

Your partner for a sustainable tomorrow

klöckner & co

INVITATION

TO THE ANNUAL
GENERAL MEETING OF
KLÖCKNER & CO SE

June 1, 2022



Klöckner & Co SE
with registered office in Duisburg, Germany

– ISIN DE000KC01000 –

– Security Identification No. (Wertpapierkennnr.) KC0100 –

Invitation
to the Annual General Meeting
held as a virtual Annual General Meeting

(unique identifier of the event: GMETKCO122RS)

Dear Shareholders,

We hereby invite you to the Annual General Meeting of Klöckner & Co SE ("Company") on Wednesday, June 1, 2022, at 10.30 a.m. (CEST, UTC+2).

In view of the still ongoing COVID-19 pandemic and to protect all parties involved against health risks, the Annual General Meeting will once again be held as a virtual Annual General Meeting without the physical presence of shareholders or their proxy holders (with the exception of the proxy holders nominated by the Company).

Contents

I. Agenda.....	4
1. Presentation of the adopted annual financial statements, the approved consolidated financial statements and the combined management report for Klöckner & Co SE and the group and the report of the Supervisory Board, each for fiscal year 2021, as well as resolution on the appropriation of net income for fiscal year 2021.....	4
2. Ratification of the actions of the members of the Management Board for fiscal year 2021	4
3. Ratification of the actions of the members of the Supervisory Board for fiscal year 2021	4
4. Supervisory Board election.....	4
5. Election of the auditor for the annual financial statements, consolidated annual financial statements and for the review of interim financial statements	5
6. Resolution on the approval of the remuneration report for the fiscal year 2021	6
7. Resolution on the creation of authorized capital with the option of excluding subscription rights (Authorized Capital 2022) and related amendment to the Articles of Association	6
8. Resolution on the authorization to issue warrant-linked bonds and/or convertible bonds with the option to exclude subscription rights.....	11
9. Resolution on the cancellation of the Conditional Capital 2017, the creation of a Conditional Capital 2022 and the corresponding amendment to the Articles of Association.....	14
10. Resolution on the authorization to acquire and utilize treasury shares, also by using Derivatives, and to exclude tender and/or subscription rights.....	16
II. Supplementary information on agenda item 4.....	22
III. Remuneration report	23
IV. Report of the Management Board on agenda item 7	52
V. Report of the Management Board on agenda item 8.....	55
VI. Report of the Management Board on agenda item 10	57
Additional Information regarding the virtual Annual General Meeting	60
Requirements for participation, information on the exercise of voting rights in connection with the virtual Annual General Meeting and other details pursuant to Section 121 (3) sentence 3 AktG	60
Broadcast of the virtual Annual General Meeting	65
Total number of shares and voting rights	65
Information on Data Protection for Shareholders	66

I. Agenda

1. Presentation of the adopted annual financial statements, the approved consolidated financial statements and the combined management report for Klöckner & Co SE and the group and the report of the Supervisory Board, each for fiscal year 2021, as well as resolution on the appropriation of net income for fiscal year 2021

The Management Board and the Supervisory Board propose that the net income of Klöckner & Co SE available for distribution for fiscal year 2021 in the amount of EUR 188,155,726.28 be appropriated as follows:

Distribution of a dividend of EUR 1.00 per share vested with dividend right; at 99,750,000 shares vested with dividend rights, this corresponds to a total distribution of EUR 99,750,000.00.

Allocation of EUR 88,405,726.28 to other retained earnings (*andere Gewinnrücklagen*).

The dividend will be paid out on June 7, 2022.

The annual and consolidated financial statements were approved by the Supervisory Board on **March 1, 2022**. The annual financial statements have thus been adopted. Therefore, no resolution by the Annual General Meeting is required. However, the above-mentioned documents must be made available to the Annual General Meeting and can therefore be downloaded at <https://www.kloeckner.com/en/investors/annual-general-meeting.html> as from the convocation date of the Annual General Meeting.

2. Ratification of the actions of the members of the Management Board for fiscal year 2021

The Management Board and Supervisory Board propose that the actions of the members of the Management Board who held office in fiscal year 2021 be ratified for that year.

3. Ratification of the actions of the members of the Supervisory Board for fiscal year 2021

The Management Board and Supervisory Board propose that the actions of the members of the Supervisory Board who held office in fiscal year 2021 be ratified for that year.

4. Supervisory Board election

Pursuant to Article 40 (3) of the European Company (SE) Regulation in conjunction with Section 9 (1) of the Articles of Association, Klöckner & Co SE's Supervisory Board consists of six members, all of whom are elected by the shareholders.

The term of office of Supervisory Board member Ute Wolf will expire at the close of the Annual General Meeting on June 1, 2022, resulting in the need to elect a new Supervisory Board member.

Based on the recommendation of the Presidium acting as Nomination Committee, the Supervisory Board proposes to elect

Ute Wolf, Düsseldorf, Germany, Chief Financial Officer of Evonik Industries AG,

as member of the Supervisory Board.

Agenda

The election is effective as of the close of the Annual General Meeting on June 1, 2022, for a term of office until the close of the Annual General Meeting that ratifies the actions of the Supervisory Board for the third fiscal year following commencement of the term of office, not including the fiscal year in which the term of office begins.

Supplementary information on the candidate with regard to Recommendation C.13 of the German Corporate Governance Code:

Ute Wolf

Ute Wolf is a member of the Supervisory Board and Chairwoman of the Audit Committee since May 12, 2017. Ute Wolf, according to the assessment of the Supervisory Board, has no personal or business relationship with Klöckner & Co SE or its group companies, the governing bodies of Klöckner & Co SE, or any shareholder with a material interest in Klöckner & Co SE which would need to be disclosed.

The Supervisory Board's election nomination is based on the recommendation of the Presidium in its capacity as Nomination Committee, is in accordance with the objectives for the Supervisory Board's composition resolved by the Supervisory Board and aims at fulfilling the profile of skills and expertise developed by the Supervisory Board while having due regard to diversity on the Supervisory Board as a whole. The objectives adopted by the Supervisory Board and the profile of skills and expertise, including their implementation status, are published in the Corporate Governance Statement for fiscal year 2021. This is included in the Annual Report 2021 and is part of the documents referred to under agenda item 1, which are available at <https://www.kloeckner.com/en/investors/annual-general-meeting.html> and will be sent to shareholders on request.

The election nomination is in line with the target for the percentage of women on the Supervisory Board set by the Supervisory Board in accordance with Section 111 (5) of the German Stock Corporation Act (*AktG*). That target is for the percentage of women on the Supervisory Board to be at least 16.6% by June 30, 2022. The Supervisory Board currently includes one woman, Ute Wolf, as a result of which the target is already achieved. In case of the re-election of Ute Wolf this would continue to apply until the expiration date of the aforementioned period. At its meeting on March 1, 2022, the Supervisory Board agreed that, for the upcoming period up to June 30, 2027, the proportion of women on the Supervisory Board should be at least 33.3%, *i.e.* two women for every six Supervisory Board members.

The résumé and further information on the candidate nominated for election are provided under Section II. of this Invitation. The résumés of all members of the Supervisory Board are available on the Company's website at <https://www.kloeckner.com/en/group/supervisory-board.html>.

