensation for the remaining term of the contract. The target total compensation for the period to be indemnified is used as the basis for calculating the severance payment cap. In cases other than those described above, there is generally no entitlement to a severance payment.

If the Management Board member is entitled to compensation under a post-contractual non-competition clause, any severance payment to be made shall be offset against the waiting allowance. Likewise, other income shall be offset against the waiting allowance in accordance with section 74c of the German Commercial Code (HGB).

There is no entitlement to payments in excess of these provisions as a result of premature termination of the Management Board appointment or the employment contract.

b. Variable compensation in the event of premature termination of the employment relationship

If the employment contract ends as a result of extraordinary termination by the company for good cause pursuant to section 626 para. 1 BGB or if the Management Board member resigns without good cause and without amicable settlement during the fiscal year, or if the appointment is revoked by the Supervisory Board for good cause pursuant to section 84 para. 3 AktG during the fiscal year (other than due to a vote of no confidence by the Annual General Meeting), entitlement to the Short-Term Incentive Plan and all current tranches of the Long-Term Performance Plan shall lapse without compensation.

In the event of premature termination of the Management Board appointment or the employment contract by the company without good cause, or in the event of premature resignation from office or termination of the employment contract by the Management Board member for good cause for which the company is responsible, the Management Board member shall be entitled to a pro rata payment under the Short-Term Incentive Plan and a pro rata payment under the Long-Term Performance Plan calculated up to the end of the employment relationship.

5. Work incapacity and death

If the Management Board member is temporarily prevented from performing his or her Management Board duties due to illness or other causes for which he or she is not responsible, the remuneration shall continue to be paid for a period of twelve months.

If the Management Board member becomes incapacitated during the term of the employment contract, the employment contract shall terminate at the end of the quarter in which the occupational disability was ascertained. Occupational disability is defined as an uninterrupted incapacity to work for a period of more than six months.

In the event of the death of a Management Board member, the monthly salary for the month of death and the following three calendar months shall be paid to the heirs, as shall the variable compensation components attributable to the same period.

6. Sideline activities of Management Board members

In the event that a member of the Management Board is elected to the Supervisory Board, Advisory Board or Administrative Board of another company affiliated with the company, any compensation paid to the Management Board member by an affiliated company shall be offset against the compensation to which the Management Board member is entitled for the fiscal year in question.

The acceptance of a mandate on a supervisory board, advisory board, administrative board, association body or similar body outside the Group requires the prior consent of the Supervisory Board. The Supervisory Board shall decide on a case-by-case basis whether and to what extent any remuneration for such activities is to be offset against the compensation of the Management Board member.

VI. After-effects from previous compensation systems

1. Company targets bonus (short-term variable compensation)

Under the compensation system in place until December 31, 2020, the variable compensation of Management Board members was dependent on the achievement of personal targets in strategic and operational areas (“management bonus” – one-year compensation component) and financial targets of KUKA (“company targets bonus” – two-year compensation component). The key performance indicators for the company targets were the EBIT and free cash flow of KUKA Group. For the Management Board members in office in fiscal 2021 for whom the compensation arrangement described above is or was still applicable, the breakdown between personal and financial targets is as follows:

Management Board members	Share of personal targets (management bonus)	Share of financial targets (company targets bonus)
Peter Mohnen (CEO)	30%	70%
Andreas Pabst (Management Board member, CFO until June 30, 2021)	33.33%	66.67%

Personal targets and financial targets were agreed separately each year. The personal targets were derived from the corporate strategy and incentivized its operational implementation. The financial targets comprised the key performance indicators “EBIT” and “free cash flow”. The basis of assessment, i.e. the amount of the annual variable target compensation, was governed by the employment contracts of the Management Board members.

The variable compensation target achievement could range from 0% to 200%; achievement of the financial targets was linked to business performance over several years (two-year period). The calculation was made by averaging the target achievement of the relevant two fiscal years.

Under the compensation system in force until December 31, 2020, variable compensation was paid in fiscal 2021 to the CEO Peter Mohnen and the CFO Andreas Pabst, who was in office until June 30, 2021, for the achievement of financial targets in fiscal 2019 and for the achievement of personal and financial targets in fiscal 2020.

