# Remuneration system for the Executive Board members of Hapag-Lloyd AG in accordance with section 87a of the German Stock Corporation Act (*Aktiengesetz*)

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## Preamble

The Hapag-Lloyd AG-vision: set new standards in the shipping container industry, define quality standards and thus demonstrate outstanding reliability and quality of service to our customers. To achieve this vision, Hapag-Lloyd AG is focused on three core objectives: Quality leadership, continued presence of the company as a global player and sustainable profitability over the complete economic cycle. Long-term profitable growth serves as an indicator and is measured by the development of transport volumes and the strategic operating indicators EBITDA and EBIT, as well as the return on invested capital. In addition, sustainable economic, ecological and social action is a fundamental corporate principle for the company. In addition to being compliant with high legal and ethical standards, Hapag-Lloyd AG has an emphasis on environmental protection, high quality standards, economic efficiency and the health and safety of its employees.

Hapag-Lloyd´s remuneration system provides effective incentives for implementing the vision and achieving the core objectives of the strategy. The system is transparent and comprehensible. Furthermore, the remuneration system follows the requirements of Section 87a of the German Stock Corporation Act (*Aktiengesetz*) and most of the recommendations of the German Corporate Governance Code in its current version of December 16, 2019 (GCGC).

Due to the limited free float of the Hapag-Lloyd AG share and the resulting volatility, a capital market-oriented remuneration instrument for the Executive Board members is currently not suitable. The GCGC recommends that the variable remuneration should be primarily granted in the form of shares of the company or share-based remuneration and should vest after four years. In addition, the long-term incentive effect of the variable remuneration instrument for the Executive Board members of Hapag-Lloyd AG is ensured by the cross-period performance measurement.

The remuneration system provides the Supervisory Board with a regulatory framework within which determines the general composition of remuneration for members of the corporate bodies, but still retains the necessary flexibility to be able to respond quickly to changing market conditions.

## A. GUIDING PRINCIPLES OF THE REMUNERATION SYSTEM FOR THE EXECUTIVE BOARD OF HAPAG-LLOYD AG

The Supervisory Board of Hapag-Lloyd AG obeys the following set of principles when determining the amount of remuneration and the remuneration system:

- **Pay for performance:** The Executive Board members are compensated in accordance with their duties and responsibilities. Both individual and collective performance, which is measured by the success and situation of the company, are considered.
- **Long-term profitable company growth:** Increasing global transport volumes is the foundation for the long-term profitable growth of Hapag-Lloyd AG. For this reason, remuneration is linked to relevant performance criteria for measuring this goal, such as the EBITDA and EBIT, as well as return on invested capital (ROIC).
- **Focus on long-term and sustainable corporate governance:** The remuneration system is designed to promote the sustainable development of the Hapag-Llyod AG. For this reason, the long-term variable remuneration exceeds the amount of the short-term variable remuneration.

The remuneration system generally consists of fixed, non-performance-related and variable, performance-related remuneration instruments:

| Regular Instruments of Management Board Remuneration - Overview | | |
|---|---|---|
| Fixed Instruments | Fixed Annual Salary | ▪ Fixed remuneration that is paid in twelve monthly installments |
| | Fringe Benefits | ▪ Fringe benefits, such as company car, use of driving service, benefits for insurance coverage (e.g. accident insurance) |
| | Pension | ▪ Annual one-time payment amounting to 20% of the individual fixed annual remuneration |
| Variable Instruments | Short-Term Variable Remuneration | ▪ Individually defined percentage of annual Group EBIT<br>▪ Caps:<br>  ▪ CEO - EUR 900,000<br>  ▪ CFO - EUR 660,000<br>  ▪ Ordinary member - 600.000 EUR<br>▪ Settlement in cash after each year |
| | Long-Term Variable Remuneration | ▪ Multi-year bonus divided into two parts with a three-year term/performance period<br>▪ 50% performance componente linked to the following performance criteria:<br>  ▪ Performance matrix showing the development of average EBITDA and average return on invested capital over the performance period<br>  ▪ Total profit after tax over the performance period<br>▪ 50% retention componente linked to the following performance criteria:<br>  ▪ Development of the average EBITDA over the performance period<br>▪ Caps:<br>  ▪ CEO - EUR 1.125.000<br>  ▪ CFO / ordinary member - 750.000 EUR<br>▪ Settlement in cash after the performance period |