5. Election of the auditor for the annual financial statements, consolidated annual financial statements and for the review of interim financial statements

At the recommendation of the Audit Committee, the Supervisory Board proposes electing KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, Germany,

- a) as auditor and group auditor for fiscal year 2022,
- b) as auditor for the possible review, if applicable, of the condensed financial statements and the interim management report of the half-yearly financial report for fiscal year 2022, and

- c) as auditor for the possible review, if applicable, of any additional interim financial information in the fiscal years 2022 and 2023, insofar as it complies with the requirements for the condensed financial statements and for the interim management report of the half-yearly financial report (Section 115 (7) of the German Securities Trading Act (*WpHG*)) and insofar as it is prepared prior to the 2023 Annual General Meeting.

The Audit Committee declared that its recommendation had not been improperly influenced by third parties and that no restriction with respect to its choice of a certain auditor within the meaning of Article 16 (6) of the Regulation (EU) No. 537/2014 had been imposed on it.

6. Resolution on the approval of the remuneration report for the fiscal year 2021

Pursuant to Section 120a (4) AktG in the version of the Act Implementing the Second Shareholders' Rights Directive (*ARUG II*), the Annual General Meeting must pass a resolution on the approval of the remuneration report for the previous fiscal year prepared and audited in accordance with Section 162 AktG.

The remuneration report for fiscal year 2021 was prepared by the Management Board and Supervisory Board in accordance with Section 162 AktG and audited by the Company's auditors. The remuneration report is included in the management report of the Annual Report 2021 and is part of the documents referred to under agenda item 1, which are available at <https://www.kloeckner.com/en/investors/annual-general-meeting.html> and will be sent to shareholders on request. It is also provided under Section III. of this invitation and can be viewed separately as a document for this Annual General Meeting at <https://www.kloeckner.com/en/investors/annual-general-meeting.html> and will additionally be available on the Company's website at <https://www.kloeckner.com/en/group/management-board/management-board-remuneration.html> after the resolution of the General Meeting.

The Supervisory Board and the Management Board propose that the remuneration report for the fiscal year 2021 be approved.

7. Resolution on the creation of authorized capital with the option of excluding subscription rights (Authorized Capital 2022) and related amendment to the Articles of Association

The authorized capital resolved by the Annual General Meeting of the Company on May 12, 2017, and set out in Section 4 (3) of the Articles of Association (Authorized Capital 2017) expires on May 11, 2022. In order to enable the Company to continue to raise equity this way in the future, a new authorized capital is to be created.

7.1 The Management Board and the Supervisory Board therefore propose that the following resolution be adopted:

With the consent of the Supervisory Board, the Management Board is authorized to increase the Company's share capital until May 31, 2027, by up to a total of EUR 49,875,000.00 (in words: Euro forty-nine million eight hundred and seventy-five thousand) by issuing, on one or several occasions, up to 19,950,000 new registered no-par value shares against cash contributions or contributions in kind (Authorized Capital 2022).

Agenda**a) Subscription right**

The shareholders shall in principle be granted subscription rights. The statutory subscription right may also be granted in such a way that the new shares are taken over by a credit institution and/or another company meeting the requirements of Section 186 (5) sentence 1 AktG (financial institution) or a syndicate of such credit or financial institutions with the obligation to offer them indirectly to the shareholders for subscription within the meaning of Section 186 (5) AktG.

b) Exclusion of subscription rights

However, the Management Board, subject to the consent of the Supervisory Board, or, exclusively with regard to subparagraph gg) below, the Supervisory Board, is authorized to exclude shareholders' statutory subscription rights in relation to one or more increases of the share capital within the scope of the authorized capital,

- aa) in order to exclude fractional amounts, resulting from the subscription ratio, from the shareholders' statutory subscription rights;
- bb) in the case of increases of the share capital against contributions in kind, in particular – but without limitation – for the acquisition of companies, businesses, parts of businesses or companies, equity interests in companies or for the acquisition of other assets or claims regarding the acquisition of assets, including claims against the Company or its group companies;
- cc) if the increase of the share capital is effected against cash contributions and the issue price of the new shares is not significantly lower than the stock market price of the already listed shares of the same class and having the same conditions within the meaning of Sections 203 (1) and (2), 186 (3) sentence 4 AktG;
- dd) to grant the holders of convertible bonds or warrant-linked bonds issued by the Company or by companies dependent on the Company or companies in which the Company holds a majority interest and which grant a conversion or option right or establish a conversion obligation (or combinations of all these instruments), a subscription right in the scope to which they would be entitled after exercise of the rights or fulfillment of the obligations under these instruments;
- ee) to fulfill obligations of the Company arising from conversion and option rights or conversion obligations from convertible bonds or warrant-linked bonds issued by the Company or by companies dependent on the Company or companies in which the Company holds a majority interest, which grant a conversion or option right or establish a conversion obligation (or combinations of all these instruments);
- ff) to issue new shares against cash contributions or contributions in kind as part of participation programs or as part of share-based payment. The issue may only be made to persons who participate in the participation program as a member of the management of a company dependent on the Company or as employees of the Company or a company dependent on the Company or who are or were granted share-based remuneration as a member of the management of a company dependent on the Company or as employees of the Company or a company dependent on the Company, or to third parties who grant economic ownership or the economic benefits from the shares to a participant in a participation

program. The new shares may in particular also be issued on preferential terms (including an issue at the lowest issue price within the meaning of Section 9 (1) AktG), against the contribution of remuneration claims or in such a way that the contribution to be made on the new shares is covered by that part of the net income for the year which the Management Board and Supervisory Board could allocate to other retained earnings (*andere Gewinnrücklagen*) in accordance with Section 58 (2) AktG. The new shares may also be issued through the intermediary of a bank or a company operating in accordance with Section 53 (1) sentence 1 or Section 53b (1) sentence 1 or (7) of the German Banking Act (*KWG*), that takes over these shares with the obligation to offer them to the aforementioned persons;

gg) for use within the terms of provisions agreed with members of the Management Board regarding the Management Board remuneration. The new shares may be offered, granted and transferred to the members of the Management Board, whereby the Management Board employment relationship (*Vorstandsstellungsverhältnis*) must exist at the time of the grant or transfer;

hh) to implement a scrip dividend, whereby shareholders are offered the option of contributing their dividend entitlement (in whole or in part) to the Company in return for shares in the Company.

New shares may only be issued under exclusion of subscription rights in accordance with this authorization if the total of these new shares does not account for more than 10% of the share capital at the time the authorization becomes effective or – if the subsequent value is lower – at the time this authorization is exercised. If, during the term of this authorization until its exercise, other authorizations to issue or sell shares in the Company or to issue rights that enable or oblige to the subscription of shares in the Company are exercised and subscription rights are excluded in the respective process (including an exclusion of subscription rights pursuant to or analogously to Section 186 (3) sentence 4 AktG), this shall be counted towards the aforementioned 10% limit; shares used to serve convertible bonds issued on the basis of the authorization of the Annual General Meeting on May 24, 2013, under agenda item 6 shall not be taken into account. Subscription rights may only be excluded in accordance with subparagraphs ff) and gg) above up to a maximum of 5% of the share capital at the time the authorization takes effect or – if the subsequent value is lower – at the time it is exercised. Shares issued or sold to the same group of persons under another authorization excluding shareholders' subscription rights during the term of this authorization shall be counted towards this limit. In addition, the nominal amount of any conditional capital of the Company resolved for the purposes of Section 192 (2) no. 3 AktG shall be counted towards this 5% limit.

c) Further content of rights attached to the shares and the conditions of the share issue

The Management Board shall decide on the further content of the rights attached to the shares and the conditions of the share issue with the approval of the Supervisory Board. In particular, the profit entitlement may be structured in deviation from Section 60 (2) AktG and profit entitlement may be granted from the beginning of the fiscal year preceding the issuance, provided that at the time of the issue of the new shares a resolution of the Annual General Meeting on the appropriation of profits for this fiscal year has not yet been adopted. If the Supervisory Board is responsible for the issue of shares, it shall be responsible for deciding on the further content of the rights attached to the shares and the conditions of the share issue.