For the company targets bonus for fiscal 2019, the key performance indicators EBIT and free cash flow in fiscal years 2019 and 2020 were decisive. The Supervisory Board set the following targets for this purpose: (a) Fiscal 2019: for the EBIT margin minimum target 3.40%, target 4.00%, maximum target 4.60% and for free cash flow minimum target 3.90%, target -2.90%, maximum target -1.90% (b) Fiscal 2020: for EBIT minimum target €67.4 million, target €100 million, maximum target €132.7 million and for free cash flow minimum target €8.9 million, target €41.5 million, maximum target €74.5 million.

An EBIT margin of 1.5% and a free cash flow of 0.6% were achieved in fiscal 2019. In fiscal 2020, EBIT of -€113.2 million and free cash flow of €37.0 million were achieved.

This resulted in a target achievement of 0% for EBIT margin and 200% for free cash flow, and an overall target achievement for financial targets of 100% in fiscal 2019. In fiscal 2020, target achievement was 0% for EBIT and 86% for free cash flow, and overall target achievement for financial targets of 43%. The overall target achievement for the company targets bonus in 2019 was thus 72% $((100\% + 43\%):2)$.

The CEO Peter Mohnen had been promised a company targets bonus of k€700 for fiscal 2019, which was calculated on the basis of the aforementioned overall target achievement of 72%. Peter Mohnen had also been promised a bonus for fiscal 2020 of k€300 for the achievement of individual targets, which was calculated on the basis of 130% target achievement. Management Board member Andreas Pabst had been promised a company targets bonus of k€400 for fiscal 2019, which was calculated on the basis of the aforementioned overall target achievement of 72%. Andreas Pabst had additionally been promised a bonus of k€200 for fiscal 2020, which was calculated on the basis of 150% target achievement. The aforementioned payments were made in fiscal 2021.

Furthermore, the CEO Peter Mohnen is entitled to variable compensation for the financial targets in fiscal 2020 (two-year compensation component), which will be settled in fiscal 2022.

2. Long-term variable compensation

a. Long-Term Incentive Plan (LTIP) 2018-2020

In fiscal 2018, the CEO Peter Mohnen was entitled to participate in the so-called "Long-Term Incentive Plan" (hereinafter "LTIP") with an allocation value of k€300. The LTIP was a variable compensation component with a long-term incentive effect.

The LTIP covered a period of three fiscal years. The allocation volume was either already contractually agreed or set by the Supervisory Board before the respective three-year period commenced. Under specific conditions defined in the LTIP ("good and bad leaver" rule), entitlement to payment of the gross payout amount could be waived in full or limited pro rata temporis.

At the start of the three-year performance period, the Supervisory Board also determined the key indicators and specifications for the target values of the success factors for the LTIP concerned. The relevant factors were (i) the performance factor and (ii) the strategy factor.

The key indicator for the performance factor was the EVA over the performance period. The EVA in this context is the Group EBIT (on a consolidated basis) less minimum interest (9%) on the Group's capital employed. The Supervisory Board stipulated the target values at its discretion, divided into (i) minimum target, (ii) target and (iii) maximum target. The minimum target (€220.0 million) corresponded to a performance factor of 0.50, the target (€300.0 million) to a performance factor of 1.00 and the maximum target (€380.0 million) to a performance factor of 1.50. The performance factor of 0.50 was achieved even if the minimum target was not reached.

For the strategy factor, the Supervisory Board set as key performance indicators (strategic targets) the reduction of costs in fiscal 2020 compared with fiscal 2017 (cost reduction) and the growth of revenue in China in the period from 2018 to 2020 (China revenue growth). The two individual targets were equally weighted. For the cost reduction, the Supervisory Board set a minimum target of €260.0 million, a target of €325.0 million and a maximum target of €390.0 million. For the China revenue growth, the Supervisory Board set a minimum target of €1,915.9 million, a target of €2,737.0 million and a maximum target of €3,558.1 million. The minimum target corresponded to a strategy factor of 0.00, the target to a strategy factor of 1.00 and the maximum target to a strategy factor of 2.00.

In the performance period, an EVA of €380.4 million, a cost reduction of €403.3 million and China revenue growth of €1,442.0 million were achieved. This corresponded to a performance factor of 0.50 and partial strategy factors of 2.00 and 0.00 respectively.

The gross payout amount was calculated by multiplying the individual allocation value, performance factor and strategy factor.

