

# Remuneration Report

This remuneration report is a part of the management report.

## Basic elements of the Executive Board remuneration system

In accordance with the German Stock Corporation Act (*Aktien-gesetz - AktG*), the plenary session of the Supervisory Board is responsible for determining the remuneration for the Executive Board.

The Supervisory Board reviews the Executive Board’s remuneration regularly. It commissioned an independent consultant in 2016 to review the remuneration system in place since January 1, 2014, and the structure and amount of remuneration for the Executive Board. Based on the results of this review, and after performing its own detailed review and discussions, the Supervisory Board resolved on the adjustments described hereinafter, which took effect as at January 1, 2017. In determining the remuneration of the Executive Board, the Supervisory Board also took account of the remuneration structure that applies in the rest of the corporation and the ratio of the Executive Board remuneration to the remuneration of senior executives and the workforce in Germany as a whole, including its development over time. The Annual Shareholders’ Meeting on April 28, 2017, approved the remuneration system in accordance with Section 120 (4) *AktG*. It was applied in 2019 to all Executive Board members in office in this fiscal year.

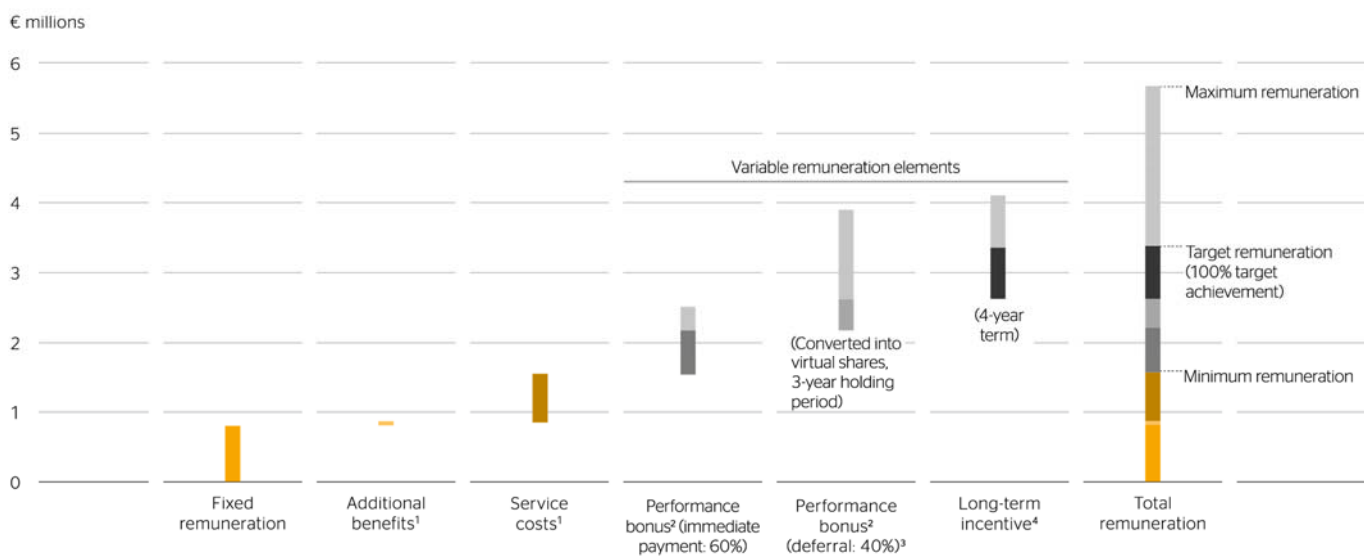
In 2019, the Supervisory Board once again commissioned an independent consultant to review the remuneration of the Executive Board and the remuneration system, in order to take into account changes in the general conditions as a result of the German Act for the Implementation of the 2<sup>nd</sup> E.U. Shareholder Rights Directive (*ARUG II*) - which took effect on January 1, 2020 - and the new version of the German Corporate Governance Code of December 16, 2019. On the basis of reviews by the independent consultant, the Supervisory Board will discuss in detail and finalize the new remuneration system for the Executive Board at its meeting on March 17, 2020. The new remuneration system is expected to be submitted to the Annual Shareholders’ Meeting of Continental AG for approval on April 30, 2020. The new remuneration system is not the subject of this remuneration report, which describes the remuneration system that was in place up until December 31, 2019.

Remuneration for Executive Board members consists of the following:

- > Fixed remuneration
- > Variable remuneration elements
- > Additional benefits
- > Retirement benefits

The chart below shows an example of the composition of the remuneration for an Executive Board member with responsibility for a division, based on 100% target achievement.

## Remuneration of an Executive Board member responsible for a division (example)



1 Average figure.

2 Based on a target bonus (here: €1.167 million), for 100% achievement of defined CVC and ROCE targets, maximum of 150% of the target bonus (including achieving any additional strategic targets as well as any correction of the target achievement of +/- 20% by the Supervisory Board), divided into an immediate payment (60%) and deferral (40%).

3 The possible increase in the value of the deferral is capped at 250% of the initial value. The maximum amount shown relates to the maximum payment in the performance bonus at 150% target achievement.

4 Based on achieving average CVC versus planned CVC (max. 200%), multiplied by the degree of achieving the total shareholder return, maximum payment of 200%.

## 1. Fixed remuneration

Each Executive Board member receives fixed annual remuneration paid in 12 monthly installments. The fixed remuneration of the chairman of the Executive Board was raised as at January 1, 2017, to bring it in line with market development. The fixed remuneration of the other Executive Board members has remained unchanged since 2013. The fixed remuneration, with 100% target achievement of the variable remuneration elements, makes up around one-third of the direct remuneration.