The amount of the fixed annual remuneration reflects the relative status of the respective Executive Board position and the duties and performance of the Executive Board members. The variable, performance-related remuneration instruments ensure that the Executive Board members act in line with the company's strategy. To harmonize strategy and remuneration, the operating targets are derived from the strategy and anchored in the remuneration as performance criteria. Each remuneration instrument simultaneously promotes the sustainable value creation of Hapag-Lloyd AG and long-term retention of the Executive Board members.

The achievement of the performance criteria for the variable remuneration instruments is determined annually by the Supervisory Board and the actual payment is derived on this basis. The assessment is made based on the consolidated financial statements of Hapag-Lloyd AG.

Furthermore, the Supervisory Board is authorized to determine deviating or further suitable financial or non-financial performance criteria, in particular criteria from the areas of environment, social and governance (sustainability targets), and a different weighting for the performance criteria in the variable remuneration in order to foster the business strategy and the long-term sustainable development of the company.

The remuneration system applies to all new or renewed service contracts with Executive Board members as well as for reappointments.

## B. DETAILS OF THE REMUNERATION SYSTEM

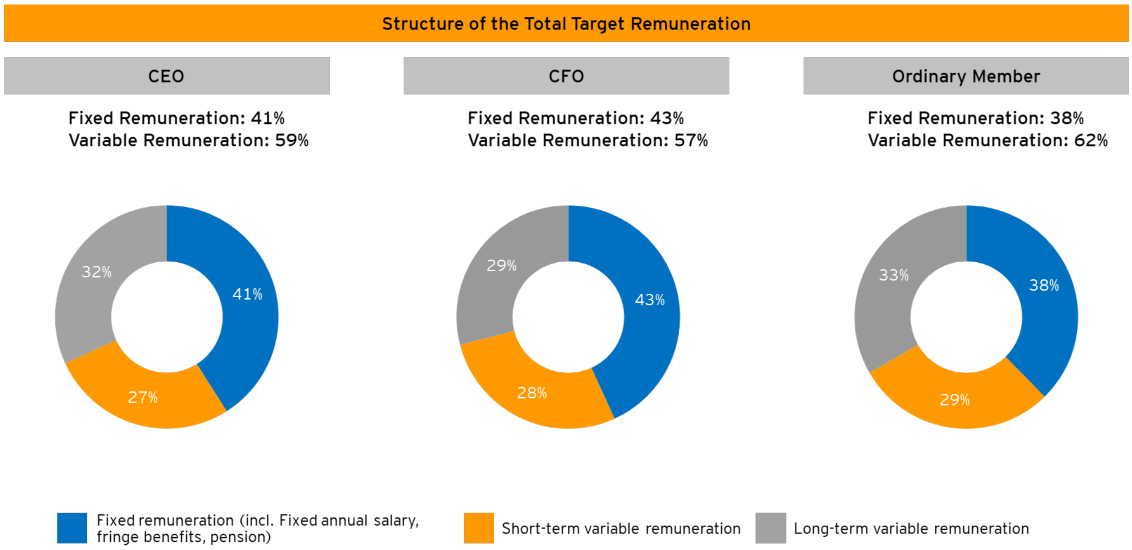
### I. Remuneration Instruments

### 1. Overview of the Remuneration Structure and Instruments

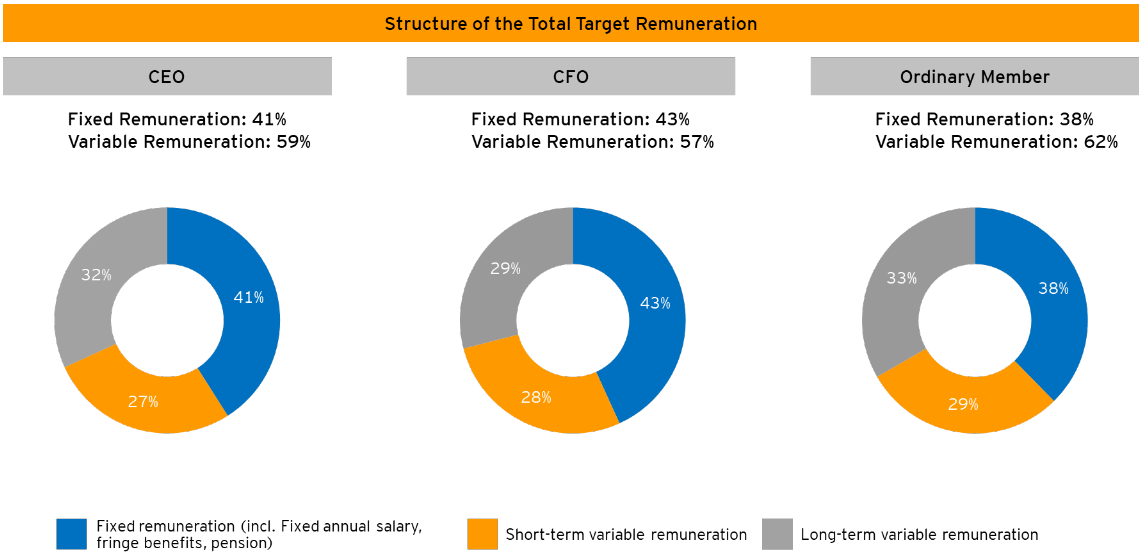
The remuneration of the Executive Board members comprises fixed and variable instruments. The fixed instruments include the fixed annual remuneration, fringe benefits and the company pension plan. The variable instruments consist of the short-term variable remuneration (annual bonus) and the long-term variable remuneration (multi-year bonus).