Under the compensation system in force until December 31, 2020, a payout amount from the LTIP 2018-2020 was paid to the CEO Peter Mohnen in fiscal 2021.

b. KUKA Added Value Incentive Plan (KAVI) 2019-2021 and 2020-2022

In fiscal years 2019 and 2020, Management Board members were entitled to participate in the KUKA Added Value Incentive Plan (hereinafter "KAVI") as a long-term compensation component. The allocation value granted to the CEO, Peter Mohnen, amounted to k€300 in each case. The allocation value granted to Management Board member Andreas Pabst amounted to k€150 in each case. In contrast to the LTIP, the KAVI is based on a long-term development of earnings per share and the share price performance of KUKA Aktiengesellschaft and Midea Group Co. Ltd. The 2019-2021 and 2020-2022 KAVI plans each have a term of three fiscal years.

Under the terms of the KAVI, each member of the Management Board is granted an individual allocation value in euros. This allocation value is then multiplied by the sum of the earnings factor (50% weighting) and the share price factor (50% weighting). The earnings factor and share price factor are defined as follows:

Earnings factor:	<p>The earnings factor refers to KUKA Aktiengesellschaft's earnings per share (EPS). The EPS targets were derived from EPS 2019-2021 and EPS 2020-2022, taking the average value in accordance with the medium-term planning in each case. The following applies for the individual KAVIs:</p> <p style="text-align: center;"> EPS 2019-2021: €3.44 = factor 1 EPS 2020-2022: €2.74 = factor 1 </p> <p>The minimum target for EPS 2019-2021 was set at €2.06 and the minimum target for EPS 2020-2022 was set at €1.64. If this minimum target is not reached, the earnings factor is 0.</p>
Share price factor:	<p>The share price factor is made up of the following components: (i) share price performance of KUKA Aktiengesellschaft relative to a benchmark group (80% weighting) and (ii) share price performance of Midea Group Co. Ltd. over the performance period (20% weighting). With regard to the price performance of KUKA shares, a benchmark group of eleven companies was defined, representing the Robotics, Systems, Logistics Automation and Healthcare business segments.</p> <p>The share price factor is subject to minimum targets. If these are not achieved, the share price factor is 0.</p>

The total amounts to be paid out from the LTIPs not yet settled and the ongoing KAVI are limited to three times the individual allocation value granted to each Management Board member.

Under the compensation system in force until December 31, 2020, the CEO Peter Mohnen thus has entitlements under the KAVI 2019-2021 and the KAVI 2020-2022 that will be settled in fiscal 2022 and 2023, respectively. The entitlements of Andreas Pabst, a member of the Management Board until June 30, 2021, were settled as part of the early termination of his employment contract.

VII. Deviations from the new compensation system in fiscal 2021

Peter Mohnen

The new compensation system was resolved by the Supervisory Board of KUKA Aktiengesellschaft in March 2021 and approved by the Annual General Meeting in May 2021. Early reappointment was negotiated with Peter Mohnen in the course of fiscal 2021 and his employment contract was revised during the year. In order to avoid having to adjust compensation components retroactively and already agreed targets during the year, and to smooth the effects for the company and Peter Mohnen, it was determined that for the short-term variable compensation, the compensation system applicable until December 31, 2020 will also apply in fiscal 2021 and that the new compensation model will apply from January 1, 2022. By contrast, the long-term variable compensation was switched to the new compensation model under the LTPP 2020-2024 with effect from January 1, 2021 (with an allocation volume of k€300).

Andreas Pabst

The compensation of Management Board member Andreas Pabst, who was in office until June 30, 2021, does not correspond to the new compensation system. The background to this is that the new compensation system only applies to Management Board members appointed on or after January 1, 2021. Andreas Pabst left the Management Board with effect from June 30, 2021; in this context, all compensation issues were finalized in the termination agreement dated June 21, 2021.

Alexander Tan

The compensation of Management Board member Alexander Tan, who has been in office since July 1, 2021, corresponds to the new compensation system.

VIII. Target, minimum and maximum compensation in 2021

The following tables show the individual target compensation, minimum compensation and maximum compensation awarded to the members of the Management Board in office at December 31, 2021.

