Remuneration Report

Klöckner & Co SE

1. Remuneration Report

This remuneration report summarizes the main features of the remuneration systems for the Management Board and the Supervisory Board and describes the structure and the amounts of remuneration in the reporting year. The remuneration report takes into account the recommendations of the German Corporate Governance Code (hereinafter referred to as the "Code") in the version of April 28, 2022, published on June 27, 2022. In accordance with Section 162 (1) of the German Stock Corporation Act (AktG), the remuneration report was prepared jointly by the Management Board and Supervisory Board and is audited by the auditor.

1.1 Review of fiscal year 2024

The Group's business performance in fiscal year 2024 was largely characterized by a decline in demand in the core European markets and a negative steel price trend over large parts of the reporting period. The USA in particular saw a significant steel price correction in 2024, although steel prices also developed negatively in Europe. Adverse price effects as a result of this development in steel prices had a negative impact on Group operating income. However, steel prices stabilized again towards the end of the year, although at a low level.

For further information on the business development of Klöckner & Co in the reporting year, please refer to the management report for fiscal year 2024.

1.2 Management Board remuneration

*The following chapter includes remuneration report-typical information marked with *, which also addresses disclosure requirement ESRS 2 GOV-3 of the ESRS.*

Annual General Meeting vote on the Remuneration Report 2023; appraisal

The Company's remuneration report for fiscal year 2023 in accordance with Section 162 of the German Stock Corporation Act was approved at the Annual General Meeting of the Company on May 23, 2024 with a majority of 95.82% of valid votes cast. No points of criticism or critical questions were raised with regard to the remuneration report 2023. In light of this, the Supervisory Board and the Management Board see no fundamental need for revision with respect to the nature and scope of reporting with regard to Management Board remuneration. Despite the encouraging voting outcome on the last remuneration reports, the Supervisory Board and Management Board continue to address the continuous improvement of the remuneration report and monitor developments and trends in the market.

Annual General Meeting vote on the 2024 Remuneration System; appraisal*

On May 23, 2024, the Annual General Meeting of the Company approved the new remuneration system for the Management Board as submitted by the Supervisory Board, with a majority of 78.91% of valid votes cast. Following the Annual General Meeting (also on May 23, 2024), the Supervisory Board then adopted that remuneration system (hereinafter also referred to as the "2024 remuneration system"), in the form submitted to and approved by the shareholders, with effect from January 1, 2024. At its meeting in September 2024, the Supervisory Board consulted intensively on the outcome of the vote and on the related points of criticism raised with regard to the 2024 remuneration system (among other things regarding the personal investment in shares as a long-term remuneration component in the nature of a long-term incentive (LTI) component and the possibility of providing a discretionary bonus).

- In the opinion of the Supervisory Board, the personal investment in shares of the Company provided for in the 2024 remuneration system continues to meet the requirement for an LTI component. The amount to be invested is calculated from the annual bonus; this comprises in addition to short-term targets also long-term components. The financial and also the non-financial targets for the annual bonus are derived in part from the multi-year strategic planning and therefore represent milestones towards the achievement of the Company's long-term development goals. In addition, the amount actually accruing to a Management Board member in the event the shares are sold after expiration of the four-year lock-up period is determined by the multi-year performance of the Company's share price. It therefore makes no difference whether the LTI component is transparently based on the annual target figures for the multi-year development targets, and in particular on the performance of shares actually held, or if the same result is achieved, for example, with a complicated virtual LTI program.

- Furthermore, with the selected LTI component the Supervisory Board also complies with Recommendation G.10 of the Code, under which the granted variable remuneration, taking the respective tax burden into consideration, should be predominantly invested in shares, or correspondingly granted as share-based remuneration, and the long-term variable component should only be accessible after a period of four years. Management Board members are directly affected by the performance of the share price and the related risk of loss as they purchase the shares from their earned bonus. This form of long-term incentive is practically cost-neutral for the Company. It also avoids any dilutive effect on shareholders.

- In addition, a personal investment in shares represents a very simple and transparent form of long-term incentive. In contrast to the highly complex and difficult-to-understand LTI components in the market, share price performance is easy for any investor to understand. The four-year lock-up period also means that the personal investment shares have a comparable effect to other shareholder ownership guidelines.

- Overall, the 2024 remuneration system works without complicated virtual components. Together with the targets published in the remuneration report, and based on the target figures published in the Annual Report, each shareholder can understand and verify the amount of variable remuneration and the proportion accounted for by long-term targets, without elaborate calculations or detailed research. The Supervisory Board considers this transparency to be highly beneficial.

- The discretionary bonus is indeed a discretionary element. However, a discretionary bonus was last granted for fiscal year 2010 and thus none was granted either under the new 2024 remuneration system or under its predecessors from 2016 and 2021. The Supervisory Board continues to regard the granting of a discretionary bonus as the exception and will only make very limited use of this option. Nevertheless, the Supervisory Board considers this discretionary element to be appropriate, particularly in view of the requirements in section G.11 of the Code. As the Code requires, this discretionary element is intended to take into consideration special situations that were not sufficiently captured in the predetermined targets (see the published rationale – "Begründung des Deutschen Corporate Governance Kodex" – on Code Recommendation G.11). The granting of such a discretionary bonus naturally requires a specific justification, which, in the event such a bonus is granted, would be disclosed transparently in detail in the remuneration report. In addition, this discretionary element is clearly limited as to its amount. The total bonus awarded for a financial year, including any discretionary bonus, may thus not exceed 200% of the target bonus (cap, see below).

- In light of the criticism that has been and continues to be raised, the dialogue with institutional investors, shareholders and proxy advisers shall be continued in order to address the points of criticism and to explain in closer detail the rationale for maintaining the main features of the remuneration system.

Remuneration systems*

For a better understanding and transparency, the main features of the current 2024 remuneration system are once again presented in the following.

BRIEF DESCRIPTION OF THE 2024 REMUNERATION SYSTEM

The 2024 remuneration system takes into account all requirements of the German Stock Corporation Act and the current Code. The 2024 remuneration system is outlined in brief below (a more detailed description of the 2024 remuneration system is available on the Company's website at https://www.kloeckner.com/en/group/management-board/management-board-remuneration.html).

Under the 2024 remuneration system, remuneration for Management Board members consists of non-performance-related (fixed) and performance-related (variable) components.

The non-performance-related remuneration consists of the fixed salary, the retirement provision and the ancillary benefits.

- **Fixed salary:** The fixed salary is paid in twelve equal monthly installments at the end of each month net of statutory tax and social insurance deductions. If a member of the Management Board is appointed or leaves partway through the year, the fixed salary is paid pro rata temporis.

- **Retirement** provisions**:** For retirement provision, each member of the Management Board receives an annual amount not exceeding 40% of the applicable fixed salary (gross), paid either in twelve equal monthly installments (effectively as cash compensation for retirement provision) or, electively, in the form of a payment by the Company into, for example, a pension/provident fund covered by pension liability insurance.

- **Ancillary benefits:** The contractual ancillary benefits primarily include customary additional benefits such as insurance premiums (such as accident insurance, travel/baggage insurance, liability insurance, industrial criminal legal expenses insurance and general legal expenses insurance) as well as the provision of communication devices and a company car for business and private use (potentially including driver in the case of the CEO) or alternatively a car allowance (a lump-sum compensation payment for the use of a private car instead of a company car). Ancillary benefits can vary in value from year to year for person and occasion related reasons but are limited to a maximum of 10% of the fixed salary (ancillary benefits not considered as remuneration and hence not subject to the 10% limit are, in particular, [i] the reimbursement of expenses to which Management Board members are entitled by law, [ii] inclusion in D&O insurance in the interests of the Company, although Management Board members must bear the deductible required under the German Stock Corporation Act and [iii] insurance premiums for certain group insurance policies that are not considered to be Management Board remuneration within the meaning of the German Stock Corporation Act).

In addition to the non-performance-related remuneration components, all Management Board members receive performance-related variable remuneration in the form of a bonus, the amount of which initially depends on the degree to which certain targets are achieved in a fiscal year.

- **Target bonus:** The basis for determining the amount of the annual bonus is its target amount (target bonus). This is the bonus to which a member of the Management Board is entitled under his or her contract at 100% achievement of the specified targets. According to the degree of over- or underachievement of the specified annual targets, the annual bonus increases or decreases on a target achievement curve specified when setting the targets. If annual targets are exceeded, the bonus may therefore exceed the target bonus. However, it may not exceed 200% of the target bonus (cap). There is no guaranteed minimum target achievement; an annual bonus may therefore not be paid out at all. If a member of the Management Board is appointed or leaves partway through a year, the bonus is paid pro rata temporis.

- **Personal investment component** (long-term incentive)**:** Beyond the annual target achievement, the bonus also has the purpose of providing incentives for long-term and sustainable growth in the value of the Company. The targets to be set annually are already intended in themselves to promote the strategic and sustainable development of Klöckner & Co, as they shall contain targets that are derived from the multi-year and long-term strategic planning and represent milestones towards the achievement of the Company's long-term development goals (see below under "Targets and target remuneration [target amount for direct remuneration; target total remuneration]"). In addition, the members of the Management Board must use the majority of the annual bonus amount after statutory tax and social insurance deductions to purchase shares in the Company and hold them on a long-term basis. To ensure that the personal investment component exceeds the remaining cash component, Management Board members are required to purchase such shares for a flat 30% of their gross annual bonus. Assuming a 50% tax and social insurance burden, 60% of the annual net bonus is consequently converted into the personal investment component. The personal investment component may increase or decrease relative to the cash component depending on the individual tax and social insurance burden but should always exceed the net amount of the cash component after statutory tax and social insurance deductions. The shares are normally purchased on the first stock market trading day of the month following payout of the cash component. Shares purchased as part of the personal investment component are subject to a four-year lock-up period. Once this lock-up period expires, Management Board members are free to sell or continue to hold the shares. The personal investment makes the multi-year performance of the Klöckner & Co share price a key determining factor of the variable Management Board remuneration. Due to its level and the lock-up period, which generally also applies beyond any termination of Management Board service, the personal investment also obliges members of the Management Board to build and hold a significant share ownership (share ownership).