The relative proportions of fixed and variable remuneration instruments in relation to the expected total direct remuneration are shown in the illustration below. The expected total direct remuneration comprises the fixed annual remuneration, a performance-based bonus linked to the expected earnings, and the annual target amount for long-term variable remuneration.

The target remuneration amounts presented are based on a mid-range likelihood scenario.




The share of variable remuneration instruments in the expected total target remuneration is approximately 59% for the CEO, 57% for the CFO and 62% for the other Executive Board members. The share of long-term variable remuneration is 32% for the CEO, 29% for the CFO and 33% for the other Executive Board members, exceeding the share of the expected short-term variable remuneration. Thus, the focus lies on sustainable growth of the company without sacrificing the achievement of short-term operational successes.




The total direct remuneration for the CEO of the Executive Board consists of 64% variable instruments and 36% fixed instruments (excluding the fringe benefits and the company pension plan). For the CFO, the fixed portion (excluding fringe benefits and company pension) is 38%, and 33% for the other Executive Board members. The variable remuneration accounts for 62% of total direct remuneration for the CFO and 67% for the other Executive Board members.

Given the dynamic nature of the performance targets, the annual structures for future fiscal years may differ. Deviations may also occur in the event of any new appointments to the Executive Board.

## 2. Fixed Remuneration Instruments

### 2.1 Fixed Annual Salary

The fixed annual remuneration is a cash payment based for the whole fiscal year. It is paid in twelve equal monthly installments. The amount of the fixed annual remuneration reflects the relative status of the respective Executive Board function and ensures an adequate opportunity and risk profile of the remuneration system for the Executive Board members.

### 2.2 Pension

The company grants the Executive Board members an annual lump-sum payment for retirement benefits in the form of a defined contribution plan. This amounts to 20% of the respective fixed annual remuneration for each full calendar year.