Agenda**d) Authorization to amend the wording of the Articles of Association**

The Supervisory Board is authorized to amend the wording of the Company's Articles of Association following each increase of the share capital or following the expiry of the period for which the authorization has been granted and in which the Authorized Capital 2022 has not been exercised.

7.2 The Management Board and Supervisory Board propose that Section 4 (3) of the Articles of Association be amended accordingly as follows:

"With the consent of the Supervisory Board, the Management Board is authorized to increase the Company's share capital until May 31, 2027, by up to a total of EUR 49,875,000.00 (in words: Euro forty-nine million eight hundred and seventy-five thousand) by issuing, on one or several occasions, up to 19,950,000 new registered no-par value shares against cash contributions or contributions in kind (Authorized Capital 2022).

a) Subscription right

The shareholders shall in principle be granted subscription rights. The statutory subscription right may also be granted in such a way that the new shares are taken over by a credit institution and/or another company meeting the requirements of Section 186 (5) sentence 1 AktG (financial institution) or a syndicate of such credit or financial institutions with the obligation to offer them indirectly to the shareholders for subscription within the meaning of Section 186 (5) AktG.

b) Exclusion of subscription rights

However, the Management Board, subject to the consent of the Supervisory Board, or, exclusively with regard to subparagraph gg) below, the Supervisory Board, is authorized to exclude shareholders' statutory subscription rights in relation to one or more increases of the share capital within the scope of the authorized capital,

aa) in order to exclude fractional amounts, resulting from the subscription ratio, from the shareholders' statutory subscription rights;

bb) in the case of increases of the share capital against contributions in kind, in particular – but without limitation – for the acquisition of companies, businesses, parts of businesses or companies, equity interests in companies or for the acquisition of other assets or claims regarding the acquisition of assets, including claims against the Company or its group companies;

cc) if the increase of the share capital is effected against cash contributions and the issue price of the new shares is not significantly lower than the stock market price of the already listed shares of the same class and having the same conditions within the meaning of Sections 203 (1) and (2), 186 (3) sentence 4 AktG;

dd) to grant the holders of convertible bonds or warrant-linked bonds issued by the Company or by companies dependent on the Company or companies in which the Company holds a majority interest and which grant a conversion or option right or establish a conversion obligation (or combinations of all these instruments), a subscription right in the scope to which they would be entitled after exercise of the rights or fulfillment of the obligations under these instruments;

- ee) to fulfill obligations of the Company arising from conversion and option rights or conversion obligations from convertible bonds or warrant-linked bonds issued by the Company or by companies dependent on the Company or companies in which the Company holds a majority interest, which grant a conversion or option right or establish a conversion obligation (or combinations of all these instruments);
- ff) to issue new shares against cash contributions or contributions in kind as part of participation programs or as part of share-based payment. The issue may only be made to persons who participate in the participation program as a member of the management of a company dependent on the Company or as employees of the Company or a company dependent on the Company or who are or were granted share-based remuneration as a member of the management of a company dependent on the Company or as employees of the Company or a company dependent on the Company, or to third parties who grant economic ownership or the economic benefits from the shares to a participant in a participation program. The new shares may in particular also be issued on preferential terms (including an issue at the lowest issue price within the meaning of Section 9 (1) AktG), against the contribution of remuneration claims or in such a way that the contribution to be made on the new shares is covered by that part of the net income for the year which the Management Board and Supervisory Board could allocate to other retained earnings (*andere Gewinnrücklagen*) in accordance with Section 58 (2) AktG. The new shares may also be issued through the intermediary of a bank or a company operating in accordance with Section 53 (1) sentence 1 or Section 53b (1) sentence 1 or (7) of the German Banking Act (*KWG*), that takes over these shares with the obligation to offer them to the aforementioned persons;
- gg) for use within the terms of provisions agreed with members of the Management Board regarding the Management Board remuneration. The new shares may be offered, granted and transferred to the members of the Management Board, whereby the Management Board employment relationship (*Vorstandsstellungsverhältnis*) must exist at the time of the grant or transfer;
- hh) to implement a scrip dividend, whereby shareholders are offered the option of contributing their dividend entitlement (in whole or in part) to the Company in return for shares in the Company.

New shares may only be issued under exclusion of subscription rights in accordance with this authorization if the total of these new shares does not account for more than 10% of the share capital at the time the authorization becomes effective or – if the subsequent value is lower – at the time this authorization is exercised. If, during the term of this authorization until its exercise, other authorizations to issue or sell shares in the Company or to issue rights that enable or oblige to the subscription of shares in the Company are exercised and subscription rights are excluded in the respective process (including an exclusion of subscription rights pursuant to or analogously to Section 186 (3) sentence 4 AktG), this shall be counted towards the aforementioned 10% limit; shares used to serve convertible bonds issued on the basis of the authorization of the Annual General Meeting on May 24, 2013, under agenda item 6 shall not be taken into account. Subscription rights may only be excluded in accordance with subparagraphs ff) and gg) above up to a maximum of 5% of the share capital at the time the authorization takes effect or – if the subsequent value is lower – at the time it is exercised. Shares issued or sold to the same group of persons under another authorization excluding shareholders' subscription rights during the term of this authorization shall be counted towards this limit. In addition, the nominal amount of any conditional capital of the Company resolved for the purposes of Section 192 (2) no. 3 AktG shall be counted towards this 5% limit.

Agenda**c) Further content of rights attached to the shares and the conditions of the share issue**

The Management Board shall decide on the further content of the rights attached to the shares and the conditions of the share issue with the approval of the Supervisory Board. In particular, the profit entitlement may be structured in deviation from Section 60 (2) AktG and profit entitlement may be granted from the beginning of the fiscal year preceding the issuance, provided that at the time of the issue of the new shares a resolution of the Annual General Meeting on the appropriation of profits for this fiscal year has not yet been adopted. If the Supervisory Board is responsible for the issue of shares, it shall be responsible for deciding on the further content of the rights attached to the shares and the conditions of the share issue.

d) Authorization to amend the wording of the Articles of Association

The Supervisory Board is authorized to amend the wording of the Company's Articles of Association following each increase of the share capital or following the expiry of the period for which the authorization has been granted and in which the Authorized Capital 2022 has not been exercised."

8. Resolution on the authorization to issue warrant-linked bonds and/or convertible bonds with the option to exclude subscription rights

The authorization approved by the Annual General Meeting on May 12, 2017, to issue warrant-linked bonds and/or convertible bonds expires on May 11, 2022. In order to continue to provide the Company with this flexible and attractive financing option in the future, a new authorization is to be resolved.