- **Cash component:** The bonus amount remaining after deduction of the personal investment component is paid out to Management Board members following the Supervisory Board meeting at which the annual financial statements are adopted for the respective reporting year. Assuming a 50% tax and social insurance burden, 40% of the annual net bonus is consequently paid out.

Discretionary bonus: In exceptional instances, to reward special performance and successes on the part of members of the Management Board, the Supervisory Board may, at its reasonable discretion, grant an extraordinary bonus (discretionary bonus). Also including any such bonus, the total annual bonus granted – i.e. the individual annual bonus plus any exceptional discretionary bonus – may not exceed 200% of the target bonus. The Supervisory Board may make the granting of a discretionary bonus to a member of the Management Board conditional upon the Management Board member using part or all of the discretionary bonus to purchase shares in the Company (a discretionary bonus was last granted for fiscal year 2010 and thus neither under the new 2024 remuneration system nor under its predecessors from 2016 and 2021, which in the opinion of the Supervisory Board additionally underscores the exceptional nature of such a bonus).

Clawback: The Company may claw back performance-related remuneration (bonuses) in full or in part if, after payment, it transpires that the audited and adopted consolidated financial statements on which the bonus entitlement is based were objectively in error and therefore, in accordance with the relevant accounting standards, are subsequently corrected either retrospectively or in the current consolidated financial statements, and a smaller or zero bonus entitlement would have arisen on the basis of the corrected audited consolidated financial statements.

Targets and target remuneration (target amount for direct remuneration; target total remuneration): The bonus is calculated for each fiscal year and depends on the degree of target achievement in relation both to financial and to non-financial targets set in advance by the Supervisory Board.

For the financial targets, the Supervisory Board sets annual targets for financial key performance indicators and their respective weighting in calculation of the bonus amount. Depending on how they are weighted by the Supervisory Board, the financial targets account for 60% to 80% of the target bonus at 100% achievement of all financial and non-financial targets.

With regard to financial targets, the Supervisory Board sets targets for selected financial key performance indicators at the level of the Group as a whole. The following financial performance indicators are generally used for this purpose:

- Earnings before interest, taxes, depreciation and amortization (EBITDA), adjusted for any material special effects.

- Operating Cash flow (OCF).

In place of or in addition to EBITDA and OCF, the Supervisory Board may specify financial indicators out of the following list if it is convinced that they are more suitable as performance indicators for the development of Klöckner & Co: EBIT (earnings before interest and taxes), net cash flow (operating cash flow less cash flow from investing activities and less repayments of lease liabilities), net financial debt (financial liabilities plus transaction costs less cash and cash equivalents), ROCE (return on capital employed, measured as EBIT over average capital employed), ROE (return on equity, measured as EBIT over equity) and relative capital market performance (the capital market performance of Klöckner & Co shares relative to an index). When deciding on the determination and weighting of the key performance indicators, the Supervisory Board ensures a continuously effective incentive structure.

The Supervisory Board sets non-financial targets each year by specifying between three and six performance indicators from the following list of strategy and sustainability targets that are of importance to the strategic and sustainable development of the Company, including its corporate social responsibility (CSR), and that also take into account ESG criteria.

- Strategy: (1) Business development, (2) Market development and exploitation, (3) Transformation and digitalization targets, (4) Optimization/efficiency improvements, (5) Leadership qualities and strategic priorities, (6) Corporate structure and organization and (7) Strategic projects.

- Sustainability: (1) Compliance and risk management, (2) Customer satisfaction, (3) Employee-related targets (including health and satisfaction), (4) Diversity, (5) Advancements in innovation, (6) Succession planning, (7) Reporting and communication, (8) Limiting CO_2 emissions and sustainable use of resources.

As with the financial targets, the Supervisory Board also attaches measurable criteria to the non-financial targets so that a precise degree of target achievement can be determined after the end of a fiscal year. Depending on how they are weighted by the Supervisory Board, the non-financial targets account for between 20% and 40% of the target bonus at 100% achievement of all financial and non-financial targets.

The Supervisory Board sets a target amount for direct remuneration for each member of the Management Board. This comprises the fixed salary plus the so-called target bonus, i.e., the target amount for the annual bonus assuming 100% target achievement.

Under the 2024 remuneration system, the target amount for the annual bonus accounts for approximately 60% of the target amount for direct remuneration, with – assuming a 50% tax and social insurance burden – the long-term variable remuneration in the form of the personal investment component accounting for approximately 36% and the short-term variable remuneration in the form of the cash component accounting for approximately 24% of the target amount for direct remuneration (see above, under "Performance-related variable remuneration").

An additional remuneration component alongside the target amount for direct remuneration is the contribution to retirement provision, which is to be granted in the amount of 20% to 40% of the fixed salary, along with ancillary benefits, which are to be granted to Management Board members up to a maximum of 10% of the fixed salary. In total, retirement provision and ancillary benefits are thus limited to a maximum of 50% of the fixed salary or around 20% of the target amount for direct remuneration. The target amount for direct remuneration (comprising the fixed salary and the target amount for the bonus), the contribution to retirement provision and the ancillary benefits normally comprise all remuneration components and hence the target total remuneration.

Maximum remuneration: The Company's maximum expense for a member of the Management Board can be calculated for each fiscal year on the basis of the fixed salary, the capped annual bonus, the capped ancillary benefits and the likewise capped retirement provision. In addition, in accordance with Section 87a (1) sentence 2 no. 1 of the German Stock Corporation Act, the 2024 remuneration system specifies an absolute euro figure for the maximum amount of remuneration granted to a Management Board member in a given fiscal year (maximum remuneration). The maximum remuneration under the 2024 remuneration system is set for the Chairman of the Management Board, as before, at €6.4 million per year, for the Deputy Chairman of the Management Board at €5.0 million per year and for the remaining members of the Management Board at €3.5 million per year. The selected maximum remuneration is intended to give the Supervisory Board the latitude to respond flexibly to the Company's changing financial situation and to changes in the market and competitive environment while retaining the ability to offer competitive Management Board remuneration. However, the selected maximum remuneration is not the level of remuneration targeted by the Supervisory Board, and merely constitutes the absolute upper limit of the total annual remuneration achievable under the remuneration system.

The described remuneration structure applies uniformly to all Management Board positions. In keeping with the principle of collective Management Board responsibility, the targets for Management Board members are generally set on a uniform basis. Individual incentives are nevertheless possible under the remuneration system. The Supervisory Board reserves the right to set individual targets, different target amounts and/or target weightings for specific Management Board members if it deems a differential incentive structure among the members of the Management Board to become necessary. In addition, the remuneration system permits the agreement of benefits for newly appointed members of the Management Board when they take up their position (such as to compensate for benefits foregone [such as pension awards] on leaving previous employment) and to compensate for currency risks in the case of Management Board members whose habitual place of residence is outside of the eurozone.

A more detailed description of the 2024 remuneration system, including, among other things, the scope for deviations from its stipulations and provisions for termination related benefits, is available on the Company's website at https://www.kloeckner.com/en/group/management-board/management-board-remuneration.html.

SCOPE OF THE NEW 2024 REMUNERATION SYSTEM; 2021 REMUNERATION SYSTEM

By resolution of May 23, 2024, the Supervisory Board decided to apply the 2024 remuneration system retroactively from January 1, 2024 and to set the remuneration of the members of the Management Board in accordance with the 2024 remuneration system.

The substantive changes to the remuneration system for the Management Board leading to the 2024 remuneration system in its current form are only selective compared to the 2021 remuneration system. Besides editorial clarifications and additions, they mainly concerned the increase in the maximum remuneration (cap) for the Deputy Chairman and for ordinary members of the Management Board. All current Management Board contracts are therefore consistent with the 2024 remuneration system. The Management Board contracts of Guido Kerkhoff and Dr. Oliver Falk, which were last extended in 2022 and 2023, respectively, and were not amended with effect in the reporting year, are also consistent with the 2021 remuneration system. Following the amendment as of January 1, 2024, John Ganem's Management Board contract is now only subject to the new 2024 remuneration system.

In view of this, the 2021 remuneration system is not presented in this remuneration report 2024. The 2016 remuneration system is no longer relevant to remuneration in the reporting year.

The 2021 remuneration system is available on the Company website at https://www.kloeckner.com/en/group/management-board/remuneration-reports/. For a summary presentation of the 2021 remuneration system, please see the remuneration report 2023 (https://www.kloeckner.com/en/annual-report-2023/); a more detailed description of the 2024 remuneration system, a comparison with the 2021 remuneration system showing the changes and an overview of those changes with explanatory notes are contained in the documents relating to the Annual General Meeting 2024 (in which see the supplementary information on agenda item 7; available on the Company website at https://www.kloeckner.com/en/investors/annual-general-meeting/).

Consideration of a resolution under Section 120a (4) of the German Stock Corporation Act

The Company's remuneration report for fiscal year 2023 in accordance with Section 162 of the German Stock Corporation Act was approved at the Annual General Meeting of the Company on May 23, 2024 with a majority of 95.82% of valid votes cast. No points of criticism or critical questions were raised with regard to the remuneration report 2023. In light of this, the Supervisory Board sees no fundamental need to change the nature and scope of reporting with regard to Management Board remuneration. It nevertheless continues to address continuous improvement of the remuneration report (see above, under "Annual General Meeting vote on the Remuneration Report 2023; appraisal").

Remuneration in fiscal year 2024

CURRENT MEMBERS/MEMBERS IN OFFICE IN FISCAL YEAR 2024

a) Description of the remuneration structure*

The remuneration structure in the reporting year for members of the Management Board in office in the reporting year is outlined in the following. Throughout the reporting year, all existing Management Board contracts have been in line with the 2024 remuneration system, and the contracts of Guido Kerkhoff and Dr. Oliver Falk also with the 2021 remuneration system (see also under k)). The amounts stated below correspond to the contractually agreed annual remuneration; in the event of appointment to or departure from the Management Board during the year, they are therefore reduced pro rata temporis.