### 2.3 Fringe Benefits

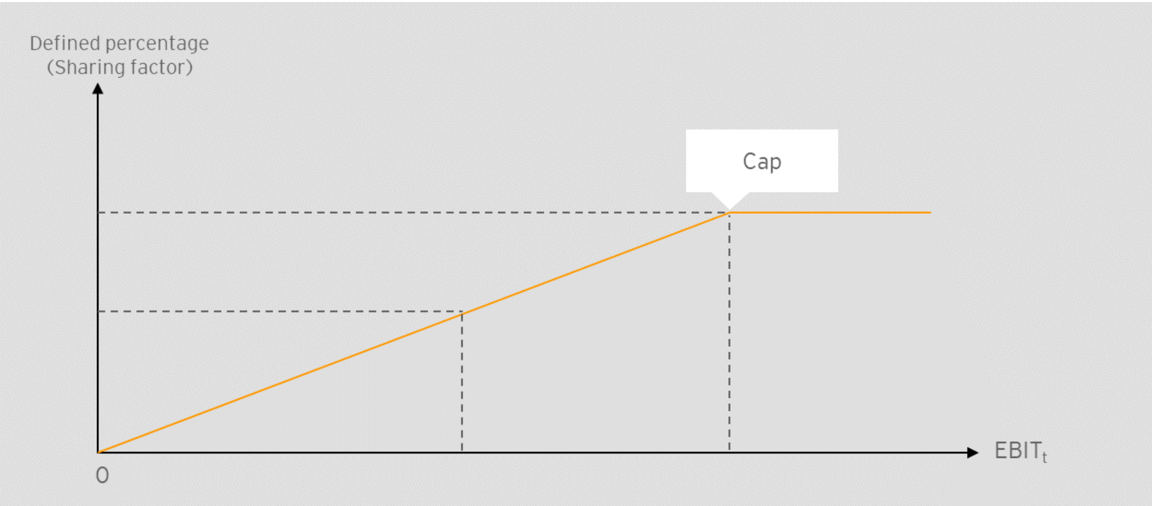
In general, Executive Board members receive market common non-cash benefits and other fringe benefits, such as a company car, including its private usage, death benefits, allowances for surviving dependents, and insurance cover (e.g. accident insurance). In addition, location-specific benefits may be paid to Executive Board members based outside Germany. Fringe benefits may be provided on a one-time or recurring basis.

## 3. Variable Remuneration Instruments

### 3.1 Short-Term Variable Remuneration (Annual Bonus)

The annual bonus is based on a one-year performance period. It incentivizes the realization of the Company's strategy for the past fiscal year. The annual bonus is linked to the earnings before interest and taxes (EBIT) as performance criteria for the operating performance of Hapag-Lloyd AG. At the same time, EBIT reflects the strength and quality of Hapag-Lloyd's earnings and thus makes a key contribution to implementing the strategy of achieving sustainable corporate results.

For this purpose, the Supervisory Board defines a fixed percentage of the Group's annual EBIT to be paid to the Executive Board members. This percentage is reviewed on a regular basis and adjusted if necessary. The Supervisory Board is free to set varying percentages for the CEO and the respective ordinary Executive Board members. The maximum annual payment amounts (cap) are currently EUR 900,000 gross for the CEO, EUR 660,000 gross for the CFO, and EUR 600,000 gross for the other ordinary Executive Board members. The described caps are also reviewed regularly and modified if necessary.




Illustrative calculation of the payout of the annual bonus based on an exemplary EBIT of EUR 800 million and a percentage (sharing factor) of 0.05%:

$$\text{Annual Bonus}_t = EBIT_t \times \text{Sharing Factor}$$
$$= \text{mEUR } 800 \times 0{,}05\% = \text{kEUR } 400$$

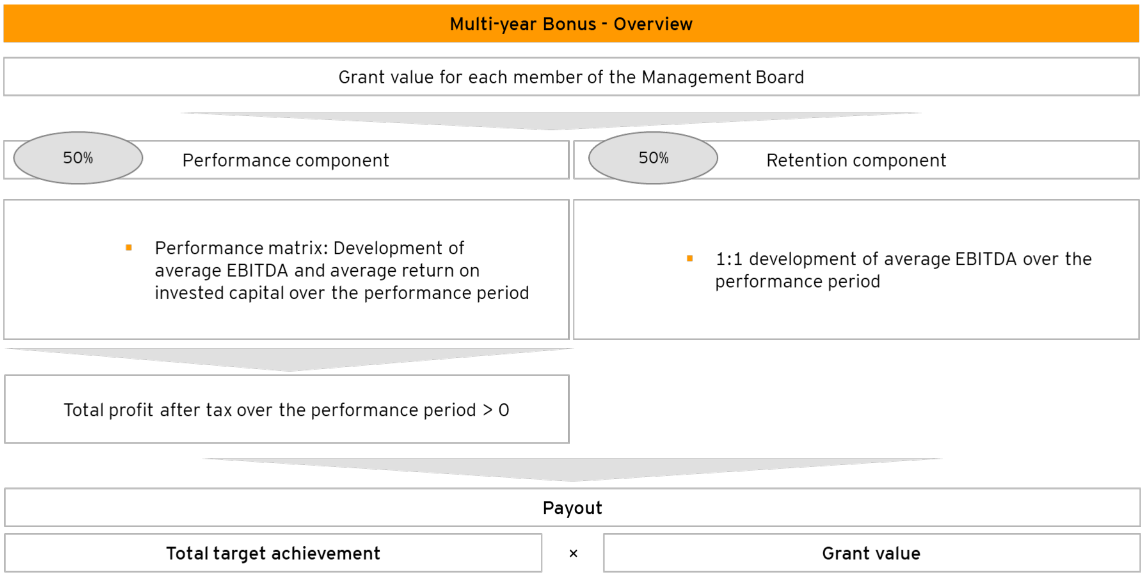
The amount of the annual bonus is finalized by the Supervisory Board upon approval of the consolidated financial statements and is thereafter settled in cash.

