

Remuneration system for the Executive Board 2021

eventim 

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REMUNERATION SYSTEM FOR MEMBERS OF THE EXECUTIVE BOARD OF THE GENERAL PARTNER

1. BASIC COMPONENTS OF THE REMUNERATION SYSTEM FOR EXECUTIVE BOARD MEMBERS

The remuneration system for the members of the Executive Board of the general partner (hereinafter referred to as “Executive Board members” or “Executive Board”) makes a significant contribution to promoting and implementing the corporate strategy of CTS Eventim AG & Co. KGaA to continuously expand its market position in the ticketing and live entertainment market through organic and inorganic growth. Revenue and profitability are to be sustainably increased through the expansion of an internationally successful business model.

The remuneration system for members of the Executive Board sets incentives that are in line with and support this corporate strategy: The variable remuneration is based on the financial performance criteria of sales and earnings before interest and taxes (EBIT) as well as the personal targets of the individual members of the Executive Board. On the one hand, this promotes the alignment of Executive Board activities with the growth strategy pursued. It also incentivises a continuous increase in earning power and internal financing potential. In order to align the remuneration of the members of the Executive Board with the long-term success of the company, part of the variable remuneration is linked to the successful development of the company over several years. In addition, the granting of share options to members of the Executive Board is intended as part of long-term variable remuneration.

The system adopted by the Supervisory Board for the remuneration of Executive Board members is clear and comprehensible. It complies with the requirements of the German Stock Corporation Act (AktG) as amended by the Act Implementing the Second Shareholders' Rights Directive of 12 December 2019 (Federal Law Gazette Part I 2019, No. 50 of 19 December 2019) and takes into account the recommendations of the German Corporate Governance Code (GCGC) in the version that came into force on 20 March 2020.

2. THE REMUNERATION SYSTEM IN DETAIL

Based on the remuneration system, the Supervisory Board determines a specific target total remuneration for each member of the Executive Board that is commensurate with the tasks and performance of the Executive Board member and the situation of the company and does not easily exceed the usual remuneration. The target total remuneration is made up of the sum of all remuneration components relevant to the total remuneration. In the case of variable remuneration, the target amount is based on 100% target achievement.

For all members of the Executive Board, the share of fixed remuneration is between 60% and 75% of the target total remuneration and therefore the share of variable remuneration is between 25% and 40% of the target total remuneration. 20% of the total variable remuneration is tied to a multi-year period.

2.1. FIXED REMUNERATION COMPONENTS

The members of the Executive Board receive a fixed annual salary in twelve monthly instalments. In addition, fringe benefits in the form of a company car are also granted for private use. The company also maintains accident insurance for the members of the Executive Board (death and invalidity) and pays the maximum legally permissible employer contribution to health insurance and voluntary pension insurance. The subsidy amounts to 50% of the applicable pension insurance rate up to the contribution assessment ceiling. In addition, the members of the Executive Board are included in the D&O insurance policy of CTS Eventim AG & Co KGaA.

2.2. VARIABLE REMUNERATION COMPONENTS

The criteria for granting and the amount of the variable remuneration are the development of revenue and EBIT compared to the approved annual plan as well as individual targets for each member of the Executive Board, which are subject to multi-year bonus and malus incentives. The malus regulation stipulates that in the event of a substantial underachievement of the plan, the entitlement to the variable remuneration components for the following year is reduced disproportionately. If the target is at least achieved in the two subsequent years, the reduced remuneration components are offset again. Clear, verifiable and relevant performance criteria are therefore used as a basis, which are reviewed by the Supervisory Board on an ongoing basis. The variable remuneration components are capped in terms of amount. They take account of positive and negative developments.

Revenue is the consolidated (net) revenue recognised in the consolidated income statement of the company's approved and audited consolidated financial statements for the respective financial year. EBIT corresponds to the consolidated earnings before interest and taxes on income and earnings reported in the consolidated income statement of the company's approved and audited consolidated financial statements for the respective financial year.