Target compensation for fiscal 2021

Members of the Management Board in office as at December 31, 2021

in € thousands	Peter Mohnen CEO				Alexander Tan ¹ CFO since July 1, 2021			
	2021 (100%)	2021 (min)	2021 (max)	2020 (100%)	2021 (100%)	2021 (min)	2021 (max)	2020 (100%)
Fixed compensation								
Base salary	1,000	1,000	1,000	1,000	300	300	300	-
Benefits in kind ²	50	0	50	35	50	0	50	-
Other compensation ³	-	-	-	-	65	0	65	-
Total	1,050	1,000	1,050	1,035	415	300	415	-
Variable compensation								
Short-term variable compensation								
Short-Term Incentive Plan 2020		-	-	1,000	-	-	-	-
Short-Term Incentive Plan 2021	1,000	0	2,000	-	175	0	350	-
Long-term variable compensation								
KAVI 2020-2022	-	-	-	300	-	-	-	-
LTPP 2021-2024	300	0	600	-	203	0	405	-
Total	1,300	0	2,600	1,300	378	0	755	-
Total	2,350	1,000	3,650	2,335	793	300	1,170	-
Pension cost	-	-	-	-	-	-	-	-
Total compensation	2,350	1,000	3,650	2,335	793	300	1,170	-
Maximum total compensation⁴			4,500	-			3,000	-

¹ Alexander Tan has been a member of the Management Board (CFO) since July 1, 2021. The table shows the pro rata compensation for the period from July 1, 2021 to December 31, 2021.

² The benefits in kind are limited to k€50 p.a. for Peter Mohnen and Alexander Tan with effect from fiscal 2021. They have been included in the table for fiscal 2021 at the maximum possible amount (not the actual amount) and for fiscal 2020 at the actual amount.

³ Alexander Tan was contractually granted reimbursement of relocation costs of up to k€35 upon presentation of receipts, a monthly housing allowance of up to k€2.5 per full month for a period of up to six months from the start of service upon presentation of receipts, and reimbursement of the costs of three flights in the period from July 1, 2021 to December 31, 2021.

⁴ Maximum total compensation determined by the Supervisory Board pursuant to section 87a para. 1 sentence 2 no. 1 AktG.

IX. Compensation granted and due in 2021

1. Members of the Management Board active in fiscal 2021

The following tables show the compensation granted and due to members of the Management Board in fiscal 2021 in accordance with section 162 para. 1 sentence 1 AktG. The tables thereafter include all amounts (i) actually accrued to the individual Management Board members in fiscal 2021 (“granted compensation”) and (ii) that were legally due in fiscal 2021 but were not accrued in fiscal 2021 (“due compensation”).

In fiscal 2021, the Supervisory Board did not make use of the option to claw back variable compensation components. There was no reason to do so.

The employment contract of Andreas Pabst, a member of the Management Board in office until June 30, 2021, was terminated prematurely by mutual agreement without good cause. In this context, the payout of a severance payment was agreed.

In the reporting period, there were no sideline activities of Management Board members that would have resulted in compensation paid for such activities being offset against the compensation for their activities as Management Board members.

The total compensation granted and due to the individual members of the Management Board, shown in the following tables, complied with the maximum total compensation of €4,500,000 for the CEO and €3,000,000 for ordinary members of the Management Board set by the Supervisory Board in accordance with section 87a para. 1 sentence 2 no. 1 AktG.

Additionally, the two variable compensation components were each limited in their maximum payout amount.

Compensation granted and due pursuant to section 162 para. 1 sentence 1 AktG for Management Board members in office at December 31, 2021

	Peter Mohnen CEO				Alexander Tan CFO ¹ since July 1, 2021	
in € thousands	2021		2020		2021	
Fixed compensation						
		Relative share of total compensation		Relative share of total compensation		Relative share of total compensation
Base salary	1,000	48.54%	1,000	59.84%	300	92.59%
Benefits in kind ²	16	0.78%	30	1.80%	2	0.62%
Other compensation ³	-	-	-	-	22	6.79%
Total	1,016	49.32%	1,030	61.64%	324	100.00%
Variable compensation						
One-year variable compensation						
Management bonus for 2019 ⁴	-	-	447	26.75%	-	-
Management bonus for 2020 ⁴	390	18.93%	-	-	-	-
Multi-year variable compensation						
Company targets bonus for 2018 ⁵	-	-	164	9.81%	-	-
Company targets bonus for 2019 ⁵	504	24.47%	-	-	-	-
Long-Term Incentive Plan 2017-2019 ⁶	-	-	30	1.80%	-	-
Long-Term Incentive Plan 2018-2020 ⁶	150	7.28%	-	-	-	-
Total	1,044	50.68%	641	38.36%	-	-
Total compensation	2,060	100.00%	1,671	100.00%	324	100.00%

¹ Alexander Tan has been a member of the Management Board (CFO) since July 1, 2021. The table shows the pro rata compensation for the period from July 1, 2021 to December 31, 2021.