## 3.2 Long-term Variable Remuneration (Multi-year Bonus)

The multi-year bonus is intended to promote and incentivize the long-term performance of Hapag-Lloyd AG. Based on the respective performance criteria, the Executive Board members participate in the achievement of the company's strategy defined in cooperation with the Supervisory Board. The focus lies on sustainable, profitable growth, an appropriate return on capital employed, and the company's ability to pay dividends.

In the current specific capital market situation of Hapag-Lloyd AG, the positive development of the company's value is demonstrated by the combination of the mutually agreed performance criteria. The Supervisory Board reserves the right to use share-based remuneration instruments in the future depending on the respective capital market situation.

The multi-year bonus consists of two elements, which are evenly weighted: The performance component and the retention component. Both components are linked to performance criteria over a three-year period. This period begins on January 1 of the year of grant and ends on December 31 of the third year after grant date.




### 3.2.1 Performance Component

The target achievement of the performance component is measured using two performance criteria: The development of the average earnings before interest, taxes, depreciation and amortization (EBITDA) and the average return on invested capital (ROIC) over the respective performance period. For both performance criteria, the Supervisory Board defines annually a specific target scale, resulting in a target matrix. Based on the target matrix, the overall target achievement for the relevant performance period can be deduced. The attached table provides an example of the structure of a performance matrix.

| Achieved averagde EBITDA versus reference EBITDA in % | Averagde ROIC over the performance period | | |
|---|---|---|---|
| | ≥ 6.5-7.5% | >7.5% | < 6.5% |
| ≥ 125% | 130% | 150% | 120% |
| ≥ 110%-125% | 115% | 125% | 100% |
| ≥ 100%-110% | 100% | 100% | 75% |
| ≥ 90%-100% | 65% | 75% | 50% |
| ≥ 85%-90% | 40% | 50% | 25% |
| < 85% | 0% | 0% | 0% |

Average ROIC is calculated as the arithmetic average of annual ROIC over the performance period. The ROIC concept compares net operating profit after tax (EBIT less taxes) with invested capital at the relevant date. Invested capital is defined as total assets excluding cash and cash equivalents less liabilities excluding financial debt.

To determine the development of average EBITDA at the end of the performance period, the arithmetic average of annual EBITDA for the performance period is compared. The reference EBITDA corresponds to the average annual EBITDA of the three fiscal years prior to the performance period.

An additional condition for the payout of the performance component is that the sum of earnings after taxes (EAT) over the three-year performance period is greater than zero. If this secondary condition is not met, all entitlements under the performance component are forfeited. The target achievement of the performance component can vary between 0% and 150%.

#### 3.2.2 Retention Component

The retention component is also linked to EBITDA growth over the three-year performance period in comparison with the average of the three years prior to the performance period. The target achievement of the retention component is directly linked to the development of EBITDA in percentage, with the payout of this component also being capped at 150%.