Fixed salary: The annual fixed salary for the full reporting year was as follows:

- Guido Kerkhoff (CEO): €1,090,000 (2023: €983,333),
- Dr. Oliver Falk: €465,000 (2023: €465,000),
- John Ganem: €697,500 (2023: €465,000).

Target bonus: The variable annual bonus at 100% target achievement for the full reporting year (so-called target bonus) was as follows:

- Guido Kerkhoff (CEO): €1,620,000 (2023: €1,460,000),
- Dr. Oliver Falk: €690,000 (2023: €690,000),
- John Ganem: €1,035,000 (2023: €690,000).

John Ganem's contract additionally includes a stable-value clause for his bonus to limit effects of potential changes in the US dollar exchange rate. According to this, notwithstanding the amount stated in the previous paragraph (i.e., €1,035,000), the target bonus is the equivalent of USD 1,035,000 if that amount is greater. The same stable-value adjustment applies to the bonus cap (USD 2,070,000). This stable-value clause may result in a higher euro amount due to exchange rate movements. The USD amount was determined on the basis of the exchange rate at the time the contract-amending agreement was signed.

Target amount for direct remuneration: The annual target amount for direct remuneration (fixed salary plus target bonus) for the full reporting year was as follows:

- Guido Kerkhoff (CEO): €2,710,000 (2023: €2,443,333),
- Dr. Oliver Falk: €1,155,000 (2023: €1,155,000),
- John Ganem: €1,732,500 (2023: €1,155,000).

Personal investment component: Members of the Management Board are required to invest the majority of the variable annual bonus in shares in the Company, which are subject to a lock-up period. The figures are calculated for administrative purposes assuming 50% tax on the gross bonus amount. The following applies to all members of the Management Board.

- 60% of the annual bonus (30% of the gross annual bonus)
- Four-year lock-up period

In accordance with the Market Abuse Regulation, the respective share purchases are reported and published as managers' transactions stating the volume and purchase price; all details may be viewed on the Company's website (https://www.kloeckner.com/en/investors/legal-announcements/managers-transactions.html).

Discretionary bonus: No extraordinary bonus was awarded for the reporting year (a discretionary bonus was most recently awarded in 2010). The Management Board contracts provide for the possibility of awarding such a bonus, however, with the sum total of the discretionary bonus and annual bonus capped at the maximum amount for the annual bonus (200% of the above-mentioned amounts for the target bonus).

Ancillary benefits: Ancillary benefits primarily include insurance premiums (accident insurance, travel/baggage insurance, liability insurance, industrial criminal law insurance, general legal expenses insurance and, for John Ganem in the USA, life insurance and disability insurance); with the exception of certain insurance policies for John Ganem in the USA, amounts for group insurance policies are not included in the remuneration tables pursuant to Section 162 of the German Stock Corporation Act. In addition, top-up payments are provided for health insurance contributions, in the USA on a voluntary basis and in Germany in the form of compulsory employer contributions (only the amounts of voluntary top-up payments for John Ganem in the USA are included in ancillary benefits, not the compulsory employer contributions for health and long-term care insurance in Germany). Ancillary benefits additionally include private use of a company car (included in remuneration at the taxable benefit-in-kind rate); Management Board member John Ganem receives a cash car allowance in place of a company car. Telecommunications devices provided to members of the Management Board may also be used privately (in line with the tax treatment, no amount for this ancillary benefit is accounted for as remuneration). Finally, the Company pays tax consultancy costs incurred by John Ganem in connection with his service for Klöckner & Co SE.

The Company has directors and officers (D&O) insurance, including insurance for members of the Management Board. This is not considered as ancillary benefits for the purposes of the 2024 remuneration system as it is in the Company's interest. The members of the Management Board do, however, have to bear the deductible required under the German Stock Corporation Act.

Retirement provisions: As cash compensation for retirement provision the members of the Management Board either receive a fixed annual amount in the amount of 20% to a maximum of 40% of the applicable fixed salary (gross) that they are required to use to provide for their own retirement income (defined-contribution pension plan), or, if a management Board member so elects, a payment is made in the same amount into, for example, a pension/provident fund covered by pension liability insurance. The retirement provision amounts paid in fiscal year 2024 are as follows for each member of the Management Board:

- Guido Kerkhoff (CEO): €400,000 (2023: €366,667)
- Dr. Oliver Falk: €175,000 (2023: €175,000)
- John Ganem: US dollar equivalent of €262,500 (2023: of €175,000)

Despite the switch to exclusively defined contribution pension benefits for all members of the Management Board, any obligations in connection with pension benefits granted and earned in the past generally continue to apply. In the case of Essener Verband benefit plans, for example, this relates to any entitlement-related costs such as service cost or increases in accordance with the applicable articles of association.

For John Ganem, the US subsidiary also made top-up payments into a defined-contribution plan as part of local retirement provision for upper management.

b) Targets for 2024 and target achievement*

The targets determined for variable remuneration in the reporting year, and the amounts earned in the reporting year (2024 annual bonus) applying the performance criteria previously specified by the Supervisory Board to the figures in the 2024 annual financial statements, are set out in the following description and subsequent tables. The targets agreed for 2024 relate to the figures for the Group after IFRS 5 adjustments, i.e., the figures for continuing operations. For further details, please refer to our explanations in section 2.4 of the management report.

As in past years, the Supervisory Board set targets for variable remuneration for fiscal year 2024, among other things as financial targets on the basis of Group budget figures including EBITDA before material special effects and operating cash flow, once again placing a special focus for fiscal year 2024 on EBITDA as the primary management metric for corporate performance. These financial targets account for a total notional proportion of 80%: 50% for EBITDA and 30% for operating cash flow. The achievement and implementation of non-financial targets (digitalization and automation, reduction of CO_2e emissions, leadership and employee satisfaction, and occupational safety) are factored into the bonus calculation in fiscal year 2024, as in the prior year, at a weighting of 20%. In line with the presentation required by IFRS 5, the targets set do not include the European steel distribution business sold in February 2024 and relate exclusively to the continuing operations in fiscal year 2024. For the reporting year, the targets and their weighting were set uniformly for all Management Board members.

The individual targets are as follows (notional proportion of the total in brackets for each target):

- EBITDA before material special effects (50%); EBITDA is earnings before interest, taxes, depreciation and amortization and impairments and impairment reversals on intangible assets and property, plant and equipment; material special effects include, for example, major restructuring programs, significant non-operating effects and prior-period effects (see also the explanations in the management report, section 1.4).

- Cash flow, i.e. cash flow from operating activities (operating cash flow) (30%)

- Strategy/digitalization (5%)

  - Share of digital orders (1.5%), defined as the number of orders received via digital channels as a percentage of the total number of orders ("digital orders")
  - Share of digital quotes (1.5%), defined as the number of quotes generated digitally as a percentage of the total number of quotes ("digital quotes")
  - Digital sales process efficiency (2%), defined as the number of manual corrections to orders received via digital channels as a percentage of the total number of digital orders ("average number of changes to all online orders")

- Sustainability/reduction in CO_2e emissions (5%), measured as the reduction in Scope 1 and 2 emissions (in accordance with the Greenhouse Gas Protocol; the targets are based on the 1.5-degree decarbonization path in line with the Klöckner & Co Group's net zero carbon targets recognized as science-based targets by the Science Based Targets initiative [SBTi])

- Sustainability/leadership and employee satisfaction (5%), measured on the basis of the results of the annual employee survey, put to the entire workforce comprising a rating scale of 1 (not at all applicable) to 5 (fully applicable) with the following questions included in the analysis:

  (a) I am confident that the Klöckner & Co SE Management Board (Guido Kerkhoff, Dr. Oliver Falk and John Ganem) is steering the company in the right direction.

  (b) I know the strategy "Klöckner & Co 2025: Leveraging Strengths" with its elements Customer Growth, Digitalization & Value Chain Automation, Operational Excellence and Leveraging Assets & Partner Network. And I know the meaning of that strategy for the organization I am working for.

  (c) I like working here.

  (d) I would recommend the Company as a good employer.

- Sustainability/accident rate (5%), measured by the number of lost-time injury per million hours worked in the Company (the LTIF rate)

Calculation of target achievement for the individual targets:

There is no cap or floor for the individual targets, so that target achievement levels of less than 0% or more than 200% are also possible. The target achievement rates for the individual targets are calculated on a linear basis using predefined targets consisting of the target value for 100% target achievement and the values for 0% and 200% target achievement.

The target corridors and their derivation for the individual targets are set out in the following.

- EBITDA before material special effects:

  - Target value (100%): €302.8 million
  - 0% value: €0
  - 200% value: €605.6 million

  The target value was derived from the Group budget for fiscal year 2024. The 0% value was set at €0, resulting in a 200% value of €605.6 million.

- Cash flow from operating activities (operating cash flow):

  - Target value (100%): €219.1 million
  - 0% value: €0
  - 200% value: €438.2 million

  The target value was derived from the Group budget for fiscal year 2024. The 0% value was set at €0, resulting in a 200% value of €438.2 million.

- Strategy/digitalization:

  – Digital orders:

  - Target value (100%): 36.50%

  - 0% value: 29.20%
  - 200% value: 43.80%

  The target value was derived from the Group planning for fiscal year 2024. The 0% value was set at 80% of the target value; the 200% value was determined arithmetically as 120% of the target value.

– Digital quotes:

  - Target value (100%): 23.88%
  - 0% value: 19.10%
  - 200% value: 28.65%

  The target value was derived from the Group planning for fiscal year 2024. The 0% value was set at 80% of the target value; the 200% value was determined arithmetically as 120% of the target value.

– Digital sales process efficiency:

  - Target value (100%): 1.56
  - 0% value: 1.71
  - 200% value: 1.40

  The target value was derived from the Group planning for 2024. The 0% value of 1.71 was set at 110% of the target value (rounded); the 200% value of 1.40 was determined arithmetically as 90% of the target value.