## 2. Variable remuneration elements

The Executive Board members also receive variable remuneration in the form of a performance bonus and a share-based long-term incentive (LTI). A key criterion for measuring variable remuneration is the Continental Value Contribution (CVC), which is a central corporate management instrument (please refer to the Corporate Management section in the management report, page 43). The variable remuneration elements, with 100% target achievement, make up around two-thirds of the direct remuneration. The structure of the variable remuneration is geared toward sustainable development of the company as defined in the German Stock Corporation Act and the German Corporate Governance Code, with a future oriented assessment basis that generally covers several years. The share of long-term components amounts to 60% or more of variable remuneration on the basis of the target values.

### a) Performance bonus

The performance bonus is based on a target amount that the Supervisory Board determines for each Executive Board member for 100% target achievement. Target criteria are the year-on-year change in the CVC and the return on capital employed (ROCE). For Executive Board members who are responsible for a particular division, these criteria relate to the relevant division; for other Executive Board members, they relate to the corporation. The CVC target is 100% achieved if the CVC is unchanged compared to the previous year. If the CVC has fallen or risen by a defined percentage, this element is reduced to zero or reaches a maximum of 150%. In the case of negative CVC in the previous year, target achievement is based on the degree of improvement. The criteria for the ROCE target are guided by planning targets. This component can also be omitted if a certain minimum value is not achieved. Because of the link with planning, more specific disclosures regarding the target values are not in the company's interests.

The CVC target is weighted at 60% and the ROCE target at 40% in the calculation of the performance bonus. In addition to the CVC and ROCE targets, the Supervisory Board can determine a strategic target at the beginning of each fiscal year, which is weighted at 20% - reducing the weighting of the other two targets accordingly. The Supervisory Board made use of this option for fiscal 2019. A strategic goal was thus determined for all members of the Executive Board on the basis of (i) production quality development for the Automotive Group, (ii) fixed costs for 2019 for the Automotive Group and (iii) the average working capital relative to sales for the Rubber Group. In order to take into account extraordinary factors that have influenced the degree to which targets are achieved, the Supervisory Board has the right - as it sees fit - to retroactively adjust the established attainment of goals on which the calculation of the performance bonus is based by up to 20% downward or upward.

The Supervisory Board considers this adjustment option necessary to account in particular for positive and negative effects on target achievement over which a member of the Executive Board has no influence. It has not yet made use of the discretionary power. In any event, the performance bonus is capped at 150% of the target bonus. This applies irrespective of whether an additional strategic target is resolved.

The performance bonus achieved in a fiscal year is divided into a lump sum, which is paid out as an annual bonus (immediate payment), and a deferred payment (deferral). The immediate payment amounts to 60% and the deferral 40%. The deferral is converted into virtual shares of Continental AG. Following a holding period of three years after the end of the fiscal year for which variable remuneration is awarded, the value of these virtual shares is paid out together with the value of the dividends that were distributed for the fiscal years of the holding period. The conversion of the deferral into virtual shares and payment of their value after the holding period are based on the average share price for the three-month period immediately preceding the Annual Shareholders' Meeting in the year of conversion or payment. The possible increase in the value of the deferral is capped at 250% of the initial value.

In addition to the performance bonus, a special bonus can be agreed upon for special projects in individual cases or a recognition bonus can be granted. However, a recognition or special bonus of this kind and the performance bonus together must not exceed 150% of the target bonus, and it is also included in the division into immediate payment and deferral. No special or recognition bonus has been granted since 2013.

The amount of the performance bonus to be paid out for fiscal 2019 in the event of 100% target achievement is shown - divided into immediate payment and deferral - in the "Remuneration granted" column in the remuneration tables for the Executive Board members for 2019.

### b) Long-term incentive (LTI)

The LTI plan is resolved by the Supervisory Board on an annual basis with a term of four years in each case. It determines the target bonus to be paid for 100% target achievement for each Executive Board member, taking into account the corporation's earnings and the member's individual performance.

The first criterion for target achievement is the average CVC that the corporation actually generates in the four fiscal years during the term, starting with the fiscal year in which the tranche is issued. This value is compared to the average CVC, which is set in the strategic plan for the respective period. The degree to which this target is achieved can vary between 0% and a maximum of 200%. The other target criterion is the total shareholder return (TSR) on Continental shares during the term of the tranche. To determine the TSR, the average price of the Continental share in the months from October to December is set in relation to the beginning and the end of the respective LTI tranche. In addition, all dividends paid during the term of the LTI tranche are taken into account for the TSR (please refer to Note 27 of the notes to the consolidated financial statements, starting on page 179). The degree to which this target is achieved is multiplied by the degree to which the CVC target is

achieved to determine the degree of target achievement on which the LTI that will actually be paid after the end of the term is based. The maximum amount to be paid out is capped at 200% of the target bonus.

Starting from January 1, 2017, the target amounts for the performance bonus and the LTI were increased to raise the total remuneration of the Executive Board members to the middle of a remuneration range of comparable companies in each case.

The amount of the LTI to be paid out at the end of the plan's term for fiscal 2019 in the event of 100% target achievement is shown in the "Remuneration granted" column in the remuneration tables for the Executive Board members for 2019.

Christian Kötz remains entitled to LTI that were granted to him as a senior executive between 2016 and 2018.

### 3. Additional benefits

Executive Board members also receive additional benefits, primarily the reimbursement of expenses, including any relocation expenses and payments - generally for a limited time - for a job-related second household, the provision of a company car, and premiums for group accident and directors' and officers' (D&O) liability insurance. The D&O insurance policy provides for an appropriate deductible in line with the requirements of Section 93 (2) Sentence 3 *AktG*. As a rule, members of the Executive Board must pay taxes on these additional benefits.