The Management Board and Supervisory Board therefore propose that the following resolution be adopted:

a) Term of the authorization, nominal amount

With the consent of the Supervisory Board, the Management Board is authorized to issue warrant-linked bonds or convertible bonds on one or several occasions until May 31, 2027, for a total nominal amount of up to EUR 300,000,000.00 (in words: Euro three hundred million) with or without limited term (hereinafter jointly referred to as "Bonds") and to grant the holders or creditors of the Bonds option or conversion rights to up to 9,975,000 new shares in the Company with a pro-rata total amount of the share capital of up to EUR 24,937,500.00 (in words: Euro twenty-four million nine hundred thirty-seven thousand five hundred) in accordance with the respective warrant-linked bond or convertible bond terms and conditions to be determined by the Management Board (hereinafter respectively referred to as "Terms and Conditions").

The Bonds may also be issued in a foreign legal currency other than euros, subject to limitation to the corresponding equivalent value in euros.

The Bonds may also be issued by companies dependent on the Company or companies in which the Company holds a majority interest; in this case, the Management Board is authorized, subject to the consent of the Supervisory Board, to guarantee the Bonds on behalf of the Company and to grant the holders of such Bonds option or conversion rights to shares in the Company and to make other declarations and take other actions necessary for a successful issue.

The issues of the Bonds may in each case be divided into partial bonds with equal entitlement amongst themselves.

Bonds may also be issued against contributions in kind, provided that the value of the contributions in kind corresponds to the issue price and that this price is not significantly lower than the theoretical market value of the Bonds determined in accordance with recognized financial calculation methods.

b) Subscription right and exclusion of subscription rights

The shareholders are entitled to a statutory subscription right to the Bonds. These may also be taken over by a credit institution and/or another company fulfilling the requirements of Section 186 (5) sentence 1 AktG (financial institutions) or a syndicate of such credit or financial institutions with the obligation to offer them indirectly to the shareholders for subscription within the meaning of Section 186 (5) AktG.

The Management Board is authorized, subject to the consent of the Supervisory Board, to exclude shareholders' subscription rights for Bonds:

- aa) in order to exclude fractional amounts, resulting from the subscription ratio, from the shareholders' statutory subscription rights for the Bonds;
- bb) to issue Bonds against contributions in kind, in particular – but without limitation – for the acquisition of companies, businesses, parts of businesses or companies, equity interests in companies or for the acquisition of other assets or claims regarding the acquisition of assets, including claims against the Company or its group companies, or convertible bonds issued on the basis of the authorization approved by the Annual General Meeting of the Company on May 24, 2013;
- cc) to issue Bonds against cash contributions, provided that the issue price is not significantly lower than the theoretical market value of the Bonds determined in accordance with recognized financial calculation methods;
- dd) to the extent necessary to grant the holders of warrant-linked or convertible bonds issued by the Company or by companies dependent on the Company or companies in which the Company holds a majority interest and which grant a conversion or option right or establish a conversion obligation (or combinations of all these instruments), a subscription right in the scope to which they would be entitled after exercise of the rights or fulfillment of the obligations under these instruments.

Bonds may only be issued under exclusion of subscription rights in accordance with this authorization if the total of the new shares to be issued under such bonds does not account for more than 10% of the share capital at the time the authorization becomes effective or – if the subsequent value is lower – at the time this authorization is exercised. If, during the term of this authorization until its exercise, other authorizations to issue or sell shares in the Company or to issue rights that enable or oblige the subscription of shares in the Company are exercised and subscription rights are excluded in the respective process (including an exclusion of subscription rights pursuant to or analogously to Section 186 (3) sentence 4 AktG), this shall be counted towards the aforementioned 10% limit; shares used to serve convertible bonds issued on the basis of the authorization of the Annual General Meeting on May 24, 2013, under agenda item 6 shall not be taken into account.

Agenda**c) Conversion rights**

If convertible bonds are issued, their holders shall be granted the right to convert their Bonds into new shares in the Company further subject to the Terms and Conditions. The conversion ratio shall be calculated by dividing the nominal amount of a Bond by the fixed conversion price for a new share in the Company. The conversion ratio may also be calculated by dividing the issue amount of a Bond, that is below the nominal amount, by the fixed conversion price set for a new share in the Company. The conversion ratio may be rounded up or down to an integer; moreover, a supplemental payment to be made in cash may be stipulated. Lastly, it may be provided for fractional amounts to be combined and/or compensated in cash. The pro rata amount in the share capital of the shares in the Company to be issued per Bond shall not exceed the nominal amount of the Bond or an issue amount of the Bond that is below the nominal amount.

The Terms and Conditions may provide for the right of the Company to pay the holders of the conversion right, in the case of conversion, instead of shares in the Company, the equivalent value in cash which, further subject to the Terms and Conditions, shall be equal to the arithmetic mean value of the closing prices of the Company's shares on the Frankfurt Stock Exchange as determined in XETRA trading (or any comparable trading system substituting XETRA) for the last ten trading days preceding the notification of conversion.

The Terms and Conditions may also provide for the right of the Company to grant the holders of the conversion rights, in the case of conversion, treasury shares in the Company or new shares out of an authorized capital. The Terms and Conditions may also provide for a conversion obligation at the end of the term or at another time.

The Terms and Conditions may provide for the right of the Company to grant the holders of the Bonds new shares or treasury shares in the Company wholly or partially in lieu of payment of a cash amount owed. In each case the shares shall be included at a value which, further subject to the Terms and Conditions, shall be equal to the arithmetic mean value of the closing prices of the Company's shares on the Frankfurt Stock Exchange as determined in XETRA trading (or any comparable trading system substituting XETRA) for the last ten trading days preceding the maturity of the cash amount.

d) Option rights

If warrant-linked bonds are issued, one or more warrants shall be attached to each partial bond which entitle the holder to subscribe shares in the Company further subject to the Terms and Conditions. The Terms and Conditions may provide for the option holders to be granted treasury shares in the Company or new shares out of an authorized capital. The pro rata amount in the share capital of the shares in the Company to be subscribed per warrant-linked bond shall not exceed the exercise price of the warrant-linked bond.

e) Option or conversion price

The option or conversion price for a share shall amount to at least 80% of the arithmetic mean value of the closing prices of the Company's shares on the Frankfurt Stock Exchange as determined in XETRA trading (or any comparable trading system substituting XETRA):

- aa) if the subscription right is excluded or no trading in subscription rights otherwise occurs, during the ten trading days preceding the adoption of the resolution by the Management Board on the issue of the Bonds or, otherwise,
- bb) during the trading days on which subscription rights for Bonds are traded on the Frankfurt Stock Exchange, with the exception of the last two trading days of trading in subscription rights.

Without prejudice to Section 9 (1) AktG, the option or conversion price shall be reduced on the basis of an anti-dilution clause further subject to the Terms and Conditions by payment of an equivalent amount in cash on exercise of the conversion right or by reduction of the supplemental payment if the Company, during the option or conversion term, subject to the granting of a subscription right to its shareholders, increases the share capital or issues additional Bonds and/or grants or guarantees option or conversion rights and in this connection the holders of already existing option or conversion rights are not granted any subscription right to which they would be entitled after exercise of the option or conversion right.