- Sustainability

– Reduction in CO_2e emissions:

  - Target value (100%): 23.80%
  - 0% value: 0%
  - 200% value: 47.60%

  The target value was derived from the long-term CO_2e emission reduction roadmap. The 0% value was set at 0% as the reduction is measured as a percentage change from the emission level for the 2019 base year (83.5 kt CO_2e, in accordance with the Greenhouse Gas Protocol; the CO_2e emissions for the 2019 base year were adjusted for continuing operations, excluding the steel distribution business in France, the United Kingdom, the Netherlands and Belgium and including the operations of National Material of Mexico. The targets are based on the 1.5-degree decarbonization path in line with the Klöckner & Co Group's net zero carbon targets recognized as science-based targets by the Science Based Targets initiative [SBTi]); the 200% value of 47.60% was then determined arithmetically. The calculation of target achievement is based on the figures from the Group non-financial report.

– Employee satisfaction:

  - Target value (100%): 4.00
  - 0% value: 3.10
  - 200% value: 4.90

  The target value was derived from the rating scale as the targeted level of employee satisfaction and leadership for the Group. The 200% value was set at 4.90, since this was considered to be the maximum achievable average value with a scale of up to 5.0 and in view of the number of respondents; the 0% value of 3.1 was then determined arithmetically.

– Accident rate:

- Target value (100%): 5.00
- 0% value: 7.50
- 200% value: 2.50

The target value was derived from the long-term accident rate reduction roadmap. The 200% value was set at half of the 100% target level; the 0% value of 7.50 was then determined arithmetically. The calculation of target achievement is based on the figures of the non-financial reporting.

These target figures were then used to calculate the target achievement rates for the individual targets. The target achievement level for the targets EBITDA before material special effects, cash flow from operating activities (operating cash flow) and reduction in CO_2e emissions is based on the following calculation:

$$\text{Target achievement in \%} = \frac{\text{Actual}}{\text{Target 100\%}}$$

Example: EBITDA before material special effects

$$\text{Target achievement before material special effects in \%} = \frac{\text{€ 136.3 million}}{\text{€302.8 million}} = 45.0\%$$

The target achievement level for the targets share of digital orders, share of digital quotes, digital sales process efficiency, employee satisfaction and accident rate is based on the following calculation:

$$\text{Target achievement in \%} = 1 - \frac{(\text{Actual} - \text{Target 100\%})}{(\text{Target 0\%} - \text{Target 100\%})}$$

Example: Share of digital orders in percent

$$\text{Target achievement in \%} = 1 - \frac{(42.32 - 36.50)}{(29.20 - 36.50)} = 179.8\%$$

Calculation of total target achievement:

The agreed targets relate to the net income from continuing operations in accordance with the requirements of IFRS 5, i.e., excluding the figures for the European steel distribution business (discontinued operations) sold in February 2024. Total target achievement is then calculated as the sum total of the individual target achievement levels weighted by their respective notional proportion of the total. The maximum total bonus achievable for 2024 (cap) is 200% of the individual target bonus. The floor for the total bonus is 0%.

In table form, the targets and their weightings for the reporting year are as follows:

Target indicator	Target[1]			Notional proportion
Target achievement	0%	100%	200%	
Financial targets				
EBITDA before special effects	€0.0 million	€302.8 million	€605.6 million	50.0%
Operating cash flow	€0.0 million	€219.1 million	€438.2 million	30.0%
Non-financial targets				
Digitalization: Share of digital orders in percent	29.20%	36.50%	43.80%	1.5%
Digitalization: Share of digital quotes in percent	19.10%	23.88%	28.65%	1.5%
Digitalization: Sales process efficiency	1.71	1.56	1.40	2.0%
Reduction of CO_2e emissions [2]	0.00%	-23.80%	-47.60%	5.0%
Employee satisfaction/Leadership	3.10	4.00	4.90	5.0%
Occupational safety: Lost-time accidents (LTIF rate group)	7.50	5.00	2.50	5.0%

1) The agreed targets relate to the figures for the entire Group after IFRS 5 adjustments.
2) CO_2e emissions for the 2019 base year adjusted for continuing operations, excluding the steel distribution business in France, the United Kingdom, the Netherlands and Belgium and including the operations of National Material of Mexico.

The resulting target achievement was as follows for the targets in fiscal year 2024:

Target	Proportional target achievement[1]				
	Target[1]	Relative proportion	Actual figure	Target achievement	Notional proportion
Financial targets					
EBITDA before special effects	€302.8 million	50.0%	€136.3 million	45.00%	22.50%
Operating cash flow	€219.1 million	30.0%	€160.2 million	73.12%	21.94%
Non-financial targets					
Digitalization: Share of digital orders in percent [3]	36.50%	1.5%	42.32%	179.85%	2.70%
Digitalization: Share of digital quotes in percent [3]	23.88%	1.5%	26.43%	153.39%	2.30%
Digitalization: Sales process efficiency [3]	1.56	2.0%	1.87	-102.61%	-2.05%
Reduction of CO_2e emissions [2]	-23.80%	5.0%	-52.01%	218.52%	10.93%
Employee satisfaction/Leadership	4.00	5.0%	4.03	102.78%	5.14%
Occupational safety: Lost-time accidents (LTIF rate group)	5.00	5.0%	4.70	112.00%	5.60%
Total					69.05%
Cap					-

1) The target achievement relates to the figures for the entire Group after IFRS 5 adjustments.
2) CO_2e emissions for the 2019 base year adjusted for continuing operations, excluding the steel distribution business in France, the United Kingdom, the Netherlands and Belgium and including the operations of National Material of Mexico.
3) The target achievement of Debrunner Koenig Technical Products was not included due to the first-time implementation of digital KPIs.

(€ thousand)	Target bonus	Target achievement	Earned bonus
Guido Kerkhoff, CEO	1,620	69.1%	1,119
Dr. Oliver Falk, CFO	690	69.1%	476
John Ganem, CEO Americas[1]	1,035	69.1%	715

1) For John Ganem, the calculation for the reporting year was based on the contractually agreed euro amount assuming the exchange rate available on February 14, 2025. The actual amount of variable remuneration may increase due to the contractually agreed stable-value clause to compensate for exchange rate movements. The actual payment amount is based on the exchange rate available on the payroll closing date; in the event of any deviation from the amounts stated above due to exchange rates, the amounts paid out will be published in the remuneration report for the next fiscal year.

c) Remuneration granted and due in 2024 under Section 162 (1) sentence 2 no. 1 of the German Stock Corporation Act (including relative proportions)

The table below shows the remuneration granted and due – within the meaning of Section 162 (1) sentence 2 no. 1 of the German Stock Corporation Act – to each of the Management Board members in office in the reporting year for Management Board service, including all fixed and variable remuneration components and their relative proportions.

The figures comprise fixed remuneration (fixed salary, ancillary benefits and cash compensation for retirement provision; in the case of John Ganem plus defined-contribution plan top-up payments by the US subsidiary) earned and paid out in the reporting year, together with variable remuneration components earned in the reporting year, irrespective of whether the latter fall due and are paid out in the fiscal year 2025 now in progress (earned remuneration-based interpretation).

Any severance payments are not stated in the following as they are not directly earned through Management Board service; disclosures on any termination related benefits granted and awarded to a member of the Management Board leaving in the course of the reporting year are provided under o).

With regard to items included in the amounts shown for ancillary benefits and retirement benefits, please see the information provided under heading a) above. Accordingly, amounts for group insurance policies are not included (with the exception of certain insurance policies for John Ganem in the USA); the same applies for paid compulsory employer contributions for health and long-term care insurance in Germany. Payments in connection with defined-contribution plans in the USA are accounted for as retirement contributions, while Section 162 of the German Stock Corporation Act does not require the disclosure of expenses for defined-benefits pension plans (we nevertheless additionally include such amounts (if any) at the bottom of the table for comparability; further information is provided under n)).

MANAGEMENT BOARD REMUNERATION GRANTED AND DUE IN 2024 UNDER SECTION 162 (1) SENTENCE 2 NO. 1 OF THE STOCK CORPORATION ACT [1]

	Guido Kerkhoff, CEO				Dr. Oliver Falk, CFO			
	2024		2023		2024		2023	
(€ thousand)	Amount	Relative proportion	Amount	Relative proportion	Amount	Relative proportion	Amount	Relative proportion
Non-performance-related remuneration components								
Fixed salary	1,090	42%	983	37%	465	41%	465	36%
Retirement contributions/payments; cash compensation for retirement provision[4]	400	15%	367	14%	175	16%	175	14%
Ancillary benefits	16	1%	13	0%	9	1%	9	1%
Total non-performance-related remuneration components	**1,506**	**57%**	**1,363**	**51%**	**649**	**58%**	**649**	**51%**
Performance-related remuneration components								
One-year variable remuneration (annual bonus) [2,3]	1,119	43%	1,330	49%	476	42%	629	49%
Total remuneration within the meaning of Section 162 of the German Stock Corporation Act	**2,625**	**100%**	**2,693**	**100%**	**1,126**	**100%**	**1,278**	**100%**
Expense for defined-benefit pension plans in accordance with IFRS[5]	–		–		–		–	

	John Ganem, CEO Americas[6]			
	2024		2023	
(€ thousand)	Amount	Relative proportion	Amount	Relative proportion
Non-performance-related remuneration components				
Fixed salary	698	40%	465	35%
Retirement contributions/payments; cash compensation for retirement provision[4]	271	16%	183	14%
Ancillary benefits	48	3%	46	3%
Total non-performance-related remuneration components	**1,017**	**59%**	**695**	**52%**
Performance-related remuneration components				
One-year variable remuneration (annual bonus)[2),3)]	715	41%	629	48%
Total remuneration within the meaning of Section 162 of the German Stock Corporation Act	**1,732**	**100%**	**1,324**	**100%**
Expense for defined-benefit pension plans in accordance with IFRS[5]	-		-	

1) Remuneration earned for Management Board service in the reporting year excluding variable remuneration paid in the reporting year but earned in the previous fiscal year for the previous fiscal year; no remuneration is paid for offices held within the Group (or is offset). Any benefits granted or awarded in relation to early termination of Management Board service in the reporting year are not listed; see o) below.
2) Variable remuneration is subject to an obligation that it be used in part to purchase shares in the Company as a long-term remuneration component (see f) below).
3) For John Ganem, the calculation for the reporting year was based on the contractually agreed euro amount assuming the exchange rate available on February 14, 2025. The actual amount of variable remuneration may increase due to the contractually agreed stable-value clause to compensate for exchange rate movements. The actual payment amount is based on the exchange rate available on the payroll closing date; in the event of any deviation from the amounts stated above due to exchange rates, the amounts paid out will be published in the remuneration report for the next fiscal year.
4) Retirement provision for Dr. Oliver Falk and John Ganem was switched in its entirety to a defined-contribution plan in connection with the contract extension that entered into effect in fiscal year 2022.
5) Disclosure of the expense for defined-benefit plans made for comparability purposes (not a disclosure in accordance with Section 162 of the German Stock Corporation Act); for further information, see n) below).
6) In addition to his contract as member of the Management Board of Klöckner & Co SE, John Ganem also has a contract as CEO of the US country organization; an offsetting arrangement applies, as a result of which the presentation is uniform.

d) Remuneration in 2024 on the basis of prior Code tables (granted compensation and proceeds)

For better comparability with past figures, remuneration for the members of the Management Board in office in the reporting year is shown voluntarily in the following based on the model tables relating to section 4.2.5(3) of the Code as of February 7, 2017.