Continued remuneration payments have also been agreed for a certain period in the event of employment disability through no fault of the Executive Board member concerned.

### 4. Retirement benefits

All members of the Executive Board have been granted post-employment benefits that are paid starting at the age of 63 (but not before they leave the service of the company) or in the event of disability.

From January 1, 2014, the company pension for the members of the Executive Board was changed from a purely defined benefit to a defined contribution commitment. A capital component is credited to the Executive Board member's pension account each year. To determine this, an amount equivalent to 20% of the sum of the fixed remuneration and the target value of the performance bonus is multiplied by an age factor representing an appropriate return. The future benefit rights accrued until December 31, 2013, have been converted into a starting component in the capital account. When the insured event occurs, the benefits are paid out as a lump sum, in installments or - as is normally the case due to the expected amount of the benefits - as a pension. Post-employment benefits are adjusted after commencement of such benefit payments in accordance with Section 16 of the German Company Pensions Law (*Betriebsrentengesetz - BetrAVG*).

In the employment contracts, it has been agreed that, in the event of premature termination of Executive Board work, payments to the Executive Board member that are to be agreed, including the additional benefits, shall not exceed the value of two annual salaries or the value of remuneration for the remaining term of the employment contract for the Executive Board member. There are no compensation agreements with the members of the Executive Board in the event of a takeover bid or a change of control at the company. Dr. Ralf Cramer, who stepped down from the Executive Board on August 11, 2017, received compensation for non-competition in an amount of €926 thousand in 2019 for a post-contractual non-compete covenant that was still in place in that year. Heinz-Gerhard Wenthe, who retired on April 30, 2015, still received back payments of compensation for non-competition in an amount of €52 thousand in 2019 for a non-compete covenant in place from 2015 to 2017. José A. Avila, who left the Executive Board on September 30, 2018, continued to receive remuneration on the basis of his employment contract that ended as planned on December 31, 2019. On this basis, he received payments of €801 thousand in 2019, while another €126 thousand was paid out in 2020 as an immediate component of the performance bonus. In addition, €84 thousand will be converted into virtual shares of the company in 2020 as a long-term component of the performance bonus.

## Individual remuneration

In the tables below, the benefits, inflows and service costs granted to the members of the Executive Board are shown separately in accordance with the recommendations of Section 4.2.5 (3) of the German Corporate Governance Code.

€ thousands	Remuneration granted				Inflows	
	2018	2019	2019 (min.)	2019 (max.)	2018	2019
<b>Dr. E. Degenhart</b> (Board chairman; Board member since August 12, 2009)						
Fixed remuneration	1,450	1,450	1,450	1,450	1,450	1,450
Additional benefits	35	21	21	21	35	21
<b>Total</b>	<b>1,485</b>	<b>1,471</b>	<b>1,471</b>	<b>1,471</b>	<b>1,485</b>	<b>1,471</b>
Performance bonus (immediate payment)	1,500	1,500	0	2,250	750	270
Multiannual variable remuneration	2,550	2,550	0	5,600	1,947	909
Performance bonus (deferral) [3 years]	1,000	1,000	0	2,500	1,073	909
Long-term incentive [4 years] from 2014	1,550	1,550	0	3,100	874	0
<b>Total</b>	<b>5,535</b>	<b>5,521</b>	<b>1,471</b>	<b>9,321</b>	<b>4,182</b>	<b>2,650</b>
Service costs	1,166	1,293	1,293	1,293	1,166	1,293
<b>Total remuneration</b>	<b>6,701</b>	<b>6,814</b>	<b>2,764</b>	<b>10,614</b>	<b>5,348</b>	<b>3,943</b>
<b>J. A. Avila</b> (Board member for Powertrain; Board member from January 1, 2010 to September 30, 2018)						
Fixed remuneration	600	–	–	–	600	–
Additional benefits	24	–	–	–	24	–
<b>Total</b>	<b>624</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>624</b>	<b>–</b>
Performance bonus (immediate payment)	524	–	–	–	188	0
Multiannual variable remuneration	1,132	–	–	–	546	541
Performance bonus (deferral) [3 years]	349	–	–	–	145	541
Long-term incentive [4 years] from 2014	783	–	–	–	401	0
<b>Total</b>	<b>2,280</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,358</b>	<b>541</b>
Service costs	442	–	–	–	442	–
<b>Total remuneration</b>	<b>2,722</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,800</b>	<b>541</b>
<b>Dr. R. Cramer</b> (Board member for Continental China; Board member from August 12, 2009 to August 11, 2017)						
Fixed remuneration	–	–	–	–	–	–
Additional benefits	26	2	2	2	26	2
<b>Total</b>	<b>26</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>26</b>	<b>2</b>
Performance bonus (immediate payment)	–	–	–	–	–	–
Multiannual variable remuneration	–	–	–	–	900	541
Performance bonus (deferral) [3 years]	–	–	–	–	638	541
Long-term incentive [4 years] from 2014	–	–	–	–	262	–
<b>Total</b>	<b>26</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>926</b>	<b>543</b>
Service costs	–	–	–	–	–	–
<b>Total remuneration</b>	<b>26</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>926</b>	<b>543</b>