Instead of a payment in cash or a reduction of the supplemental payment, the conversion ratio may also, to the extent possible, be adjusted by dividing the nominal amount of the respective Bond by the reduced conversion price. For other measures of the Company that may lead to a dilution of the value of the option or conversion rights, as well as in the case of a capital reduction, share split or special dividend, the Terms and Conditions may also provide for a value-preserving adjustment of the option or conversion price.

f) Stipulation of issue terms

The Management Board is hereby authorized, subject to observance of the foregoing requirements, to stipulate the further details with regard to the issue and the conditions of the Bonds and their Terms and Conditions, and/or to define the same in mutual agreement with the bodies of the group companies issuing the Bonds, notably interest rate, issue price, term and denomination, subscription and/or conversion ratio, establishment of a conversion obligation, defining of a cash supplemental payment, compensation for or combining of fractional amounts, cash payment instead of delivery of shares, option and/or conversion price and the option and/or conversion period.

9. Resolution on the cancellation of the Conditional Capital 2017, the creation of a Conditional Capital 2022 and the corresponding amendment to the Articles of Association

In connection with the authorization proposed under agenda item 8, a new conditional capital (Conditional Capital 2022) is to be created. In addition, the Conditional Capital 2017 created by resolution of the Annual General Meeting on May 12, 2017, is to be cancelled, as this will no longer be required after the expiry of the authorization approved by the Annual General Meeting on May 12, 2017, to issue warrant-linked bonds and/or

Agenda

convertible bonds. The option so far provided for in the Conditional Capital 2017 to issue shares in the event of an adjustment of the conversion ratio of the convertible bonds issued on the basis of the authorization of the Annual General Meeting of the Company on May 24, 2013, shall be included in the Conditional Capital 2022.

The Management Board and Supervisory Board therefore propose that the following resolutions be adopted:

9.1 Cancellation of the Conditional Capital 2017

The Conditional Capital 2017 created by resolution of the Annual General Meeting of the Company on May 12, 2017, under agenda item 7 is cancelled.

9.2 Creation of a new Conditional Capital 2022

The share capital of the Company is subject to a conditional increase of up to EUR 24,937,500.00 (in words: Euro twenty-four million nine hundred thirty-seven thousand five hundred) through the issue of up to 9,975,000 new registered no-par value shares with dividend rights from the beginning of the fiscal year in which they are issued (Conditional Capital 2022).

The conditional capital serves to grant shares to the holders or creditors of warrant-linked bonds or convertible bonds issued by the Company or by companies dependent on the Company or by companies in which the Company holds a majority interest in accordance with the authorization approved by the Annual General Meeting on June 1, 2022, under agenda item 8. It will only be implemented to the extent that option or conversion rights under the aforementioned warrant-linked bonds and convertible bonds are exercised or conversion obligations under such bonds have to be fulfilled and to the extent that no other forms to fulfill such claims are used. The issue amount of the new shares shall be equal to the option and/or conversion price to be set in each case subject to the aforementioned authorization.

The conditional capital also serves to issue shares to holders of convertible bonds issued on the basis of the resolution on agenda item 6 of the Annual General Meeting of the Company on May 24, 2013, in the event of an adjustment of the conversion ratio. In this case, the issue price of the new shares corresponds to the conversion price determined in accordance with the authorization of the Annual General Meeting on May 24, 2013.

To the extent that warrant-linked bonds and/or convertible bonds are issued by the Company or a group company in accordance with the authorization described above for the purpose of acquiring convertible bonds issued on the basis of the resolution on agenda item 6 of the Annual General Meeting of the Company on May 24, 2013, the new shares shall be issued from the conditional capital against contribution of the respective (partial) convertible bond by the respective holder of this (partial) convertible bond to be contributed as a contribution in kind. The number of shares to be issued against contribution of the respective (partial) convertible bond results from the exchange ratio determined on the basis of the authorization of the Annual General Meeting of the Company on June 1, 2022, under agenda item 8.

The Management Board is authorized to determine the further details of the implementation of the conditional capital increase.

9.3 Amendment of the Articles of Association

The Management Board and Supervisory Board propose that Section 4 (7) of the Articles of Association be amended accordingly as follows:

„(7) The share capital of the Company is subject to a conditional increase of up to EUR 24,937,500.00 (in words: Euro twenty-four million nine hundred thirty-seven thousand five hundred) through the issue of up to 9,975,000 new registered no-par value shares with dividend rights from the beginning of the fiscal year in which they are issued (Conditional Capital 2022).

The conditional capital serves to grant shares to the holders or creditors of warrant-linked bonds or convertible bonds issued by the Company or by companies dependent on the Company or by companies in which the Company holds a majority interest in accordance with the authorization approved by the Annual General Meeting on June 1, 2022, under agenda item 8. It will only be implemented to the extent that option or conversion rights under the aforementioned warrant-linked bonds and convertible bonds are exercised or conversion obligations under such bonds have to be fulfilled and to the extent that no other forms to fulfill such claims are used. The issue amount of the new shares shall be equal to the option and/or conversion price to be set in each case subject to the aforementioned authorization.

The conditional capital also serves to issue shares to holders of convertible bonds issued on the basis of the resolution on agenda item 6 of the Annual General Meeting of the Company on May 24, 2013, in the event of an adjustment of the conversion ratio. In this case, the issue price of the new shares corresponds to the conversion price determined in accordance with the authorization of the Annual General Meeting on May 24, 2013.

To the extent that warrant-linked bonds and/or convertible bonds are issued by the Company or a group company in accordance with the authorization described above for the purpose of acquiring convertible bonds issued on the basis of the resolution on agenda item 6 of the Annual General Meeting of the Company on May 24, 2013, the new shares shall be issued from the conditional capital against contribution of the respective (partial) convertible bond by the respective holder of this (partial) convertible bond to be contributed as a contribution in kind. The number of shares to be issued against contribution of the respective (partial) convertible bond results from the exchange ratio determined on the basis of the authorization of the Annual General Meeting of the Company on June 1, 2022, under agenda item 8.

The Management Board is authorized to determine the further details of the implementation of the conditional capital increase."

10. Resolution on the authorization to acquire and utilize treasury shares, also by using Derivatives, and to exclude tender and/or subscription rights

The authorization approved by the Annual General Meeting on May 12, 2017, to acquire and utilize treasury shares and to use equity derivatives in connection with this acquisition expired on May 11, 2022. To enable the Company to continue to use the acquisition and utilization of treasury shares beyond this date flexibly, a new authorization resolution is to be resolved.

Agenda

The Management Board and Supervisory Board therefore propose that the following resolutions be adopted:

10.1 Authorization to acquire and utilize treasury shares excluding tender and/or subscription rights**a) Authorization for acquisition**

The Management Board is authorized, subject to the consent of the Supervisory Board, to acquire treasury shares up to a total of 10% of the Company's share capital until May 31, 2027. The limit of 10% shall be determined by the share capital at the time this authorization takes effect. If the share capital is lower at the time this authorization is exercised, this lower amount shall be decisive. The shares acquired on the basis of this authorization together with other shares in the Company which the Company has already acquired and still holds may at no time account for more than 10% of the respective existing share capital. The authorization can also be exercised by companies dependent on the Company or companies in which the Company holds a majority interest or by third parties acting on the Company's account or on the account of companies dependent on the Company or companies in which the Company holds a majority interest. The authorization can be exercised in whole or in part and on one or several occasions.