#### 3.2.3 Allocation of Payouts

The Supervisory Board determines the individual grant value. The payment of the multi-year bonus can currently range from EUR 0 to EUR 1,125,000 for the CEO and from EUR 0 to EUR 750,000 for an ordinary member of the Executive Board. The amount of the multi-year bonus is determined by the Supervisory Board up to the approval of the consolidated financial statements and is then settled in cash. The payout is calculated based on the total target achievement (TA) of the two components of the multi-year bonus, weighted by 50% each and multiplied by the grant value.

$$\text{Payout} = (50\% \times TA_{\text{Performance Component}} + 50\% \times TA_{\text{Retention Component}}) \times \text{Grant Value}$$

The amount granted and the underlying performance criteria are reviewed regularly and adjusted if necessary.

### 4. Potential additional Remuneration

The remuneration system provides the Supervisory Board the ability to grant additional remuneration limited to a maximum of 20% in the event of significant performance or exceptional circumstances.

The Supervisory Board is entitled to agree on one-off special payments when appointing a new member to the Executive Board. This may, for example, compensate for loss of remuneration from the previous employment relationship as a result of the change to the company or to reimburse costs associated with a change of location.

The Supervisory Board shall exercise its discretion in the interests of the Company and its owners

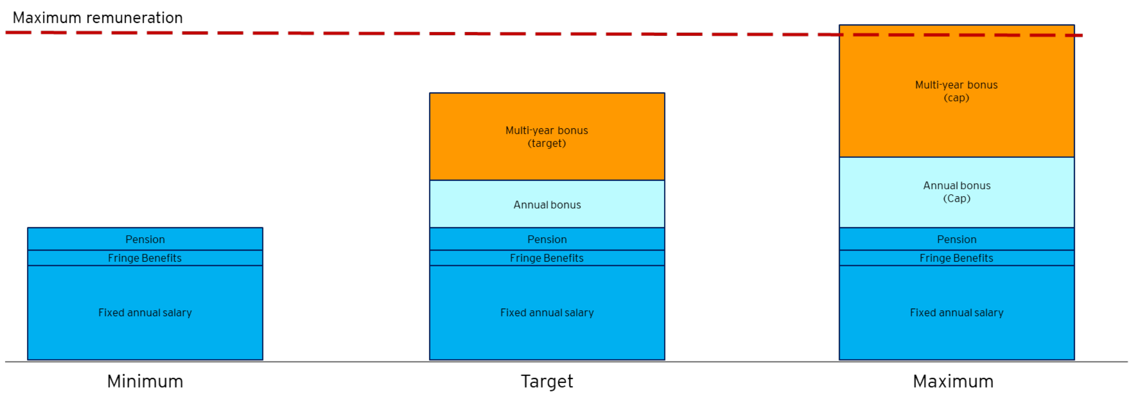
### 5. Malus and Clawback Provisions

The Supervisory Board is authorized to withhold or reclaim variable remuneration instruments in cases where a member of the Executive Board commits serious misconduct that has demonstrably caused damage to the Company or fails to comply with internal Company policies. The Supervisory Board ensures that appropriate contractual provisions are included in the service contracts. Withholding or reclaiming the amount paid out is at the discretion of the Supervisory Board.

### 6. Maximum Remuneration

The remuneration system also sets a cap on the total annual remuneration ("maximum remuneration") including fringe benefits and contributions or pension expenses for the company pension scheme pursuant to Section 87a (1) Sentence 2 No. 1 AktG.

The maximum remuneration caps the payments to an Executive Board member for a fiscal year. For the CEO, the fixed maximum remuneration for a fiscal year is currently EUR 3,500,000, and for the ordinary Executive Board members it is currently EUR 2,500,000.



## II. Legal Provisions related to Remuneration

### 1. Terms and Conditions for Termination of Remuneration-related Legal Transactions, including the Respective Notice Periods

The Supervisory Board is free to define the duration of the service contracts of Executive Board members within the framework of the statutory provisions.

A service contract ends automatically at the end of the month in which the Executive Board member reaches the age of 68. In addition, a service contract ends in the event of extraordinary termination for good cause.

There is no provision for a special right of termination in the event of a change of control or a promise of benefits in the event of premature termination of Executive Board membership due to a change of control.

### 2. Severance Payments

If the employment contract of an Executive Board member ends prematurely, the variable remuneration instruments accruing for the period up to termination of the contract are paid out in accordance with the originally agreed performance criteria and targets and the specified due dates. The payment date therefore remains unchanged.