€ thousands	Remuneration granted				Inflows	
	2018	2019	2019 (min.)	2019 (max.)	2018	2019
<b>H.-J. Duensing</b> (Board member for ContiTech; Board member since May 1, 2015)						
Fixed remuneration	800	800	800	800	800	800
Additional benefits	29	24	24	24	29	24
<b>Total</b>	<b>829</b>	<b>824</b>	<b>824</b>	<b>824</b>	<b>829</b>	<b>824</b>
Performance bonus (immediate payment)	700	700	0	1,050	146	126
Multiannual variable remuneration	1,250	1,250	0	2,734	401	72
Performance bonus (deferral) [3 years]	467	467	0	1,168	–	72
Long-term incentive [4 years] from 2014	783	783	0	1,566	401	0
<b>Total</b>	<b>2,779</b>	<b>2,774</b>	<b>824</b>	<b>4,608</b>	<b>1,376</b>	<b>1,022</b>
Service costs	634	632	632	632	634	632
<b>Total remuneration</b>	<b>3,413</b>	<b>3,406</b>	<b>1,456</b>	<b>5,240</b>	<b>2,010</b>	<b>1,654</b>
<b>F. Jourdan</b> (Board member for Chassis & Safety; Board member since September 25, 2013)						
Fixed remuneration	800	800	800	800	800	800
Additional benefits	39	29	29	29	39	29
<b>Total</b>	<b>839</b>	<b>829</b>	<b>829</b>	<b>829</b>	<b>839</b>	<b>829</b>
Performance bonus (immediate payment)	700	700	0	1,050	315	126
Multiannual variable remuneration	1,250	1,250	0	2,734	1,090	541
Performance bonus (deferral) [3 years]	467	467	0	1,168	689	541
Long-term incentive [4 years] from 2014	783	783	0	1,566	401	0
<b>Total</b>	<b>2,789</b>	<b>2,779</b>	<b>829</b>	<b>4,613</b>	<b>2,244</b>	<b>1,496</b>
Service costs	657	642	642	642	657	642
<b>Total remuneration</b>	<b>3,446</b>	<b>3,421</b>	<b>1,471</b>	<b>5,255</b>	<b>2,901</b>	<b>2,138</b>
<b>C. Kötz</b> (Board member for Tires; Board member since April 1, 2019)						
Fixed remuneration	–	600	600	600	–	600
Additional benefits	–	19	19	19	–	19
<b>Total</b>	<b>–</b>	<b>619</b>	<b>619</b>	<b>619</b>	<b>–</b>	<b>619</b>
Performance bonus (immediate payment)	–	527	0	791	–	348
Multiannual variable remuneration	–	1,142	0	2,463	–	0
Performance bonus (deferral) [3 years]	–	359	0	897	–	0
Long-term incentive [4 years] from 2014	–	783	0	1,566	–	0
<b>Total</b>	<b>–</b>	<b>2,288</b>	<b>619</b>	<b>3,873</b>	<b>–</b>	<b>967</b>
Service costs	–	708	708	708	–	708
<b>Total remuneration</b>	<b>–</b>	<b>2,996</b>	<b>1,327</b>	<b>4,581</b>	<b>–</b>	<b>1,675</b>

€ thousands	Remuneration granted				Inflows	
	2018	2019	2019 (min.)	2019 (max.)	2018	2019
<b>H. Matschi</b> (Board member for Interior; Board member since August 12, 2009)						
Fixed remuneration	800	800	800	800	800	800
Additional benefits	18	16	16	16	18	16
<b>Total</b>	<b>818</b>	<b>816</b>	<b>816</b>	<b>816</b>	<b>818</b>	<b>816</b>
Performance bonus (immediate payment)	700	700	0	1,050	1,001	126
Multiannual variable remuneration	1,250	1,250	0	2,734	1,065	541
Performance bonus (deferral) [3 years]	467	467	0	1,168	664	541
Long-term incentive [4 years] from 2014	783	783	0	1,566	401	0
<b>Total</b>	<b>2,768</b>	<b>2,766</b>	<b>816</b>	<b>4,600</b>	<b>2,884</b>	<b>1,483</b>
Service costs	600	698	698	698	600	698
<b>Total remuneration</b>	<b>3,368</b>	<b>3,464</b>	<b>1,514</b>	<b>5,298</b>	<b>3,484</b>	<b>2,181</b>
<b>Dr. A. Reinhart</b> (Board member for Human Relations; Board member since October 1, 2014)						
Fixed remuneration	800	800	800	800	800	800
Additional benefits	20	12	12	12	20	12
<b>Total</b>	<b>820</b>	<b>812</b>	<b>812</b>	<b>812</b>	<b>820</b>	<b>812</b>
Performance bonus (immediate payment)	700	700	0	1,050	350	126
Multiannual variable remuneration	1,250	1,250	0	2,734	562	541
Performance bonus (deferral) [3 years]	467	467	0	1,168	161	541
Long-term incentive [4 years] from 2014	783	783	0	1,566	401	0
<b>Total</b>	<b>2,770</b>	<b>2,762</b>	<b>812</b>	<b>4,596</b>	<b>1,732</b>	<b>1,479</b>
Service costs	813	776	776	776	813	776
<b>Total remuneration</b>	<b>3,583</b>	<b>3,538</b>	<b>1,588</b>	<b>5,372</b>	<b>2,545</b>	<b>2,255</b>
<b>W. Schäfer</b> (Board member for Finance; Board member since January 1, 2010)						
Fixed remuneration	1,100	1,100	1,100	1,100	1,100	1,100
Additional benefits	19	10	10	10	19	10
<b>Total</b>	<b>1,119</b>	<b>1,110</b>	<b>1,110</b>	<b>1,110</b>	<b>1,119</b>	<b>1,110</b>
Performance bonus (immediate payment)	700	700	0	1,050	350	126
Multiannual variable remuneration	1,360	1,360	0	2,954	1,112	541
Performance bonus (deferral) [3 years]	467	467	0	1,168	638	541
Long-term incentive [4 years] from 2014	893	893	0	1,786	474	0
<b>Total</b>	<b>3,179</b>	<b>3,170</b>	<b>1,110</b>	<b>5,114</b>	<b>2,581</b>	<b>1,777</b>
Service costs	683	741	741	741	683	741
<b>Total remuneration</b>	<b>3,862</b>	<b>3,911</b>	<b>1,851</b>	<b>5,855</b>	<b>3,264</b>	<b>2,518</b>