Granted compensation	Guido Kerkhoff, CEO				Dr. Oliver Falk, CFO			
(€ thousand)	2024	2024 (Min.)	2024 (Max.)	2023	2024	2024 (Min.)	2024 (Max.)	2023
Fixed compensation	1,090	1,090	1,090	983	465	465	465	465
Ancillary benefits[1]	416	416	416	380	184	184	184	184
Total	**1,506**	**1,506**	**1,506**	**1,363**	**649**	**649**	**649**	**649**
One year's variable compensation	1,620	-	3,240	1,460	690	-	1,380	690
Multi-year variable compensation[2]	-	-	-	-	-	-	-	-
Total	**3,126**	**1,506**	**4,746**	**2,823**	**1,339**	**649**	**2,029**	**1,339**
Postemployment benefits	-	-	-	-	-	-	-	-
Total compensation	**3,126**	**1,506**	**4,746**	**2,823**	**1,339**	**649**	**2,029**	**1,339**

Granted compensation (€ thousand)	John Ganem, CEO Americas 2024	2024 (Min.)	2024 (Max.)	2023
Fixed compensation	698	698	698	465
Ancillary benefits[1)]	320	320	320	231
Total	**1,017**	**1,017**	**1,017**	**696**
One year's variable compensation[3)]	1,035	-	2,070	690
Multi-year variable compensation[2)]	-	-	-	-
Total	**2,052**	**1,017**	**3,087**	**1,386**
Postemployment benefits	-	-	-	-
Total compensation	**2,052**	**1,017**	**3,087**	**1,386**

1) Including amounts for the reporting year paid in lieu of corporate pension benefits which must be invested in a private post-retirement scheme: Guido Kerkhoff €400 thousand (2023: €367 thousand), Dr. Oliver Falk €175 thousand (2023: €175 thousand), John Ganem €263 thousand (2023: €175 thousand).
2) The members of the Management Board in office in the reporting year did not participate in the stock option program for the Management Board in place until the end of 2015. However, Dr. Oliver Falk still holds virtual stock options from his service as CEO of a country organization within the Klöckner & Co Group.
3) For John Ganem, the calculation for the reporting year was based on the contractually agreed euro amount assuming the exchange rate available on February 14, 2025. The actual amount of variable remuneration may increase due to the contractually agreed stable-value clause to compensate for exchange rate movements. The actual payment amount is based on the exchange rate available on the payroll closing date; in the event of any deviation from the amounts stated above due to exchange rates, the amounts paid out will be published in the remuneration report for the next fiscal year.

Proceeds (€ thousand)	Guido Kerkhoff, CEO 2024	2023	Dr. Oliver Falk, CFO 2024	2023	John Ganem, CEO Americas 2024	2023
Fixed compensation	1,090	983	465	465	698	465
Ancillary benefits[1)]	416	380	184	184	320	231
Total	**1,506**	**1,363**	**649**	**649**	**1,017**	**695**
One year's variable compensation[3)]	1,119	1,330	476	629	715	629
Multi-year variable compensation[2)]	-	-	-	-	-	-
Total	**2,625**	**2,693**	**1,126**	**1,278**	**1,732**	**1,324**
Postemployment benefit	-	-	-	-	-	-
Total compensation	**2,625**	**2,693**	**1,126**	**1,278**	**1,732**	**1,324**

1) Including amounts for the reporting year paid in lieu of corporate pension benefits which must be invested in a private post-retirement scheme: Guido Kerkhoff €400 thousand (2023: €367 thousand), Dr. Oliver Falk €175 thousand (2023: €175 thousand), John Ganem €263 thousand (2023: €175 thousand).
2) The members of the Management Board in office in the reporting year did not participate in the stock option program for the Management Board in place until the end of 2015. However, Dr. Oliver Falk still holds virtual stock options from his service as CEO of a country organization within the Klöckner & Co Group; benefits received in this regard do not constitute Management Board remuneration and are not included in the table.
3) For John Ganem, the calculation for the reporting year was based on the contractually agreed euro amount assuming the exchange rate available on February 14, 2025. The actual amount of variable remuneration may increase due to the contractually agreed stable-value clause to compensate for exchange rate movements. The actual payment amount is based on the exchange rate available on the payroll closing date; in the event of any deviation from the amounts stated above due to exchange rates, the amounts paid out will be published in the remuneration report for the next fiscal year.

e) Fixed and variable remuneration including relative proportions and explanatory notes on conformity with the applicable remuneration system

Relative proportions

The relative proportions accounted for by each remuneration component are shown in the table under heading c) above.

Conformity with the applicable remuneration system

The remuneration is in conformity with the applicable remuneration system in each case (see j) and k) below). In particular, the requirements of the 2024 remuneration system were complied with as regards the ratio of fixed and variable remuneration to the target amount for direct remuneration (40:60, excluding ancillary benefits and retirement provision), as are the requirements on the ratios of the retirement provision and ancillary benefit amounts to the fixed salary (retirement provision: 20% to 40%; ancillary benefits: 10% maximum); no remuneration has been granted that is not covered by the applicable remuneration system (see also the table under k).

f) Promotion of the Company's long-term development

The requirement – in the nature of an LTI component – for a majority of variable remuneration (set as a lump sum of 30% of the gross annual bonus) to be invested in shares in the Company with a specified lock-up period ties the value of benefits received by the members of the Management Board to the share price and, because of the four-year lock-up period, to the long-term development of the Company. This aligns Management Board performance goals more closely with shareholder interests. The amounts and percentages for the required personal investment in shares for the reporting year are shown in the table below:

PERSONAL INVESTMENT 2024[1]

(€ thousand)	Guido Kerkhoff, CEO	Dr. Oliver Falk, CFO	John Ganem, CEO Americas
Performance-related remuneration, gross	1,119	476	715
Personal investment amount	336	143	214
Personal investment amount, gross[2]	671	286	429
Personal investment percentage, gross[2]	60%	60%	60%

1) On the basis of remuneration granted and due in 2024 under Section 162 of the German Stock Corporation Act (see c) above).
2) Gross amount of personal investment calculated assuming notional 50% tax and social insurance burden.

The targets governing the amount of variable remuneration are also based on long-term strategic developments (such as growth and milestones in digitalization and under the multi-year strategy) and also include sustainability targets (for the targets for the reporting year, see b) above). As a result, remuneration is geared in several respects to promotion of the Company's long-term development.

g) Comparative analysis of annual changes in Management Board remuneration, the Company's financial performance and average employee remuneration

The table below shows the percentage change in the remuneration of members of the Management Board in comparison to the financial performance of Klöckner & Co SE and changes in average employee remuneration on a full-time equivalent basis.

The financial performance of Klöckner & Co SE is presented on the basis of the following key performance indicators (KPIs): (i) net income (or net loss) of Klöckner & Co SE, (ii) Group EBITDA before material special effects and (iii) Group cash flow from operating activities. The latter two KPIs are also major determinants of variable remuneration for the Management Board.

Average employee remuneration is determined on a full-time equivalent basis for two groups: (i) senior management worldwide (management level 1, meaning CEOs and CFOs of country organizations and heads of corporate departments at Klöckner & Co SE) and (ii) the total workforce worldwide.

COMPARATIVE ANALYSIS OF ANNUAL CHANGES IN MANAGEMENT BOARD REMUNERATION PURSUANT TO SECTION 162 (1) SENTENCE 2 NO. 2 OF THE STOCK CORPORATION ACT

Management Board Compensation[1)]	2019–2020	2020–2021	2021–2022	2022–2023	2023–2024
Current members of the Management Board					
Guido Kerkhoff [2)]	-	387%	-13%	-17%	-3%
Dr. Oliver Falk	143%	41%	-13%	-13%	-12%
John Ganem	147%	40%	-11%	-11%	31%
Former members of the Management Board					
Gisbert Rühl [3)]	8%	8%	-81%	0%	0%
Bill Partalis [5)]	0%	0%	0%	0%	0%
Financial performance					
Net income Klöckner & Co SE	94%	3233%	-61%	-283%	44%
EBITDA before material special effects (Group)[6)]	-10%	664%	-51%	-54%	-28%
Cash flow from operating activities (Group)[6)]	-21%	-290%	232%	-29%	-44%
Average employee remuneration on full-time equivalent basis					
Senior management worldwide (Level 1)[4),5)]	15%	-2%	-5%	1%	-19%
Total workforce worldwide[5)]	3%	10%	-4%	-2%	-5%