In the event of premature termination of the service agreement, any payments to be agreed are limited to a maximum of two years' remuneration and may not exceed the value of the remuneration for the remaining term of the service agreement. The calculation of this maximum amount is based on the remuneration of the past fiscal year consisting of fixed annual remuneration, annual bonus and fringe benefits). If the Executive Board member in question was appointed for at least two full years, the average remuneration for the last two years shall apply. In calculating the severance payment, both the contributions to the company pension plan and the long-term variable remuneration instrument are not included.

In the event of premature termination for good cause attributable to the Executive Board member (§ 626 BGB), severance pay is excluded.

### 3. Provisions for Pensions and Early Retirement

The main features of the pension and early retirement schemes are explained in the following section B.I.2.2. The Company's annual contributions can be covered by a support fund (*Unterstützungskasse*). Contributions are mostly made before the employee reaches the age of 68, but do not exceed the termination of the contract. In the case of an appointment or dismissal of an Executive Board member during the year, the amount is adjusted *pro rata temporis*.

## C. PROCESS FOR DETERMINING, REVIEWING AND IMPLEMENTING THE REMUNERATION SYSTEM

In accordance with Section 87 (1) of the German Stock Corporation Act, the Supervisory Board sets the remuneration of the Executive Board members. The Supervisory Board is supported in this by the Presidential and Personnel Committee of the Supervisory Board. The latter submits proposals to the Supervisory Board for a resolution on the remuneration system. If necessary, the Supervisory Board may call upon the services of an external remuneration expert, whose independence is ensured.

In the event of a conflict of interest involving one or more Supervisory Board members, we also comply with the recommendation of the DCGK and the rules of procedure of the Supervisory Board and its committees when determining, reviewing and implementing the remuneration system. Conflicts of interest have to be disclosed to the Supervisory Board, which, in turn, has to report them and their handling to the Annual Meeting.

The remuneration system resolved by the Supervisory Board will be put up for approval at the Annual General Meeting.

The Supervisory Board regularly reviews the system and the level of Executive Board remuneration to ensure that it remains appropriate. To perform this review, the Supervisory Board performs a horizontal comparison of the remuneration structure and level of the individual Executive Board members with comparable companies (sector, size, country). These comparisons are based on market data from a peer group defined by the Supervisory Board comprising national companies of comparable size and sector-specific international companies. The peer group generally includes companies from relevant indices (e.g. MDAX) as well as a defined peer group consisting of international (listed) companies in the shipping, logistics and comparable industries. The Supervisory Board regularly reviews the peer group for appropriateness.

In addition, when assessing the appropriateness of Executive Board remuneration, the Supervisory Board considers the level of Executive Board remuneration in relation to the level of remuneration within the Company. For this vertical comparison, the ratio between the average remuneration of the Executive Board and the average remuneration of all employees of the company is determined and, where possible, compared with the corresponding ratio of an international industry-specific peer group. In this way, the international orientation of the company and the industry-specific circumstances are taken into account.

The Supervisory Board may temporarily deviate from the instruments of the remuneration system if this is necessary and in line with the long-term interests of the company and if exceptional circumstances require this, for example in the event of a severe economic or corporate crisis.

## D. REVIEW AND DISCLOSURE

The Supervisory Board regularly monitors the remuneration system and the appropriateness of the remuneration levels set. For the further development of the remuneration system and to assess its appropriateness, the Supervisory Board may consult an external remuneration expert. The external expert’s independence from the Executive Board and the Group must be ensured and the submission of a confirmation of independence is required.

If this review reveals the need for a significant change to the remuneration system, the remuneration system must be presented at the Annual General Meeting and be approved. If no necessity for a significant change is identified, the remuneration system shall be resubmitted to the Annual General Meeting for approval at least every four years. If the Annual General Meeting does not vote to approve the remuneration system presented, the Supervisory Board shall propose a revised remuneration system to be voted on by the Annual General Meeting at the latest at the following ordinary Annual General Meeting.

Hapag-Lloyd AG discloses the remuneration of the Executive Board annually in a remuneration report pursuant to Section 162 AktG.