² Non-cash benefit for the provision and use of a company car or a chauffeur service.

³ Alexander Tan was contractually granted reimbursement of relocation costs of up to k€35 upon presentation of receipts, a monthly housing allowance of up to k€2.5 per full month for a period of up to six months from the start of service upon presentation of receipts, and reimbursement of the costs of three flights in the period from July 1, 2021 to December 31, 2021.

⁴ Variable compensation paid out in fiscal 2020 for the achievement of personal targets for 2019 and variable compensation paid out in fiscal 2021 for the achievement of personal targets for 2020.

⁵ Portions of variable compensation for company targets bonus for fiscal 2018, which were paid out in fiscal 2020, and portions of variable compensation from fiscal 2019, which were paid out in fiscal 2021.

⁶ Payment of Long-Term Incentive Plans 2017-2019 and 2018-2020, which became payable in fiscal 2020 and 2021, respectively.

Compensation granted and due pursuant to section 162 para. 1 sentence 1 AktG for Management Board members who left office during the fiscal year

		Andreas Pabst CFO¹ until June 30, 2021		
in € thousands	2021		2020	
Fixed compensation				
		Relative share of total compensation		Relative share of total compensation
Base salary	300	10.05%	600	64.24%
Benefits in kind ²	8	0.27%	11	1.18%
Other compensation	-	-	-	-
Total	308	10.32%	611	65.42%
Variable compensation				
One-year variable compensation				
Management bonus for 2019 ³	-	-	295	31.58%
Management bonus for 2020 ³	300	10.05%	-	-
Multi-year variable compensation				
Company targets bonus for 2018 ⁴	-	-	28	3.00%
Company targets bonus for 2019 ⁴	288	9.66%	-	-
Total	588	19.71%	323	34.58%
Benefits in connection with termination of contract ⁵	2,088	69.97%	-	-
Total compensation	2,984	100.00%	934	100.00%

¹ Andreas Pabst was a member of the Management Board (CFO) from December 6, 2018 to June 30, 2021. His employment contract ended on June 30, 2021 on the basis of the termination agreement dated June 21, 2021 (the "Termination Agreement"). In fiscal 2021, Andreas Pabst was granted fixed compensation and benefits in kind on a pro rata basis.

² Non-cash benefit for the provision and use of a company car.

³ Variable compensation paid out in fiscal 2020 for the achievement of personal targets for 2019 and variable compensation paid out in fiscal 2021 for the achievement of personal targets for 2020.

⁴ Portions of variable compensation for company targets bonus for fiscal 2018, which were paid out in fiscal 2020, and portions of variable compensation from fiscal 2019, which were paid out in fiscal 2021.

⁵ In view of the premature termination of the employment contract, Andreas Pabst was granted a severance payment of k€258 as compensation for the fixed compensation attributable to the period from July 1, 2021 to December 5, 2021. The personal targets bonus 2021 (k€400 with 200% target achievement), the company targets bonus 2020 (k€486 with 121.5% target achievement), the company targets bonus 2021 (k€600 with 150% target achievement), the KAVI 2019-2021 (k€48 with a sum of earnings factor and share price factor of 0.32), the KAVI 2020-2022 (k€97.5 with a sum of earnings factor and share price factor of 0.65) and the KAVI 2021-2023 (k€150 with a sum of earnings factor and share price factor of 1.00) were settled with a one-time payment. Target achievement was determined at the discretion of the Supervisory Board. The amount of the one-time payment was determined as the result of negotiations. Of the one-time payment, 12.4% was in settlement of fixed compensation and 85.7% in settlement of variable compensation components. All claims arising from short-term and long-term variable compensation were settled with the termination agreement." Furthermore, Andreas Pabst was promised reimbursement of the costs of outplacement counseling and legal counseling in connection with the premature termination of his employment contract in the amount of up to k€30, of which around k€8 was used.

2. Former members of the Management Board

Apart from a few exceptions, former Management Board members whose terms of office ended no later than 2008 were granted company pension benefits that included old age, professional and employment disability, widows' and orphans' pensions. The total amount of compensation granted and due in fiscal year 2021 was k€830 (fiscal year 2020: k€822) and consists only of fixed compensation (pension payments). In accordance with section 162 para. 5 of the German Stock Corporation Act (AktG), personal details are omitted because these former Management Board members left the Management Board before September 30, 2011. Appropriate provisions have been established for current pensions and vested pension benefits.