The personal targets for each member of the Executive Board are set annually by the Supervisory Board at the beginning of the respective financial year. The Supervisory Board can use the personal targets to assess the individual performance of the members of the Executive Board and the achievement of non-financial targets. These can be, for example, key financial figures or performance in the department, individual contributions to important cross-divisional projects or relevant strategic performance in the department or the realisation of key projects. The fulfilment of personal targets is determined by the Supervisory Board at its own discretion, depending on the degree of fulfilment of the criteria for assessing the individual performance of the member of the Executive Board.

The variable remuneration components are paid in the month in which the consolidated financial statements are adopted, or at the latest in the month thereafter.

In addition, it is intended to grant the members of the Executive Board share options as part of long-term variable remuneration.

3. MAXIMUM REMUNERATION

The remuneration of the members of the Executive Board is limited in two respects. Firstly, the maximum limits for the variable, performance-related components are set at 100% of the target amount. Secondly, in accordance with Section 87a (1) sentence 2 no. 1 AktG, the Supervisory Board has set a maximum amount of remuneration which limits the actual total amount of remuneration granted for a specific financial year (fixed remuneration + fringe benefits + payment from variable remuneration + granting of share options). This maximum remuneration for all members of the Executive Board together totals EUR 12 million.

4. OTHER FEATURES OF THE REMUNERATION SYSTEM

Benefits in the event of termination of employment are not contractually agreed. There are also no contractual commitments for benefits in the event of premature termination of the employment contract by the Executive Board member due to a change of control.

A claim by the company against the members of the Executive Board for repayment of the amount paid out as variable remuneration ("clawback") if it transpires after payment of the amount paid out that a published consolidated financial statement relating to the assessment period of the variable remuneration was objectively incorrect and therefore had to be corrected retrospectively in accordance with the relevant accounting regulations and no or a lower amount of variable remuneration would have been paid out on the basis of the corrected consolidated financial statements ("clawback"), objectively incorrect and therefore had to be corrected retrospectively in accordance with the relevant accounting regulations and no or a lower amount of variable remuneration would have been paid out on the basis of the corrected consolidated financial statements ("clawback event") is currently not contractually agreed due to the existing contracts of the Executive Board members.

When appointing members of the Executive Board and determining the duration of their contracts, the Supervisory Board observes the provisions of Section 84 of the German Stock Corporation Act (AktG) and the recommendations of the German Corporate Governance Code. The employment contracts of the members of the Executive Board are concluded for the duration of the respective appointment. In the case of an initial appointment, the term of appointment is generally three years; in the case of a reappointment, the maximum term is five years.

5. CONSIDERATION OF THE TERMS AND CONDITIONS OF EMPLOYEE REMUNERATION AND EMPLOYMENT CONTRACTS IN DESIGNING THE REMUNERATION SYSTEM

The Supervisory Board regularly reviews the remuneration of the Executive Board. When assessing the appropriateness of the remuneration, the comparative environment of CTS Eventim AG & Co KGaA (horizontal comparison in relation to the remuneration for members of the Executive Board) and the company's internal remuneration structure (vertical comparison) are taken into account. The vertical comparison refers to the ratio of the remuneration of the members of the Executive Board to the remuneration of the first management level and the total workforce of CTS Eventim AG & Co. KGaA. The Supervisory Board takes into account the development of the remuneration of the groups described and how the ratio has developed over time.

6. PROCESS OF ESTABLISHING, IMPLEMENTING AND REVIEWING THE REMUNERATION SYSTEM

The Supervisory Board adopts a clear and comprehensible remuneration system for the members of the Executive Board. The Supervisory Board reviews the remuneration system at its own discretion, but at least every four years. In doing so, the Supervisory Board carries out a market comparison and also takes particular account of changes in the corporate environment, the overall economic situation and strategy of the company, changes and trends in national and international corporate governance standards and the development of employee remuneration and employment conditions. If necessary, the Supervisory Board consults external experts. The Supervisory Board submits the adopted remuneration system to the Annual General Meeting for approval each time a significant change is made, but at least every four years. If the Annual General Meeting does not approve the system presented, the Supervisory Board submits a revised remuneration system to the Annual General Meeting for approval at the following Annual General Meeting at the latest.