The shares may be acquired on the stock exchange, by means of a public offer to buy or sell directed at all shareholders of the Company, by using Derivatives (as defined below) or from a credit or financial institution.

aa) Acquisition via the stock exchange

If the acquisition of the shares is effected on the stock exchange, the acquisition price (excluding incidental acquisition costs) may not exceed more than 10% or fall below more than 20% of the price fixed on the trading day during the opening auction of the Company's shares on the Frankfurt Stock Exchange in XETRA trading (or any comparable trading system substituting XETRA). If there is no opening auction, the first paid stock exchange price on the Frankfurt am Main Stock Exchange in XETRA trading (or on any comparable trading system substituting XETRA) on the respective trading day shall be decisive.

bb) Acquisition via public offer

If the acquisition of the shares is effected via a public purchase offer, the Company may either publish a formal offer or publicly request shareholders to submit offers to sell. The purchase price paid to the shareholders may not be more than 10% higher or lower than the arithmetic mean value of the closing prices of the Company's shares on the Frankfurt Stock Exchange as determined in XETRA trading (or any comparable trading system substituting XETRA) for the last three trading days preceding the publication of the purchase offer or, in the case of a request to submit offers, prior to the acquisition. In the case of subsequent significant deviations from the relevant price, the offer may be adjusted. In this case, the arithmetic mean value of the closing prices of the Company's shares on the Frankfurt Stock Exchange as determined in XETRA trading (or any comparable trading system substituting XETRA) for the last three trading days preceding the publication of the adjustment shall be decisive.

The repurchase volume may be limited. To the extent the shares offered for purchase by the shareholders exceed the total amount of the Company's purchase offer, acceptance can be in proportion to the number of shares tendered or offered by each shareholder at the purchase price or a price lower than the purchase price, rather than in proportion to the participation quota of the tendering or offering shareholders.

In addition, it may also be provided that preferential acceptance is given for smaller numbers of up to 150 offered shares per shareholder. The purchase offer or request to submit offers may contain further terms and conditions.

cc) Acquisition from a credit or financial institution

Finally, the Company may enter into an agreement with one or more credit institutions or other companies meeting the requirements of Section 186 (5) sentence 1 AktG (financial institution) to deliver to the Company a predetermined number of shares or a predetermined euro equivalent of shares in the Company within a predefined period of time. The price at which the Company acquires treasury shares must be at a discount to the arithmetic mean of the volume-weighted average price of the Company's shares on the Frankfurt Stock Exchange as determined in XETRA trading (or on any comparable trading system substituting XETRA), calculated over a predefined number of trading days. However, the price of the shares may not fall below the aforementioned average by more than 20%. The purchase price may be achieved by means of a cash settlement and/or settlement in shares at the end of or after the end of the actual period of the repurchase. In addition, the credit institutions or other companies fulfilling the requirements of Section 186 (5) sentence 1 AktG must undertake to purchase the shares to be delivered on the stock exchange at prices which are within the range which would apply in the event of a direct purchase on the stock exchange by the Company itself.

The authorization under this subparagraph a) may be exercised for any purpose permitted by law, in particular to pursue one or more of the objectives set out under subparagraph b) and c) below. Acquisition for the purpose of trading in treasury shares is excluded.

b) Cancellation of the shares

The Management Board is authorized, subject to the consent of the Supervisory Board, to cancel the treasury shares purchased on the basis of this authorization pursuant to Section 71 (1) no. 8 AktG without adopting another resolution by the Annual General Meeting. The cancellation may be restricted to a part of the shares purchased. The authorization to effect the cancellation may be exercised more than once. As a general rule, the cancellation shall result in a capital reduction. In derogation from this, the Management Board may stipulate that the share capital remains unchanged and that instead the proportion of the remaining shares in the share capital be increased as a result of the cancellation pursuant to Section 8 (3) AktG. In this case the Management Board is hereby authorized to adjust the corresponding number in the Articles of Association.

c) Use of the shares

The Management Board is authorized to dispose of the treasury shares acquired on the basis of this authorization or previously granted authorizations by way of a sale on the stock exchange or an offer to all shareholders. The Management Board, subject to consent of the Supervisory Board or, to the extent that shares are transferred to members of the Management Board under subsection ee) below, exclusively the Supervisory Board, shall also be authorized to use the treasury shares acquired on the basis of this authorization or previously granted authorizations in another manner, subject to full or partial exclusion of subscription rights of the shareholders, as follows:

Agenda

- aa) for sale against contributions in kind, in particular – but without limitation – for the acquisition of companies, businesses, parts of companies or businesses, equity interests in companies or for the acquisition of other assets or claims regarding the acquisition of assets, including claims against the Company or its group companies;
- bb) for sale against cash payment, provided that this takes place at a price that is not significantly lower than the stock market price of shares in the Company at the time of sale (simplified exclusion of subscription rights pursuant to Section 186 (3) sentence 4, Section 71 (1) no. 8 sentence 5 half sentence 2 AktG);
- cc) to fulfill obligations of the Company arising from conversion and option rights or conversion obligations from warrant-linked bonds or convertible bonds issued by the Company or by companies dependent on the Company or companies in which the Company holds a majority interest and which grant conversion or option rights or establish a conversion obligation (or combinations of all these instruments);
- dd) to grant subscription rights to holders of warrant-linked bonds or convertible bonds issued by the Company or companies dependent on the Company or companies in which the Company holds a majority interest and which grant conversion or option rights or establish a conversion obligation (or combinations of all these instruments). Such subscription rights will be granted in the scope to which said holders would be entitled after exercise of the rights or obligations under these instruments.
- ee) to be granted in connection with participation programs or as part of share-based payment, but only up to an amount of 5% of the share capital at the time this authorization becomes effective or – if the subsequent value is lower – at the time this authorization is exercised. Shares issued or sold to the same group of persons under another authorization excluding shareholders' subscription rights during the term of this authorization shall count towards this limit. The transfer of shares or a corresponding commitment or agreement to transfer may only be made to persons who participate in the relevant participation program as a member of the Management Board of the Company, the management of a company dependent on the Company or as employees of the Company or a company dependent on the Company or who receive share-based payment in this capacity. The transfer of treasury shares may also be made at preferential prices or without special consideration;
- ff) to implement a scrip dividend, whereby shareholders are offered the option of contributing their dividend entitlement (in whole or in part) to the Company in return for shares in the Company.