Supervisory Board compensation

1. Compensation structure

Based on a resolution at the company's Annual General Meeting on January 1, 2006, the Articles of Association were amended to include fixed compensation for members of the Supervisory Board.

In addition to reimbursement of expenses, each member of the Supervisory Board is paid a fixed amount of k€30, payable at the end of the fiscal year.

The Chairman of the Supervisory Board is paid four times that amount, and the deputy chair receives double the compensation. Supervisory Board members receive additional compensation of k€30 for chairing the Annual General Meeting and for membership in any committee that is not of an interim nature, but at most for three committee memberships. A committee chair additionally receives half the annual compensation even if he or she chairs more than one committee. This does not apply to the committee pursuant to section 27 para. 3 of the German Act on Company Co-Determination.

In addition, for each Supervisory Board meeting (including meetings of Supervisory Board committees), each Supervisory Board member is reimbursed for appropriate expenses incurred or is given a lump-sum payment of €450 per meeting (plus the applicable value added tax). The employee representatives on the Supervisory Board who are employed by KUKA Aktiengesellschaft or a KUKA Group company are still entitled to their regular salaries based on their employment contracts.

2. Compensation granted and due in 2021

The following tables show the compensation granted and due to members of the Supervisory Board in fiscal 2021 pursuant to section 162 para. 1 sentence 1 AktG. The table accordingly contains all amounts actually received by the individual Supervisory Board members in fiscal 2021 ("compensation granted") and all compensation legally due but not yet received ("compensation due").

The following table shows the compensation granted and due to members of the Supervisory Board in fiscal years 2021 and 2020 pursuant to section 162 para. 1 sentence 1 AktG.

Supervisory Board members in office as at December 31, 2021		Basic compensation		Committee compensation		Attendance allowance		Total com- pensation
		in €	in % tot. comp.	in €	in % tot. comp.	in €	in % tot. comp.	in €
Dr. Yanmin (Andy) Gu ¹ Chairman of the Supervisory Board	2021	120,000	50.31	105,000	44.03	13,500	5.66	238,500
	2020	120,000	51.48	105,000	45.05	8,100	3.47	233,100
Michael Leppek ² Deputy Chairman of the Supervisory Board	2021	60,000	36.70	90,000	55.05	13,500	8.26	163,500
	2020	60,000	37.95	90,000	56.93	8,100	5.12	158,100
Lin (Avant) Bai	2021	25,644	48.84	23,259	44.30	3,600	2.20	52,503
	2020	-	-	-	-	-	-	-
Wilfried Eberhardt	2021	30,000	86.96	-	-	4,500	13.04	34,500
	2020	30,000	90.50	-	-	3,150	9.50	33,150
Prof. Dr. Henning Kagermann ¹	2021	30,000	37.31	45,000	55.97	5,400	6.72	80,400
	2020	30,000	37.74	45,000	56.60	4,500	5.66	79,500
Armin Kolb ²	2021	30,000	29.76	60,000	59.52	10,800	10.71	100,800
	2020	30,000	31.30	60,000	62.60	5,850	6.10	95,850
Carola Leitmeir ²	2021	30,000	30.58	60,000	61.16	8,100	8.26	98,100
	2020	30,000	31.00	60,000	62.02	6,750	6.98	96,750
Min (Francoise) Liu	2021	30,000	29.24	60,000	58.48	12,600	12.28	102,600
	2020	30,000	31.30	60,000	62.60	5,850	6.10	95,850
Manfred Hüttenhofer ²	2021	30,000	45.87	30,000	45.87	5,400	8.26	65,400
	2020	30,000	46.51	30,000	46.51	4,500	6.98	64,500
Dr. Myriam Meyer	2021	30,000	30.86	60,000	61.73	7,200	7.41	97,200
	2020	30,000	31.00	60,000	62.02	6,750	6.98	96,750
Tanja Smolenski ²	2021	30,000	45.56	30,000	45.56	5,850	8.88	65,850
	2020	30,000	45.87	30,000	45.87	5,400	8.26	65,400
Helmut Zodi ¹	2021	30,000	37.31	45,000	55.97	5,400	6.72	80,400
	2020	28,191	37.46	41,673	55.37	5,400	7.17	75,264
Members of the Supervisory Board who left during the fiscal year								
Dr. Chengmao Xu (until Jan. 17, 2021)	2021	1,398	50.00	1,398	50.00	-	0	2,796
	2020	30,000	60.35	16,110	32.41	3,600	7.24	49,710
Total	2021	477,042	40.34	609,657	51.55	95,850	8.11	1,182,549
	2020	478,191	41.80	597,783	52.26	67,950	5.94	1,143,924

¹ Dr. Yanmin (Andy) Gu is Chairman of the Personnel Committee, the Mediation Committee and the Nomination Committee. Prof. Dr. Kagermann is Chairman of the Strategy and Technology Committee. Mr. Helmut Zodi is Chairman of the Audit Committee.