€ thousands	Remuneration granted				Inflows	
	2018	2019	2019 (min.)	2019 (max.)	2018	2019
<b>N. Setzer (Board member for Automotive Board; Board member since August 12, 2009)</b>						
Fixed remuneration	800	800	800	800	800	800
Additional benefits	40	19	19	19	40	19
<b>Total</b>	<b>840</b>	<b>819</b>	<b>819</b>	<b>819</b>	<b>840</b>	<b>819</b>
Performance bonus (immediate payment)	700	700	0	1,050	476	209
Multiannual variable remuneration	1,250	1,250	0	2,734	1,029	517
Performance bonus (deferral) [3 years]	467	467	0	1,168	628	517
Long-term incentive [4 years] from 2014	783	783	0	1,566	401	0
<b>Total</b>	<b>2,790</b>	<b>2,769</b>	<b>819</b>	<b>4,603</b>	<b>2,345</b>	<b>1,545</b>
Service costs	699	737	737	737	699	737
<b>Total remuneration</b>	<b>3,489</b>	<b>3,506</b>	<b>1,556</b>	<b>5,340</b>	<b>3,044</b>	<b>2,282</b>
<b>H.-G. Wente (Board member for ContiTech; Board member from May 3, 2007 to April 30, 2015)</b>						
Fixed remuneration	–	–	–	–	–	–
Additional benefits	–	–	–	–	–	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Performance bonus (immediate payment)	–	–	–	–	–	–
Multiannual variable remuneration	–	–	–	–	509	36
Performance bonus (deferral) [3 years]	–	–	–	–	476	36
Long-term incentive [4 years] from 2014	–	–	–	–	33	0
<b>Total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>509</b>	<b>36</b>
Service costs	–	–	–	–	–	–
<b>Total remuneration</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>509</b>	<b>36</b>

Heinz-Gerhard Wente, who retired on April 30, 2015, was paid commitments of €33 thousand from the 2015 long-term incentive plan and €36 thousand from the long-term component of the 2015 performance bonus in 2019 (PY: €476 thousand from the long-term component of the 2014 performance bonus). Dr. Ralf Cramer, who left the Executive Board on August 11, 2017, still received subsequent additional benefits of €2 thousand, payments from the 2015 long-term incentive plan of €262 thousand and payments from the long-term component of the 2015 performance bonus in the amount of €541 thousand in 2019. José A. Avila, who left the Executive Board on September 30, 2018, was paid commitments of €401 thousand from the 2015 long-term incentive plan and €541 thousand from the long-term component of the 2015 performance bonus in 2019.

The disclosures on benefits granted and inflows are broken down into fixed and variable remuneration components and supplemented by disclosures on the service costs. The fixed remuneration components include the non-performance-related fixed remuneration and additional benefits. The variable performance-related remuneration components consist of the immediate payment from the performance bonus as a short-term remuneration component and the two long-term components: the deferral of the performance bonus and LTI.

The immediate payment, the deferral (taking into account the reference tables as recommended in Section 4.2.5 (3) of the German Corporate Governance Code) and the LTI are each recognized as remuneration granted at the value of the commitment at the time it is granted (equivalent to 100% target achievement). The remuneration elements are supplemented by disclosures on individually attainable maximum and minimum remuneration.

The inflow recognized in the year under review comprises the fixed remuneration components actually received plus the amounts of the immediate payment to be received in the following year that had been determined at the time the remuneration report was prepared. Inflows from multiannual variable remuneration (LTI tranches from 2014/2017 onward) that were scheduled to end in the period under review are not paid until the following year. In line with the recommendations of Section 4.2.5 (3) of the German Corporate Governance Code, service costs in the disclosures on inflows correspond to the amounts granted, although they do not represent actual inflows in a stricter sense.

In fiscal 2019, the members of the Executive Board neither received nor were promised payments by a third party with respect to their activities on the Executive Board.

## Remuneration of the Executive Board in 2019

€ thousands	Remuneration components			Total	Share-based payment <sup>3</sup>
	Fixed <sup>1</sup>	Variable, short-term	Variable, long-term <sup>2</sup>		
Dr. E. Degenhart	1,471	270	1,730	<b>3,471</b>	-1,493
H.-J. Duensing	824	126	867	<b>1,817</b>	-737
F. Jourdan	829	126	867	<b>1,822</b>	-681
C. Kötz (since April 1, 2019)	619	348	1,015	<b>1,982</b>	127
H. Matschi	816	126	867	<b>1,809</b>	-755
Dr. A. Reinhart	812	126	867	<b>1,805</b>	-688
W. Schäfer	1,110	126	977	<b>2,213</b>	-824
N. Setzer	819	209	923	<b>1,951</b>	-649
<b>Total</b>	<b>7,300</b>	<b>1,457</b>	<b>8,113</b>	<b>16,870</b>	<b>-5,700</b>

1 In addition to cash components, the fixed remuneration includes non-cash elements, such as benefits relating to international assignments and in particular any related taxes paid, company cars and insurance.