1) Total remuneration within the meaning of Section 162 (1) sentence 1 of the German Stock Corporation Act (fiscal years 2019 to 2020 pro forma).
2) Guido Kerkhoff was appointed to the Management Board as of September 1, 2020; the total remuneration for 2020 relates to the period subsequent to his appointment.
3) Gisbert Rühl left the Management Board as of May 12, 2021; the remuneration for fiscal year 2021 used as a basis consists of Management Board remuneration up to his departure, the benefits in connection with the early termination of his Management Board service (see the relevant information in the remuneration report 2021) and the pension paid after his departure in fiscal year 2021. To this extent, the method of calculation differs from that used in the remuneration reports 2021 and 2022. In the remuneration report 2021, the calculation solely included the Management Board remuneration for fiscal year 2021 until his departure; in the remuneration report 2022, it included the Management Board remuneration until his departure and the pension paid after his departure in fiscal year 2021.
4) The comparison group comprises the management of country organizations and heads of corporate departments at Klöckner & Co SE.
5) Adjusted for exchange rate movements.
6) The change in fiscal year 2023-2024 relate to the figures for the entire Group after IFRS 5 adjustments.

h) Shares and stock options granted or awarded

No shares or stock options were granted or awarded to members of the Management Board in the reporting year. However, the Management Board members in office are required – in the nature of a long-term incentive (LTI) remuneration component – to invest the majority of the variable remuneration for the reporting year in shares in the Company ("personal investment" – see under heading f) above).

i) Clawback of variable remuneration components

The clawback clause provides for clawback if, after payment, it reveals that the audited and adopted consolidated financial statements on which the bonus entitlement is based were objectively in error and therefore, in accordance with the relevant accounting standards, are subsequently corrected either retrospectively or in the current consolidated financial statements, and a smaller or zero bonus entitlement would have arisen on the basis of the corrected audited consolidated financial statements. There is currently no knowledge or indication of errors in the audited consolidated financial statements and there was therefore no clawback of variable remuneration components in the reporting year. Also no other claims for repayment arose.

j) Maximum remuneration

The maximum remuneration specified in the 2021 remuneration system and the 2024 remuneration system, defined in the remuneration systems as an absolute euro figure for the maximum amount of remuneration granted to a Management Board member in a given fiscal year, to the extent that it applied to the respective Management Board member, was complied with in the reporting year (the maximum remuneration amounts to €6.4 million for the CEO, €2.2 million for an ordinary member of the Management Board under the 2021 remuneration system and €3.5 million for an ordinary member under the 2024 remuneration system). Reference is made in this regard to the table under heading k). This also shows the ratios of retirement provision and ancillary benefits to the fixed salary, as described under heading e).

k) Deviations from the Remuneration System

No deviations from the remuneration systems to be applied in each case arose in the reporting year. With regard to the requirements on maximum remuneration (see j) above) and on the ratio of retirement and ancillary benefits to the fixed salary (see e) above), this is additionally evident from the table below:

REQUIREMENTS UNDER THE REMUNERATION SYSTEM1)

(€ thousand)	Guido Kerkhoff, CEO2)		Dr. Oliver Falk, CFO2)		John Ganem, CEO Americas	
Maximum remuneration						
Maximum remuneration under the remuneration system	6,400	(6,400)	3,500	(2,200)	3,500	(2,200)
Total remuneration 2024	2,625		1,126		1,732	
Ratio of non-performance-related remuneration components of target amount for direct remuneration in 20244)						
Ratio of ancillary benefits to fixed salary (stipulated: max. 10%)	1.45%		1.91%		6.82%	
Ratio of retirement benefits to fixed salary (stipulated: 20-40%)3)	36.70%		37.63%		37.63%	

1) In the reporting year, the requirements under the 2021 remuneration system applied in full to Dr. Oliver Falk and Guido Kerkhoff and the requirements under the 2024 remuneration system applied in full to John Ganem.

2) In the reporting year, the remuneration of Guido Kerkhoff and Dr. Oliver Falk met the requirements of the 2024 remuneration system and of the 2021 remuneration system, which was applicable to them. The stipulations of the 2021 remuneration system for maximum remuneration are shown above in brackets.

3) Under the requirements of the remuneration system applicable in each case, retirement provision for Guido Kerkhoff, Dr. Oliver Falk and John Ganem in the reporting year consists exclusively of a defined-contribution plan (cash compensation tied to the purpose of servicing retirement provision; in the case of John Ganem plus defined-contribution plan top-up payments by the US subsidiary).

4) The underlying figures are to be found in the table “Remuneration granted and due in 2024 under Section 162 (1) sentence 2 no. 1 of the German Stock Corporation Act”.

No use was made in the reporting year of the authorization for temporary deviations provided in the 2021 Remuneration System and the 2024 Remuneration System.

l) Third-party benefits; intra-Group offices

No member of the Management Board was granted or awarded benefits by a third party in the reporting year for service on the Management Board. The members of the Management Board were not granted any additional remuneration for any offices held within the Klöckner & Co Group (see under heading c) above). This also applies to John Ganem who, in addition to his contract as member of the Management Board of Klöckner & Co SE, also has a contract as CEO of the US country organization; an offsetting arrangement applies.

m) Benefits in the event of early termination of Management Board service

The Management Board contracts provide for the payment of compensation in the event of termination of contract ahead of term due to ordinary termination by the Company. This compensation depends on the remaining term of the contract, but is capped at two years' annual remuneration (severance payment cap). No severance payment will be granted in the event of termination of the contract by the Company for cause. The existing contracts do not provide for a special right of termination or other commitments in the event that a specific control threshold is exceeded in relation to voting rights in the Company (change-of-control clause).

Management Board members are subject to a 24-month post-contractual non-competition covenant compensated for by payment of half of their most recent total remuneration (fixed salary plus target bonus) p.a. unless the Company waives the clause. The Management Board contracts already provide for any severance payment to be deducted from such amounts. The personal investment requirement is waived in this instance.

No changes to these arrangements were made in the reporting year.

n) Benefits in the event of regular termination of Management Board service (retirement provisions)

To the extent that retirement provision for individual members of the Management Board in office in the reporting year comprises benefits subsequent to regular termination of Management Board service, their present value and the Company's expense in this regard during the reporting year (service cost in accordance with IFRS) are presented in the table below.

As described under a) above, in accordance with their contracts, the members of the Management Board in office currently solely receive (and received in the reporting year) amounts for private retirement provision. Benefits in the event of regular termination of Management Board service are not/no longer provided. The contracts with Management Board members Dr. Oliver Falk and John Ganem switched to the purely defined-contribution retirement provision system with cash compensation effective August 1, 2022 (in the case of John Ganem plus defined-contribution plan top-up payments by the US subsidiary as part of local retirement provision).

PENSION COMMITMENTS FOR MANAGEMENT BOARD MEMBERS IN OFFICE IN THE REPORTING YEAR – PRESENT VALUES AND EXPENSE AMOUNTS [1)]

(in €)	Reporting date	Present value[2)]	Service cost 2024[2)]
Dr. Oliver Falk	December 31, 2024	4,534,505	-
John Ganem	December 31, 2024	2,428,184	-

1) No change in pension commitments in the reporting year; retirement provision for Dr. Oliver Falk and John Ganem was switched in its entirety as of August 1, 2022 to a defined-contribution plan.
2) IFRS amount.

The “old” pension commitments for member of the Management Board Dr. Oliver Falk from the time before the changeover in retirement provision consist of a defined-benefit pension plan in accordance with the rules of the Essener Verband. Management Board member John Ganem had a comparable defined-benefit pension plan commensurate with the arrangements applicable to him at the US subsidiary prior to his appointment to the Management Board, which likewise include a life-long pension. In view of the changeover in retirement provision in fiscal year 2022, no service cost was incurred in the reporting year. Irrespective of this, any obligations in connection with pension benefits granted and earned in the past generally continue to apply. In the case of Essener Verband benefit plans this, for example, relates to any costs necessary for benefit entitlement such as service cost or increases in accordance with the applicable articles of association.

o) Benefits awarded and granted in connection with the termination of Management Board service in the reporting year

No benefits were awarded and granted in connection with the termination of Management Board service in the reporting year.

FORMER MEMBERS OF THE MANAGEMENT BOARD

Remuneration granted and due to former members of the Management Board (other than those who left office prior to January 1, 2014) for the reporting year pursuant to Section 162 of the German Stock Corporation Act is shown in the table below.

REMUNERATION FOR FORMER MEMBERS OF THE MANAGEMENT BOARD GRANTED AND DUE IN FISCAL YEAR 2024 UNDER SECTION 162 OF THE STOCK CORPORATION ACT

	Bill Partalis, CEO Americas (until December 31, 2017)		Gisbert Rühl, CEO (until May 12, 2021)	
(€ thousand)	Amount	Relative Proportion	Amount	Relative Proportion
Retirement benefits / pensions	103	100%	664	100%
Severance payments	-	-	-	-

In the reporting year, total remuneration of €149 thousand was paid to other former members of the Management Board (2023: €137 thousand). Provision for pension obligations to former members of the Management Board and their surviving dependents amount under IFRS to €20,666 thousand (2023: €21,377 thousand).

Changes in Management Board remuneration in the reporting year

As the terms of office and service contracts of Dr. Oliver Falk and John Ganem would have expired on July 31, 2025, the Supervisory Board, in its meeting in September 2024, based on the recommendation of the Presidium in its capacity as Personnel Committee, resolved to extend the appointment and the corresponding service contracts of John Ganem and Dr. Oliver Falk by three further years until July 31, 2028. In connection with the extension of these mandates, the appropriateness of the remuneration of the two Management Board members was also reviewed.

In the case of Dr. Oliver Falk, a horizontal comparison showed his current remuneration to be below the average remuneration of ordinary management board members/CFOs of the S-DAX® peer group (S-DAX® peers) and the international peers identified by the Supervisory Board, and also below the remuneration of his predecessor in office, who left in 2019. Finally, the review also took into account the increasingly complex duties in the context of the evolving regulatory framework and the challenges posed by the changing Group structure in Dr. Oliver Falk's area of responsibilities.

The Supervisory Board also considered a further adjustment to be appropriate for John Ganem on extending his contract. As a result of the past and planned future acquisitions and investments, the importance of the Kloeckner Metals Americas segment continues to grow, as does the complexity of the related management responsibilities. In addition, a detailed horizontal review of international peers and other comparable companies on the US market showed comparable remuneration still to be above John Ganem's current remuneration.