The authorizations under subsection aa) to ff) above may be exercised once or several times and also by companies dependent on the Company or in which the Company holds a majority interest or by third parties acting on the Company's account or on the account of companies dependent on the Company or in which the Company holds a majority interest. The subscription rights of shareholders are excluded in each case. Under this authorization, treasury shares may only be used with exclusion of subscription rights if the total of these new shares does not account for more than 10% of the share capital at the time the authorization takes effect or – if the subsequent value is lower – at the time this authorization is exercised. If, during the term of this authorization until its exercise, other authorizations to issue or sell shares in the Company or to issue rights that enable or oblige to the subscription of shares in the Company are exercised and subscription rights are excluded in the respective process (including an exclusion of subscription rights pursuant to or

analogously to Section 186 (3) sentence 4 AktG), this shall be counted towards the aforementioned 10% limit; shares used to serve convertible bonds issued on the basis of the authorization of the Annual General Meeting on May 24, 2013, under agenda item 6 shall not be taken into account. Subscription rights may only be excluded in accordance with ee) above up to a maximum of 5% of the share capital at the time the authorization takes effect or – if the subsequent value is lower – at the time it is exercised. Shares issued or sold to the same group of persons under another authorization excluding shareholders' subscription rights during the term of this authorization shall be counted towards this limit. In addition, the nominal amount of any conditional capital of the Company resolved for the purposes of Section 192 (2) no. 3 AktG shall be counted towards this 5% limit.

10.2 Authorization to acquire treasury shares using Derivatives

The acquisition of treasury shares under the authorization pursuant to agenda item 10.1 of the Annual General Meeting on June 1, 2022, may also be effected by means of (i) the acquisition of options which grant the Company the right to acquire shares in the Company (call options), (ii) the sale of options which, if exercised, oblige the Company to acquire shares in the Company (put options), and/or (iii) the conclusion of future purchase contracts for shares in the Company for which there are more than two stock exchange trading days between the conclusion of the respective contract and the stock exchange delivery of the shares in the Company (call options, put options and future purchase contracts, henceforth collectively referred to as "Derivatives"). The acquisition of treasury shares using Derivatives is limited to a maximum of 5% of the share capital. The limit of 5% shall be based on the amount of share capital at the time this authorization becomes effective. If the share capital is lower at the time this authorization is exercised, this lower value shall be decisive. This limit applies cumulatively to the limit of 10% of the share capital contained in the authorization under agenda item 10.1 of the Annual General Meeting on June 1, 2022, and treasury shares acquired on the basis of this authorization are to be counted towards this limit.

The terms and conditions of the Derivatives must ensure that they are only served with shares acquired on the stock exchange in compliance with the general principle of equal treatment under stock corporation law (Section 53a AktG). The restrictions under subsection a) aa) of the authorization under agenda item 10.1 of the Annual General Meeting on June 1, 2022, apply accordingly to the price to be paid (excluding incidental acquisition costs).

The purchase price per share agreed in the respective Derivative (excluding incidental acquisition costs but taking into account any option premium received or paid) shall not be more than 10% higher or lower than the arithmetic mean of the share prices (closing prices of the Company's shares as determined in XETRA trading or any comparable trading system substituting XETRA) on the Frankfurt Stock Exchange for the last three trading days before conclusion of the relevant Derivative transaction. In addition, the purchase price paid by the Company for call options or future purchase contracts or the corresponding option premium shall not be significantly higher, and the sales proceeds received by the Company for the sale of put options or the corresponding option premium shall not be significantly lower than the theoretical market price of the Derivatives calculated using recognized financial calculation methods. The respective exercise price is to be taken into account appropriately in the calculation.

Agenda

The general principle of equal treatment under stock corporation law (Section 53a AktG) must be observed when selling and acquiring Derivatives. The right of shareholders to enter into such Derivative transactions with the Company may be excluded for objective reasons by applying Section 186 (3) sentence 4 AktG accordingly. Shareholders have a right to tender their shares to the Company only insofar as the Company is obliged under the Derivative transactions to purchase the shares. Any further right to tender shares to the Company is excluded.

The provisions of the authorization under agenda item 10.1 of the Annual General Meeting on June 1, 2022, apply mutatis mutandis to the utilization of treasury shares acquired using Derivatives.

II. Supplementary information on agenda item 4

Résumés of the candidates for election to the Supervisory Board

Name **Ute Wolf**
 Residence Düsseldorf
 Year of birth 1968
 Place of birth Friedrichroda
 Nationality German
 Occupation/profession Chief Financial Officer of Evonik Industries AG

Education

Studied mathematics at the University of Jena (Dipl.-Mathematikerin)

Career

1993–1995	Deutsche Bank AG Equity Analyst
1995	Deutsche Bank AG OTC-Derivatives, Key Account Management
1995–2000	Deutsche Telekom AG Teamleader Risk Management and Financial Planning
2000–2005	Metro AG Head of Department Financial Management Metro Finance BV (Netherlands) Member of the Management Board
2006	RAG Aktiengesellschaft Head of Finance
2007–2013	Evonik Industries AG Head of Finance
Since 2013	Evonik Industries AG Chief Financial Officer

Special knowledge and experience for Supervisory Board service

Ute Wolf is Chairwoman of the Company's Audit Committee. As Chief Financial Officer of a large, internationally active, listed chemical group, she has many years of management experience and specific knowledge and experience in terms of auditing and accounting as well as in applying internal control procedures.

Membership in domestic statutory supervisory boards

- Klöckner & Co SE (listed), Chairwoman of the Audit Committee
- DWS Group GmbH & Co. KGaA (listed), Member of the Supervisory Board
- Pensionskasse Degussa VVaG (unlisted), Member of the Supervisory Board

Membership in comparable German or foreign corporate supervisory bodies

Borussia Dortmund Geschäftsführungs-GmbH (unlisted), Member of the Council of economic affairs

Other significant activities

None

III. Remuneration report

The following 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.

Management Board remuneration

Introduction

The following Remuneration Report pursuant to Section 162 of the German Stock Corporation Act (AktG) 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 Report considers the recommendations of the German Corporate Governance Code in the version of December 16, 2019 (published on March 20, 2020 in the Federal Gazette, hereinafter referred to as the "Code"); for further information on the temporary deviation from the Code in this regard, a reference is made to the Declaration of Conformity in the Corporate Governance Statement on page 86 [in the annual report 2021]. In accordance with Section 162 (1) of the German Stock Corporation Act, the Remuneration Report was prepared jointly by the Management Board and Supervisory Board and is audited by the auditor.

For better understanding and transparency, the main features of both remuneration systems applicable in the reporting year are presented in the following.

New remuneration system (2021 Remuneration System)

ANNUAL GENERAL MEETING'S VOTE ON THE 2021 REMUNERATION SYSTEM; APPRAISAL

On May 12, 2021, the Annual General Meeting of the Company approved the new remuneration system submitted by the Supervisory Board with a majority of 71.2% of votes cast. At its meeting following the Annual General Meeting (also on May 12, 2021), the Supervisory Board then adopted that remuneration system (hereinafter also referred to as the "2021 Remuneration System") in the form submitted to and approved by the shareholders. At its meeting in December 2021, the Supervisory Board dealt intensively with the voting results and with the related points of criticism raised with regard to the 2021 Remuneration System (among other things regarding the personal investment in shares as a long-term incentive component (in the sense of an LTI component) and the possibility to provide a discretionary bonus).

In the opinion of the Supervisory Board, the personal investment in shares of the Company provided for in the 2021 Remuneration System meets the requirement for an LTI component. Although the amount to be invested is initially based on the annual bonus, the amount actually accruing to a Management Board member after expiration of the lock-up period is determined by the four-year performance of the Company's share price and is thus to be considered a long-term component. It should therefore make no difference whether the LTI component is transparently based on the performance of shares actually held or if the same result is achieved, for example, with a complicated virtual LTI program. With the selected LTI component, the Supervisory Board has also complied with Recommendation G.10 of the Code, under which the granted variable remuneration, taking the respective tax burden into consideration, shall be predominantly invested in shares and the long-term variable component only be paid out after a period of four years. This ensures alignment with shareholders' interests in positive share price performance. 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 annual bonus. For the same reason, this form of long-term incentive is practically cost-neutral for the Company. It also avoids any dilutive effect on shareholders.