2 Long-term component of the variable remuneration that is converted into virtual shares of Continental AG to ensure a focus on sustainable development of the company and benefits granted under the 2019 long-term incentive plan.

3 Long-term component of the variable remuneration that is converted into virtual shares of Continental AG to ensure a focus on sustainable development of the company, the granting of the 2019 long-term incentive plan, as well as the changes in the value of the virtual shares granted in previous years and in the value of the 2016 to 2019 long-term incentive plans.

## Remuneration of the Executive Board in 2018

€ thousands	Remuneration components			Total	Share-based payment <sup>3</sup>
	Fixed <sup>1</sup>	Variable, short-term	Variable, long-term <sup>2</sup>		
Dr. E. Degenhart	1,485	750	2,050	<b>4,285</b>	-5,821
J. A. Avila (until September 30, 2018) <sup>4</sup>	624	188	909	<b>1,721</b>	-2,966
H.-J. Duensing	829	146	880	<b>1,855</b>	-2,094
F. Jourdan	839	315	993	<b>2,147</b>	-2,767
H. Matschi	818	1,001	1,451	<b>3,270</b>	-2,264
Dr. A. Reinhart	820	350	1,016	<b>2,186</b>	-2,079
W. Schäfer	1,119	350	1,126	<b>2,595</b>	-3,251
N. Setzer	840	476	1,100	<b>2,416</b>	-2,729
<b>Total</b>	<b>7,374</b>	<b>3,576</b>	<b>9,525</b>	<b>20,475</b>	<b>-23,971</b>

1 In addition to cash components, the fixed remuneration includes non-cash elements, such as benefits relating to international assignments and in particular any related taxes paid, company cars and insurance.

2 Long-term component of the variable remuneration that is converted into virtual shares of Continental AG to ensure a focus on sustainable development of the company and benefits granted under the 2018 long-term incentive plan.

3 Long-term component of the variable remuneration that is converted into virtual shares of Continental AG to ensure a focus on sustainable development of the company, the granting of the 2018 long-term incentive plan, as well as the changes in the value of the virtual shares granted in previous years and in the value of the 2015 to 2018 long-term incentive plans.

4 Because Mr. J. A. Avila left the Executive Board as at September 30, 2018, the remuneration is reported pro rata up until this date. The commitment from the 2018 long-term incentive plan is reported in full in variable long-term remuneration and in share-based remuneration, as Mr. J. A. Avila is still entitled under his existing employment contract.



### Share-based payment - performance bonus (deferral)

The amounts of variable remuneration converted into virtual shares of Continental AG for members of the Executive Board changed as follows:

units	Number of shares as at Dec. 31, 2017	Payment	Commitments	Number of shares as at Dec. 31, 2018	Payment	Commitments	Number of shares as at Dec. 31, 2019
Dr. E. Degenhart	14,609	-4,520	6,218	16,307	-5,836	3,512	13,983
J. A. Avila (until September 30, 2018)	6,268	-609	3,112	8,771	-3,471	883	6,183
Dr. R. Cramer (until August 11, 2017)	8,687	-2,688	1,773	7,772	-3,471	0	4,301
H.-J. Duensing	3,758	0	2,453	6,211	-465	682	6,428
F. Jourdan	7,408	-2,901	3,112	7,619	-3,471	1,475	5,623
H. Matschi	7,229	-2,795	2,681	7,115	-3,471	4,689	8,333
Dr. A. Reinhart	6,676	-677	2,902	8,901	-3,471	1,640	7,070
W. Schäfer	8,687	-2,688	2,902	8,901	-3,471	1,640	7,070
N. Setzer	8,982	-2,643	1,873	8,212	-3,316	2,228	7,124
H.-G. Wente (until April 30, 2015)	2,230	-2,002	–	228	-228	0	0
<b>Total</b>	<b>74,534</b>	<b>-21,523</b>	<b>27,026</b>	<b>80,037</b>	<b>-30,671</b>	<b>16,749</b>	<b>66,115</b>

€ thousands	Fair value as at Dec. 31, 2017	Fair value of distribution	Change in fair value	Fair value of commitments	Fair value as at Dec. 31, 2018	Fair value of distribution	Change in fair value	Fair value of commitments	Fair value as at Dec. 31, 2019
Dr. E. Degenhart	3,408	-1,073	-995	841	2,181	-909	107	418	1,797
J. A. Avila (until September 30, 2018)	1,456	-145	-561	421	1,171	-541	66	105	801
Dr. R. Cramer (until August 11, 2017)	2,027	-638	-592	240	1,037	-541	67	0	563
H.-J. Duensing	865	0	-368	331	828	-72	-4	81	833
F. Jourdan	1,733	-689	-446	421	1,019	-541	69	176	723
H. Matschi	1,692	-664	-439	363	952	-541	70	559	1,040
Dr. A. Reinhart	1,552	-161	-593	393	1,191	-541	65	195	910
W. Schäfer	2,029	-638	-591	393	1,193	-541	65	195	912
N. Setzer	2,092	-628	-624	253	1,093	-517	62	266	904
H.-G. Wente (until April 30, 2015)	526	-476	-21	–	29	-36	5	0	-2
<b>Total</b>	<b>17,380</b>	<b>-5,112</b>	<b>-5,230</b>	<b>3,656</b>	<b>10,694</b>	<b>-4,780</b>	<b>572</b>	<b>1,995</b>	<b>8,481</b>

Heinz-Gerhard Wente, who retired on April 30, 2015, was paid commitments of €36 thousand (equivalent to 228 units) in 2019. As at December 31, 2019, there were no more commitments. Dr. Ralf Cramer, who was a member of the Executive Board until August 11, 2017, was paid commitments of €541 thousand (equivalent to 3,471 units) in 2019. As at December 31, 2019, there were commitments with a fair value of €563 thousand (equivalent to 4,301 units). José A. Avila, who left the Executive Board on September 30, 2018, was paid commitments of €541 thousand (equivalent to 3,471 units) in 2019. As at December 31, 2019, there were commitments with a fair value of €801 thousand (equivalent to 6,183 units).