² The employee representatives on the Supervisory Board who are also members of IG Metall have declared that they shall pay their Supervisory Board compensation to the Hans Böckler Foundation in line with the guidelines of the Federation of German Trade Unions.

Comparative presentation of earnings performance and annual change in compensation

In accordance with section 162 para. 1 sentence 2 no. 2 of the German Stock Corporation Act (AktG), the following table contains a comparative presentation of KUKA Group's earnings performance, the annual change in compensation of members of the Management Board and Supervisory Board, and the annual change in the average compensation of employees on a full-time equivalent basis over the last five fiscal years.

The earnings performance is shown on the basis of the Group's sales revenues and earnings per share as key performance indicators. As a central performance indicator at KUKA, sales revenues are also implemented as a performance target in the Short-Term Incentive Plan for the members of the Management Board.

For the members of the Management Board and Supervisory Board, the compensation granted and due in the respective fiscal year within the meaning of section 162 para. 1 sentence 1 AktG is presented.

The presentation of the average compensation of employees on a full-time equivalent basis includes the directors, employees and apprentices employed in the joint operation that KUKA AG maintains together with KUKA Deutschland GmbH and KUKA Systems GmbH at the Augsburg location.

Average employee compensation includes personnel expenses for wages and salaries, fringe benefits, employer contributions to social security, and short-term and long-term variable compensation components received in the respective fiscal year. The compensation of the employees thus also corresponds in principle to the compensation granted and due within the meaning of section 162 para. 1 sentence 1 AktG.

Comparative presentation of the earnings performance and the change in compensation of employees, the Management Board and the Supervisory Board:

Fiscal year	2017	2018	Change in %	2019	Change in %	2020	Change in %	2021	Change in %
Earnings performance									
Sales revenues (in € millions)	3,479.1	3,242.1	-6.81	3,192.6	-1.53	2,573.5	-19.39	3,275.7	27.29
Earnings per share (in €)	2.22	0.32	-85.59	0.24	-25.00	-2.59	-1,179.17	0.98	137.84
Net income of KUKA Group (in € millions)	88.2	16.6	-81.18	17.8	7.23	-94.6	-631.46	49.3	152.11
Net income of KUKA AG (in € millions)	-38.7	66.4	271.58	22.4	-66.27	25.6	14.29	-110.2	-530.47
Average employee compensation (k€)									
Workforce in Augsburg ^{1,2}	-	-	-	-	-	80	-	81	1.25
Management Board compensation (k€) granted and due									
Peter Mohnen (since May 16, 2012)	2,772	1,950	-29.65	1,735	-11.03	1,671	-3.69	2,060	23.28
Alexander Tan (since July 01, 2021)	-	-	-	-	-	-	-	324	-
Management Board members who left during the fiscal year									
Andreas Pabst (until June 30, 2021)	-	0	-	718	-	934	30.08	3,388	155.67
Former Management Board members									
Prof. Dr. Peter Hoffmann (until February 20, 2020)	-	-	-	78	-	4887	1,037.18	-	-
Dr. Till Reuter (until December 05, 2018)	3,918	8,865	126.26	62,025	-77.16	-	-	-	-
Supervisory Board compensation (in k€) granted and due									
Dr. Yanmin (Andy) Gu (since February 10, 2017)	0	199	-	225	13.07	225	0.00	225	0.00
Michael Leppke (since September 12, 2013)	123	150	21.95	150	0.00	150	0.00	150	0.00
Lin (Avant) Bai (since February 23, 2021)	-	-	-	-	-	-	-	49	-
Wilfried Eberhardt (since May 15, 2008)	30	30	0.00	30	0.00	30	0.00	30	0.00
Manfred Hüttenhofer (since June 06, 2018)	-	0	-	34	-	60	76.47	60	0.00
Prof. Dr. Henning Kagermann (since May 31, 2017)	0	44	-	75	70.45	75	0.00	75	0.00
Armin Kolb (since June 05, 2013)	76	90	18.42	90	0.00	90	0.00	90	0.00
Carola Leitmeir (since July 01, 2009)	76	90	18.42	90	0.00	90	0.00	90	0.00
Min (Francoise) Liu (since February 10, 2017)	0	74	-	90	21.62	90	0.00	90	0.00
Dr. Myriam Meyer (since June 06, 2018)	-	0	-	52	-	90	73.08	90	0.00
Tanja Smolenski (since December 15, 2017)	0	1	-	47	4,600	60	27.65	60	0.00
Helmut Zodl (since January 24, 2020)	-	-	-	-	-	70	-	75	7.14
Members of the Supervisory Board who left during the fiscal year									
Dr. Chengmao Xu (until January 17, 2021)	-	-	-	-	-	17	-	-	-