On the basis of this review and these arguments, the Supervisory Board resolved to increase the remuneration of Dr. Oliver Falk and John Ganem with effect from August 1, 2025 under the existing 2024 remuneration system. For Dr. Oliver Falk, the fixed salary was increased from €465,000 to €545,000, the target bonus from €690,000 to €810,000 and the retirement provision from €175,000 to €200,000, in each case per year, with effect from August 1, 2025. For John Ganem, the fixed salary was increased from €697,500 to €800,000, the target bonus from €1,035,000 to €1,170,000 (with a corresponding adjustment to the stable-value clause) and the retirement provision from around €272,000 to €280,000, in each case per year, with effect from August 1, 2025.

Target setting for 2025

ASSESSMENT OF APPROPRIATENESS

Criteria with respect to the appropriateness of Management Board remuneration include an individual Management Board member's responsibilities and performance, the enterprise's business situation, success and future prospects, the extent to which the remuneration matches that of industry peers and the remuneration structure within the Company. Both positive and negative developments are taken into account when determining performance-related remuneration components. Overall, remuneration is intended to be internationally competitive and to give incentives geared to the Company's sustainable growth and a sustained increase in enterprise value in a dynamic environment.

In setting the 2024 remuneration system and the targets and target total remuneration for 2025, the Supervisory Board applied horizontal benchmarking based, among other, on an independently compiled study of remuneration paid to regular management board members and CEOs at other companies. Due to a lack of comparable German companies in the steel distribution industry, other wholesalers and comparable international companies were included in the analysis. The peer group used consisted of German SDAX®-listed (at the time of peer group selection) companies of comparable size (sales and workforce), the SDAX® as a whole and international peer companies. The SDAX® peer group and the international peer group are regularly reviewed by the Supervisory Board. In addition, vertical benchmarking was carried out against the remuneration for senior management (management level 1) and the Group workforce as a whole (in both cases worldwide).

The Supervisory Board, through the Presidium, regularly reviews the currently applied remuneration system with regard to its appropriateness and structure (components and fixed and variable remuneration amounts) and with a view to any need for adjustment. The appropriateness of Management Board remuneration relative to each Management Board member's tasks and performance, to the enterprise's situation and to usual levels of remuneration is additionally reviewed annually when setting target total remuneration for the next year.

TARGETS FOR FISCAL YEAR 2025

The Supervisory Board set the targets for fiscal year 2025 at its December meeting in the reporting year. In conformity with the 2024 remuneration system, it set and weighted both financial and non-financial targets.

a) Financial targets

The financial targets relate to EBITDA before material special effects and operating cash flow and are based on the Group budget. As in the prior year, EBITDA before material special effects has a notional proportion of 50% and operating cash flow a notional proportion of 30%.

b) Non-financial targets

As in the prior year, the Supervisory Board based the non-financial targets on three focal areas:

For the strategy component, the focus is once again placed on digitalization. The targets set here – each with a notional proportion of 1.5% – are the share of digital orders to be generated ("digital orders," defined as the number of orders received via digital channels as a percentage of the total number of orders) and the share of digital quotes to customers ("digital quotes," defined as the number of quotes generated digitally as a percentage of the total number of quotes). To these is added, with a notional proportion of 2%, the efficiency of the digital sales process ("average number of changes to all online orders", defined as the number of manual corrections to orders received via digital channels as a percentage of the total number of digital orders). As in the prior year, two further focal areas relate to the sustainability aspect – environmental, social and governance (ESG) – and have been incorporated as non-financial targets: reduction in CO_2e emissions – which comes under the environmental category but is also part of the Group strategy – and employee-related targets. Likewise as in the prior year, the targets for this purpose are as follows, with a notional proportion of 5% each: Reduction of CO_2e emissions, employee satisfaction/leadership as measured in the Group-wide employee survey and further reduction in the lost time injury frequency (LTIF) rate throughout the Group. These non-financial targets are specified with clear and measurable criteria.

The total weighting of the non-financial targets is therefore 20%, which is within the range specified in the remuneration system.

TARGET AMOUNT FOR DIRECT REMUNERATION AND TARGET TOTAL REMUNERATION FOR FISCAL YEAR 2025

Also at its December meeting in the reporting year, the Supervisory Board set the target amount for direct remuneration and target total remuneration for fiscal year 2025, as set out in the following. The Supervisory Board based the figures for retirement provision and ancillary benefits on reasonable estimates; the final figures for fiscal year 2025 may therefore differ from those estimates.

MANAGEMENT BOARD TARGET REMUNERATION FOR FISCAL YEAR 2025[1)]

	Guido Kerkhoff		Dr. Oliver Falk		John Ganem[3)]	
(€ thousand)	2024	2025	2024	2025	2024	2025
Fixed compensation[2)]	1,090	1,090	465	498	698	740
One year's variable compensation (annual bonus)[2)]	1,620	1,620	690	740	1,035	1,091
Target amount for direct remuneration	**2,710**	**2,710**	**1,155**	**1,238**	**1,733**	**1,831**
Ancillary benefits	16	20	9	8	47	50
Retirement provisions (pension benefits, cash compensation, and other contribution payments)[2)]	400	400	175	185	272	283
Target total remuneration	**3,126**	**3,130**	**1,339**	**1,431**	**2,052**	**2,165**

1) The forecast target remuneration was prepared in each case in November of the prior year; it includes rounding and is partly based on assumptions and estimates or on prior-year figures; the final figures for each fiscal year may consequently differ.
2) The figures stated include any remuneration adjustments in subsequent fiscal years already decided at the time of setting the respective target remuneration.
3) The annual bonus for John Ganem is based on the contractually agreed euro amount (i.e., without application of the stable-value clause). The retirement provision for John Ganem includes defined-contribution plan top-up payments by the US subsidiary.

Requirements as to the ratio of fixed and variable remuneration to the target amount for direct remuneration for fiscal year 2025 are complied with (40:60, excluding ancillary benefits and retirement provision), as are the requirements on the ratios of retirement provision and ancillary benefit amounts to the fixed salary (retirement provision: 20% to 40%; ancillary benefits: 10% maximum).

1.3 Supervisory Board remuneration

*The following chapter includes remuneration report-typical information marked with *, which also addresses disclosure requirement ESRS 2 GOV-3 of the ESRS.*

Remuneration system for the Supervisory Board and Annual General Meeting vote on the remuneration system for the members of the Supervisory Board*

The current remuneration system for the Supervisory Board was most recently revised in 2023. The Annual General Meeting of the Company on May 17, 2023 adopted the new remuneration system for the Supervisory Board with a majority of 99.63% of valid votes cast. It was also decided that the new remuneration system for the Supervisory Board would be applied for the first time for fiscal year 2023.

The structure and amount of remuneration paid to Supervisory Board members are governed by Section 14 of the Articles of Association, which are published on the Company's website. The main features are presented in the following.

While members of the Management Board also receive performance-related remuneration components, remuneration for the members of the Supervisory Board is structured entirely as fixed remuneration. This consists mainly of a fixed remuneration component (as basic remuneration), which is paid pro rata temporis in the event of personnel changes during the fiscal year. Attendance fees are also paid; reasonable cash expenses and value added tax are reimbursed. The Company covers the cost of external training for Supervisory Board members as part of the reimbursement of expenses. The fixed remuneration is €60,000 per fiscal year. The Chairman of the Supervisory Board receives two-and-a-half times, his or her deputy one-and-a-half times and the Chairman of the Audit Committee one-and-a-quarter times the fixed remuneration. The attendance allowance is €2,000 per meeting. The Chairman of the Supervisory Board and any Chairman of a Supervisory Board committee each receive two-and-a-half times this amount and their deputies one-and-a-half times this amount. As the remuneration is fixed, no cap or maximum remuneration amount is to be specified.

In addition, in the Company's interest, the members of the Supervisory Board are included in D&O insurance. There has no longer been a deductible since January 1, 2024.

A detailed description of the remuneration system for the Supervisory Board is available on the Company's website at https://www.kloeckner.com/en/group/supervisory-board.html.

The Supervisory Board regularly reviews the appropriateness of the remuneration system for the Supervisory Board. Under the German Stock Corporation Act, the Annual General Meeting must also adopt a resolution on the remuneration system for the members of the Supervisory Board at least once every four years. The next such resolution must therefore be adopted no later than 2027.

Consideration of a resolution under Section 120a (4) of the German Stock Corporation Act

The Company's remuneration report for fiscal year 2023 in accordance with Section 162 of the German Stock Corporation Act was approved at the Annual General Meeting of the Company on May 23, 2024 with a majority of 95.82% of valid votes cast. No points of criticism or critical questions were raised with regard to the remuneration report 2023. In light of this, the Supervisory Board sees no fundamental need to change the nature and scope of reporting with regard to Supervisory Board remuneration. Despite the encouraging voting outcome on the last remuneration reports, the Supervisory Board continues to address continuous improvement of the remuneration report. The Supervisory Board constantly monitors developments and trends in the market.

Remuneration in fiscal year 2024

REMUNERATION GRANTED AND DUE (INCLUDING RELATIVE PROPORTIONS)

The table below shows, for each individual Supervisory Board member, the remuneration earned in the reporting year by the members of the Supervisory Board which falls due after the end of the Annual General Meeting in 2025.

For the memberships of Supervisory Board committees in fiscal year 2024, please see the Corporate Governance Statement (under "Supervisory Board committees") in the Annual Report 2024. Meeting attendance information is provided in the Report of the Supervisory Board (see page 11).

Under Section 14 (5) of the Company's Articles of Association, the fixed remuneration and attendance fees fall due after the end of the Annual General Meeting that receives or decides on the approval of the consolidated financial statements for the relevant fiscal year.