Owing to the individual arrangements specific to the company, there are certain features of the virtual shares as compared to standard options that must be taken into account in their measurement.

A Monte Carlo simulation is used in the measurement of stock options. This means that log-normal distributed processes are simulated for the price of Continental shares. The measurement model also takes into account the average value accumulation of share prices in the respective reference period, the dividends paid, and the floor and cap for the distribution amount.

The following parameters for the performance bonus were used as at the measurement date of December 31, 2019:

- > Constant zero rates as at the measurement date of December 31, 2019:
- 2016 tranche: -0.71% as at the due date and as at the expected payment date;
- 2017 tranche: -0.66% as at the due date and as at the expected payment date;
- 2018 tranche: -0.61% as at the due date and as at the expected payment date.

- > Interest rate based on the yield curve for government bonds.
- > Dividend payments as the arithmetic mean based on publicly available estimates for 2020 and 2021; the paid dividend of Continental AG amounted to €4.75 per share in 2019, and Continental AG distributed a dividend of €4.50 per share in 2018.
- > Historic volatilities on the basis of daily Xetra closing rates for Continental shares based on the respective remaining term for virtual shares. The volatility for the 2016 tranche is 24.75%, for the 2017 tranche 30.05% and for the 2018 tranche 27.96%.

### Share-based payment - long-term incentive (LTI plans starting with 2017)

The LTI plans starting with 2017 developed as follows:

€ thousands	Fair value as at Dec. 31, 2017 <sup>1</sup>	2018 LTI plan commitment	Change in fair value	Fair value as at Dec. 31, 2018 <sup>1</sup>	2019 LTI plan commitment	Change in fair value	Fair value as at Dec. 31, 2019 <sup>1</sup>
Dr. E. Degenhart	6,467	1,550	-6,318	1,699	1,550	-3,249	0
J. A. Avila (until September 30, 2018) <sup>2</sup>	3,053	783	-3,036	800	–	-800	0
Dr. R. Cramer (until August 11, 2017)	1,576	–	-1,218	357	–	-357	0
H.-J. Duensing	2,403	783	-2,386	800	783	-1,583	0
F. Jourdan	3,053	783	-3,036	800	783	-1,583	0
C. Kötz (since April 1, 2019)	359	200	-454	105	783	-888	0
H. Matschi	3,053	783	-3,036	800	783	-1,583	0
Dr. A. Reinhart	2,258	783	-2,241	800	783	-1,583	0
W. Schäfer	3,568	893	-3,525	936	893	-1,829	0
N. Setzer	3,053	783	-3,036	800	783	-1,583	0
H.-G. Wente (until April 30, 2015)	325	–	-293	33	–	-33	0
<b>Total</b>	<b>29,168</b>	<b>7,341</b>	<b>-28,579</b>	<b>7,930</b>	<b>7,141</b>	<b>-15,071</b>	<b>0</b>

<sup>1</sup> As at the end of the reporting period, the 2019 tranche was vested at 25%, the 2018 tranche at 50%, the 2017 tranche at 75% and the 2016 tranche at 100%.

<sup>2</sup> The commitments from long-term incentive plans were reported in full for J. A. Avila in 2018, as he was still entitled under his existing employment contract. With the termination of the employment contract of J. A. Avila as at December 31, 2019, a portion of the 2017, 2018 and 2019 LTI plans expired. All remaining pro rata tranches had a fair value of €0 as at December 31, 2019.

A Monte Carlo simulation is used in the measurement of the TSR target criterion. This means that log-normal distributed processes are simulated for the price of Continental shares. The Monte Carlo simulation takes into account the average value accumulation of share prices in the respective reference period, the TSR dividends paid and the restriction for the distribution amount.

The following TSR parameters were used as at the measurement date of December 31, 2019:

- > Constant zero rates as at the measurement date of December 31, 2019:
  - 2016 LTI plan: -0.70% as at the expected payment date;
  - 2017 LTI plan: -0.68% as at the due date and -0.65% as at the expected payment date;

2018 LTI plan: -0.63% as at the due date and -0.60% as at the expected payment date;

2019 LTI plan: -0.58% as at the due date and -0.55% as at the expected payment date.

- > Interest rate based on the yield curve for government bonds.
- > Dividend payments as the arithmetic mean based on publicly available estimates for the years 2020 to 2021; the paid dividend of Continental AG amounted to €4.75 per share in 2019.
- > Historic volatilities on the basis of daily Xetra closing rates for Continental shares based on the respective remaining term for virtual shares. The volatility for the 2017 LTI plan is 29.00%, for the 2018 LTI plan 29.60% and for the 2019 LTI plan 25.99%.