¹ In determining the average compensation of employees, reductions in compensation due to short-time working were not taken into account.

² The average compensation of employees was to be disclosed for the first time for fiscal 2020.

³ Mr. Andreas Pabst was paid a compensation payment of k€2,088 in fiscal 2021 in accordance with his termination agreement of June 21, 2021.

⁴ Prof. Dr. Hofmann was paid a compensation payment of k€500 in fiscal 2019 in accordance with his termination agreement of February 19, 2020.

⁵ Dr. Reuter was paid a severance payment of k€5,597 in fiscal 2018 in accordance with his severance agreement of November 28, 2018.

⁶ Dr. Reuter was paid the remaining portion of the severance payment of k€2,000 in fiscal 2019 in accordance with his severance agreement of November 28, 2018.

Report of the independent auditor

KUKA Aktiengesellschaft
Augsburg

Remuneration Report pursuant to § 162 AktG for the Financial Year
from January 1 to December 31, 2021

(Translation - the German text is authoritative)



Report of the independent auditor on the formal audit of the remuneration report pursuant to § 162 Abs. 3 AktG

To KUKA Aktiengesellschaft, Augsburg

Opinion

We have formally audited the remuneration report of the KUKA Aktiengesellschaft, Augsburg, for the financial year from January 1st to December 31, 2021 to determine whether the disclosures pursuant to § [Article] 162 Abs. [paragraphs] 1 and 2 AktG [Aktiengesetz: German Stock Corporation Act] have been made in the remuneration report. In accordance with § 162 Abs. 3 AktG, we have not audited the content of the remuneration report.

In our opinion, the information required by § 162 Abs. 1 and 2 AktG has been disclosed in all material respects in the accompanying remuneration report. Our opinion does not cover the content of the remuneration report.

Basis for the opinion

We conducted our formal audit of the remuneration report in accordance with § 162 Abs. 3 AktG and IDW [Institut der Wirtschaftsprüfer: Institute of Public Auditors in Germany] Auditing Standard: The formal audit of the remuneration report in accordance with § 162 Abs. 3 AktG (IDW AuS 870). Our responsibility under that provision and that standard is further described in the “Auditor's Responsibilities” section of our auditor’s report. As an audit firm, we have complied with the requirements of the IDW Quality Assurance Standard: Requirements to quality control for audit firms [IDW Qualitätssicherungsstandard - IDW QS 1]. We have complied with the professional duties pursuant to the the Professional Code for German Public Auditors and German Chartered Auditors [Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer - BS WP/vBP], including the requirements for independence.

Responsibility of the Management Board and the Supervisory Board

The management board and the supervisory board are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of § 162 AktG. They are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our objective is to obtain reasonable assurance about whether the information required by § 162 Abs. 1 and 2 AktG has been disclosed in all material respects in the remuneration report and to express an opinion thereon in an auditor's report.

We planned and performed our audit to determine, through comparison of the disclosures made in the remuneration report with the disclosures required by § 162 Abs. 1 and 2 AktG, the formal completeness of the remuneration report. In accordance with § 162 Abs 3 AktG, we have not audited the accuracy of the disclosures, the completeness of the content of the individual disclosures, or the appropriate presentation of the remuneration report.

Munich, March 28, 2022

**PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft**

(sgd.) Holger Graßnick
Wirtschaftsprüfer
(German Public Auditor)

(sgd.) ppa. Stefan Postenrieder
Wirtschaftsprüfer
(German Public Auditor)