SUPERVISORY BOARD REMUNERATION GRANTED AND DUE IN 2024 UNDER SECTION 162 (1) SENTENCE 2 NO. 1 OF THE GERMAN STOCK CORPORATION ACT[1)2)]

(in €)	Basic remuneration (fixed remuneration)	% of total remuneration	Attendance fees (fixed remuneration)	% of total remuneration	Total
Prof. Dr. Dieter H. Vogel (Chairman)	150,000	75	50,000	25	200,000
Dr. Ralph Heck (Deputy Chairman)	90,000	82	20,000	18	110,000
Prof. Dr. Tobias Kollmann	60,000	91	6,000	9	66,000
Prof. Dr. E.h. Friedhelm Loh	60,000	79	16,000	21	76,000
Uwe Röhrhoff (Chairman of the Audit Committee since May 23, 2024)	70,000	72	27,000	28	97,000
Ute Wolf (Chairwoman of the Audit Committee) - until May 23, 2024	31,250	69	14,000	31	45,250
Dagmar Steinert - since May 23, 2024	40,000	80	10,000	20	50,000
Supervisory Board	**501,250**	**78**	**143,000**	**22**	**644,250**

1) Remuneration earned for Supervisory Board service in the reporting year (paid out after the Annual General Meeting in the current fiscal year, excluding remuneration earned in the preceding fiscal year and paid out in the reporting year).
2) Remuneration is paid plus any value added tax to be remitted in Germany, or value added tax is reimbursed by the Company; in the case of Dr. Ralph Heck, any withholding tax to be paid in Switzerland is retained out of the stated amount.

SUPERVISORY BOARD REMUNERATION GRANTED AND DUE IN 2023 UNDER SECTION 162 (1) SENTENCE 2 NO. 1 OF THE GERMAN STOCK CORPORATION ACT[1)2)]

(in €)	Basic remuneration (fixed remuneration)	% of total remuneration	Attendance fees (fixed remuneration)	% of total remuneration	Total
Prof. Dr. Dieter H. Vogel (Chairman)	150,000	73	55,000	27	205,000
Dr. Ralph Heck (Deputy Chairman)	90,000	83	18,000	17	108,000
Prof. Dr. Tobias Kollmann	60,000	88	8,000	12	68,000
Prof. Dr. E.h. Friedhelm Loh	60,000	79	16,000	21	76,000
Uwe Röhrhoff	60,000	75	20,000	25	80,000
Ute Wolf (Chairwoman of the Audit Committee)	75,000	68	35,000	32	110,000
Supervisory Board	**495,000**	**77**	**152,000**	**23**	**647,000**

1) Remuneration earned for Supervisory Board service in fiscal year 2023 (paid out after the Annual General Meeting in fiscal year 2024), excluding remuneration paid out in fiscal year 2023 and earned in the preceding fiscal year.
2) Remuneration was paid plus any value added tax to be remitted in Germany, or value added tax was reimbursed by the Company; in the case of Dr. Ralph Heck, any withholding tax to be paid in Switzerland was retained out of the stated amount.

Supervisory Board remuneration according to Section 314 (1) No. 6 of the German Commercial Code (consolidated financial statements) and Section 285 No. 9 of the German Commercial Code (single-entity financial statements), totaled €644,250 in 2024 (2023: €647,000).

No remuneration or benefits for services rendered on an individual basis – particularly consulting or agency services – were granted to Supervisory Board members in the year under review. Expenses were reimbursed within the limits set out above in the description of the remuneration system for the Supervisory Board.

No remuneration is paid in shares or stock options. As the remuneration consists entirely of fixed components, any clawback of variable remuneration components is systematically ruled out and there was therefore no such clawback in the reporting year.

EXPLANATORY NOTES ON CONFORMITY WITH THE REMUNERATION SYSTEM, PROMOTION OF THE COMPANY'S LONG-TERM DEVELOPMENT AND APPLICATION OF THE PERFORMANCE CRITERIA

The requirements of the remuneration system were complied with. As the remuneration is entirely fixed (fixed/basic remuneration, attendance fees and reimbursement of expenses), no cap or maximum remuneration amount is necessary. For the same reason, it is not necessary to describe the application of any performance criteria. The remuneration system for members of the Supervisory Board comprising (fixed) basic remuneration and attendance fees with appropriate multiples for chairpersons and deputy chairpersons accords with prevailing market practice at comparable companies in Germany. The remuneration is intended to appropriately remunerate the members of the Supervisory Board for their prudent and conscientious supervision of the Management Board and to attract and retain suitable candidates for the office of member of the Supervisory Board. In this way, it promotes the corporate strategy and the Company's long-term development.

COMPARATIVE ANALYSIS OF ANNUAL CHANGES IN SUPERVISORY BOARD REMUNERATION, THE COMPANY'S FINANCIAL PERFORMANCE AND AVERAGE EMPLOYEE REMUNERATION

The table below shows the percentage change in the remuneration of members of the Supervisory Board in comparison to the financial performance of Klöckner & Co SE and changes in average employee remuneration on a full-time equivalent basis.

As in the comparative analysis of remuneration for members of the Management Board, the financial performance of Klöckner & Co SE is presented on the basis of the following key performance indicators: (i) net income (or net loss) of Klöckner & Co SE, (ii) consolidated EBITDA before material special effects and (iii) consolidated cash flow from operating activities.

Average employee remuneration is determined, as in the comparative analysis of remuneration for members of the Management Board, on a full-time equivalent basis for two groups: (i) senior management (management level 1) worldwide and (ii) the total workforce worldwide. Accordingly, for further details, please refer to the information in the report on Management Board remuneration.

COMPARATIVE ANALYSIS OF ANNUAL CHANGES IN SUPERVISORY BOARD REMUNERATION PURSUANT TO SECTION 162 (1) SENTENCE 2 NO. 2 OF THE GERMAN STOCK CORPORATION ACT

Supervisory Board remuneration[1]	2019–2020	2020–2021	2021–2022	2022–2023	2023–2024
Current members of the Supervisory Board					
Prof. Dr. Dieter H. Vogel (Chairman)	-13%	-3%	10%	28%	-2%
Dr. Ralph Heck (Deputy Chairman)	-8%	0%	10%	26%	2%
Prof. Dr. Tobias Kollmann	-4%	-4%	8%	31%	-3%
Prof. Dr. E.h. Friedhelm Loh	-10%	0%	4%	36%	0%
Ute Wolf (Chairwoman of the Audit Committee) - until May 23, 2024	-8%	-2%	5%	29%	-59%
Dagmar Steinert - since May 23, 2024	–	–	–	–	–
Uwe Röhrhoff (Chairman of the Audit Committee since May 23, 2024) - since May 12, 2021	-	-	60%	29%	21%
Earnings performance					
Net income of Klöckner & Co SE	94%	3233%	-61%	-283%	44%
EBITDA before material special effects (Group)[4]	-10%	664%	-51%	-55%	-28%
Operating cash flow (Group)[4]	-21%	-290%	232%	-21%	-44%
Average employee remuneration on full-time equivalent basis					
Senior management worldwide (Level 1)[2, 3]	15%	-2%	-5%	1%	-19%
Total workforce worldwide[3]	3%	10%	-4%	-2%	-5%

1) Total remuneration within the meaning of Section 162 (1) sentence 1 of the German Stock Corporation Act (fiscal years 2019 to 2020 pro forma).
2) The comparison group comprises the management of country organizations and heads of corporate departments at Klöckner & Co SE.
3) Adjusted for exchange rate movements.
4) The change in fiscal year 2023-2024 relates to the figures for the entire Group after IFRS 5 adjustments.

Duisburg, March 5, 2025

Klöckner & Co SE

ON BEHALF OF THE SUPERVISORY BOARD

Prof. Dr. Dieter H. Vogel
CHAIRMAN OF THE SUPERVISORY BOARD

MANAGEMENT BOARD

Guido Kerkhoff
CHAIRMAN OF THE MANAGEMENT BOARD
(CEO)

Dr. Oliver Falk
MEMBER OF THE MANAGEMENT BOARD
(CFO)

John Ganem
MEMBER OF THE MANAGEMENT BOARD
(CEO AMERICAS)

Auditor's Report

To Klöckner & Co SE, Duisburg

Remuneration Report pursuant to § 162 AktG for the Financial Year from January 1 to December 31, 2024

We have audited the remuneration report of Klöckner & Co SE, Duisburg, for the financial year from January 1, 2024 to December 31, 2024 including the related disclosures, which was prepared to comply with § [Article] 162 AktG [Aktiengesetz: German Stock Corporation Act].

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD

The executive directors and the supervisory board of Klöckner & Co SE are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of § 162 AktG. The executive directors and the supervisory board 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 responsibility is to express an opinion on this remuneration report, including the related dis-closures, based on our audit. We conducted our audit in accordance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report, including the related disclosures, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts including the related disclosures stated in the remuneration report. The procedures selected depend on the auditor's judgment. This includes the assessment of the risks of material misstatement of the remuneration report including the related disclosures, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the preparation of the remuneration report including the related disclosures. The objective of this is to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the executive directors and the supervisory board, as well as evaluating the overall presentation of the remuneration report including the related disclosures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

AUDIT OPINION

In our opinion, based on the findings of our audit, the remuneration report for the financial year from January 1, 2024 to December 31, 2024, including the related disclosures, complies in all material respects with the accounting provisions of § 162 AktG.

REFERENCE TO AN OTHER MATTER – FORMAL AUDIT OF THE REMUNERATION REPORT ACCORDING TO § 162 AKTG

The audit of the content of the remuneration report described in this auditor's report includes the formal audit of the remuneration report required by § 162 Abs. [paragraph] 3 AktG, including the issuance of a report on this audit. As we express an unqualified audit opinion on the content of the remuneration report, this audit opinion includes that the information required by § 162 Abs. 1 and 2 AktG has been disclosed in all material respects in the remuneration report.

RESTRICTION ON USE

We issue this auditor's report on the basis of the engagement agreed with Klöckner & Co SE. The audit has been performed only for purposes of the company and the auditor's report is solely in-tended to inform the company as to the results of the audit. Our responsibility for the audit and for our auditor's report is only towards the company in accordance with this engagement. The auditor's report is not intended for any third parties to base any (financial) decisions thereon. We do not assume any responsibility, duty of care or liability towards third parties; no third parties are included in the scope of protection of the underlying engagement. § 334 BGB [Bürgerliches Gesetzbuch: German Civil Code], according to which objections arising from a contract may also be raised against third parties, is not waived.

Düsseldorf, March 5, 2025

PricewaterhouseCoopers GmbH
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT

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