### Expenses for retirement benefits

The defined benefit obligations for all pension commitments for the active members of the Executive Board in 2019 are presented below:

€ thousands	Defined benefit obligations	
	December 31, 2019	December 31, 2018
Dr. E. Degenhart	16,167	12,613
J. A. Avila (until September 30, 2018)	–	9,182
H.-J. Duensing	3,572	2,488
F. Jourdan	5,067	3,724
C. Kötz (since April 1, 2019)	748	–
H. Matschi	8,181	6,184
Dr. A. Reinhart	5,562	3,767
W. Schäfer	12,548	10,511
N. Setzer	7,844	5,562
<b>Total</b>	<b>59,689</b>	<b>54,031</b>

Please see Note 40 of the notes to the consolidated financial statements for details of pension obligations for former members of the Executive Board.

### Remuneration of the Supervisory Board

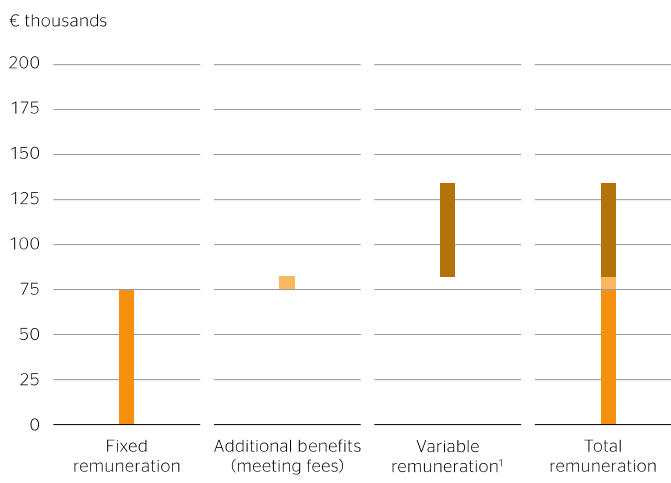
Article 16 of the Articles of Incorporation regulates the remuneration paid to members of the Supervisory Board. It likewise has a fixed and a variable component. By way of connection with earnings per share, the variable component is aligned with the sustainable development of the company. The chairman and vice chairperson of the Supervisory Board and the chairs and members of committees qualify for higher remuneration.

In addition to their remuneration, the members of the Supervisory Board are also paid attendance fees and their expenses are reimbursed. The D&O insurance policy also covers members of the Supervisory Board. As recommended by the German Corporate Governance Code, their deductible also complies with the requirements of Section 93 (2) Sentence 3 *AktG* that apply directly to the Executive Board only.

On the basis of the new *ARUG II* regulations and the new version of the German Corporate Governance Code, the possible adjustment of remuneration for the Supervisory Board is currently under review. If the Executive Board and Supervisory Board consider an adjustment necessary, they will propose to the Annual Shareholders' Meeting on April 30, 2020, an adjusted remuneration system for the Supervisory Board members.

The chart illustrates the composition of the Supervisory Board member remuneration, not including the higher remuneration for the chairman, the vice chairperson and committee members.

### Remuneration of a Supervisory Board member (example)



<sup>1</sup> Basis for calculation: €90 for each cent of earnings per share over €2, calculated as an average of the last three years.

In the reporting year, there were no consultant agreements or other service or work agreements between the company and members of the Supervisory Board or related parties.

The remuneration of individual Supervisory Board members in 2019 as provided for under these arrangements is shown in the following table:

### Remuneration of the Supervisory Board

€ thousands	Remuneration components			
	2019		2018	
	Fixed <sup>1</sup>	Variable	Fixed <sup>1</sup>	Variable
Prof. Dr.-Ing. Wolfgang Reitzle	234	156	239	337
Christiane Benner (since March 1, 2018) <sup>2</sup>	119	78	101	141
Hartmut Meine (until February 28, 2018) <sup>2</sup>	–	–	20	27
Hasan Allak (since April 26, 2019) <sup>2</sup>	57	35	–	–
Dr. Gunter Dunkel	82	52	84	112
Francesco Grioli (since November 1, 2018) <sup>2</sup>	122	78	20	28
Prof. Dr.-Ing. Peter Gutzmer (until April 26, 2019)	25	16	82	112
Peter Hausmann (until October 31, 2018) <sup>2</sup>	–	–	105	140
Michael Iglhaut <sup>2</sup>	122	78	123	169
Satish Khatu (since April 26, 2019)	57	35	–	–
Isabel Corinna Knauf (since April 26, 2019)	57	35	–	–
Prof. Dr. Klaus Mangold (until April 26, 2019)	26	16	84	112
Sabine Neuß	82	52	83	112
Prof. Dr. Rolf Nonnenmacher	199	130	200	281
Dirk Nordmann <sup>2</sup>	122	78	125	169
Lorenz Pfau (since April 26, 2019) <sup>2</sup>	57	35	–	–
Klaus Rosenfeld	122	78	126	169
Georg F. W. Schaeffler	124	78	127	169
Maria-Elisabeth Schaeffler-Thumann	121	78	79	112
Jörg Schönfelder <sup>2</sup>	120	78	121	168
Stefan Scholz <sup>2</sup>	82	52	84	112
Gudrun Valten (until April 26, 2019) <sup>2</sup>	25	16	84	112
Kirsten Vörkel <sup>2</sup>	82	52	84	112
Elke Volkmann <sup>2</sup>	82	52	84	112
Erwin Wörle (until April 26, 2019) <sup>2</sup>	25	16	84	112
Prof. TU Graz e.h. KR Ing. Siegfried Wolf	80	52	84	112
<b>Total</b>	<b>2,224</b>	<b>1,426</b>	<b>2,223</b>	<b>3,030</b>

<sup>1</sup> Including meeting-attendance fees.

<sup>2</sup> In accordance with the guidelines issued by the German Federation of Trade Unions, these employee representatives have declared that their board remuneration is transferred to the Hans Böckler Foundation and in one case to other institutions as well.