The discretionary bonus, on the other hand, merely comprises an option for recognizing extraordinary positive developments. Such a remuneration component is demanded in Recommendation G.11 of the Code. In this connection, the Supervisory Board emphasizes that the discretionary bonus has only actually been awarded on one occasion (in 2010) and this remuneration component continues to be reserved for truly exceptional circumstances. Taking these points into account, the Supervisory Board currently sees no need to adjust the 2021 Remuneration System.

BRIEF DESCRIPTION OF THE 2021 REMUNERATION SYSTEM

The 2021 Remuneration System considers all requirements under the Act Implementing the Second Shareholder Rights Directive (ARUG II) and under the Code. It is outlined in brief below (a more detailed description of the 2021 Remuneration System is available on the Company's website at <https://www.kloeckner.com/en/group/management-board/management-board-remuneration.html>).

Under the 2021 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 a fixed salary, retirement provisions and 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 during a fiscal year, the fixed salary is granted 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 in twelve equal monthly installments at the end of each month in compliance with tax and social insurance provisions (effectively as cash compensation for retirement provision). Should a member of the Management Board wish instead to receive retirement provision in the same amount in the form of payments by the Company into a reinsured pension/provident fund, the Company may accommodate this by making such a payment; if desired, also in advance at the beginning of the year.
- **Ancillary benefits:** The contractual ancillary benefits primarily include customary additional benefits such as insurance premiums (such as occupational and non-occupational accident insurance, liability insurance, industrial criminal law insurance and general legal expenses insurance) as well as the provision of communication devices and a company car for business and private use (in the case of the CEO potentially including driver). Ancillary benefits can vary in value from year to year due to person and occasion related issues but are limited to a maximum of 10% of the fixed salary. The ancillary benefits and hence the 10% limit do not apply to the reimbursement of expenses to which Management Board members are entitled by law, or to 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.

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 annual bonus to which a member of the Management Board is entitled under the respective service contract at 100% achievement of the specified annual 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 annual bonus may therefore exceed the target bonus. It is capped, however, at 200% of the target bonus (cap). There is no guaranteed minimum target achievement; in the worst case scenario, therefore, there may be no payout at all. If a member of the Management Board is appointed or leaves during a fiscal year, the bonus is paid pro rata temporis.
- **Personal investment component:** Beyond the annual target achievement, the annual bonus shall also provide incentives for long-term and sustainable growth in the value of the Company. By including long-term target factors, the targets to be set annually are intended to promote the strategic and sustainable development of Klöckner & Co (see below under "Targets and target 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.
- **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). The total annual bonus granted, including any extraordinary 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.

Clawback: The Company may claw back performance-related remuneration (bonuses) 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.

Targets and target remuneration (target amount for direct remuneration; target total remuneration):

The annual 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.

In order to specify the financial targets, the Supervisory Board annually sets targets for financial key performance indicators and their respective weighting in calculation of the bonus amount. They are weighted relative to the non-financial targets in such a way that the financial targets account for 60% to 80% of the target bonus at 100% achievement of all financial and non-financial targets.

As 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 and impairments (EBITDA), adjusted for any material special effects, as the case maybe.
- Operating Cash flow (OCF; cash flow from operating activities).

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 (cash flow from operating activities 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 gives due regard to ensuring 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).

- Strategy: (1) Business development, (2) Market access and exploitation, (3) Transformation and digitization targets, (4) Optimization/efficiency improvement, (5) Leadership capabilities 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) Innovation, (6) Succession planning, (7) Reporting and communication, (8) Limitation of CO₂ emissions and sustainable use of resources

As with the financial targets, the Supervisory Board also lodges 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. They are weighted relative to the financial targets in such a way that the non-financial targets account for between 20% and 40% of the target bonus at 100% achievement of all financial and non-financial targets.

Remuneration report

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

Under the 2021 Remuneration System^{2021 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 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 and the likewise capped retirement provision and ancillary benefits. In addition, in accordance with Section 87a (1) sentence 2 no. 1 of the German Stock Corporation Act, the 2021 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 is set for the Chairman of the Management Board at €6.4 million per year, for the Deputy Chairman of the Management Board at €4.0 million per year and for the remaining members of the Management Board at €2.2 million per year. This is not the level of remuneration targeted by the Supervisory Board, however, 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. The Supervisory Board reserves the right to set individual targets for specific Management Board members if it deems it necessary to provide a differential incentive structure among the members of the Management Board. 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 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 2021 Remuneration System, including inter alia the possibility for deviations from its stipulations and for termination related benefits, is available on the Company's website at <https://www.kloeckner.com/en/group/management-board/management-board-remuneration.html>.

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

As the Annual General Meeting will adopt a resolution on the Remuneration Report pursuant to Section 120a of the German Stock Corporation Act for the first time in fiscal year 2022, no information on consideration of such a resolution is included in this report. This will be addressed for the first time in the Remuneration Report for 2022. The Supervisory Board has nevertheless addressed the points of criticism raised with regard to the 2021 Remuneration System (see above in the introduction under the heading "Annual General Meeting vote on the 2021 Remuneration System; Appraisal").

Scope of the new 2021 Remuneration System (grandfathering for existing service contracts) and description of the previous remuneration system**Grandfathering for existing service contracts (Gisbert Rühl, Guido Kerkhoff, John Ganem and Dr. Oliver Falk)**

In accordance with the transitional provisions under ARUG II and the Code, the scope of the new 2021 Remuneration System is limited to service contracts entered into subsequent to its adoption (see Section 26j (1) of the Introductory Act to the Stock Corporation Act (EAGtG) in conjunction with Section 87a (2) of the German Stock Corporation Act; rationale with regard to Section G of the Code). The previous remuneration system for members of the Management Board of Klöckner & Co SE therefore applies to the service contracts that were already in place on May 12, 2021 with Guido Kerkhoff, Dr. Oliver Falk, John Ganem and Gisbert Rühl.

The service contract entered into with Guido Kerkhoff in fiscal year 2020 and amended at the beginning of 2021 takes into account and complies with the revised version of the Code as of 2022; it also already takes into account and complies with the requirements of the new 2021 Remuneration System, even though these did not apply at the time of the conclusion of the service contract. The service contracts with Management Board members Dr. Oliver Falk and John Ganem being in place since 2019 are therefore exclusively governed by the Code as of February 7, 2017. These two service contracts have been amended in line with the new 2021 Remuneration System in connection with the planned renewals effective from August 1, 2022. The service contract newly entered into with Bernhard Weiß in the reporting year is already subject to the new 2021 Remuneration System. It complies with all requirements of the remuneration system and hence also with those of the Code.

Previous remuneration system (2016 Remuneration System)

The previous remuneration system (hereinafter also the "2016 Remuneration System") was approved at the Annual General Meeting on May 13, 2016 with a majority of 87.03% of votes cast and complies with all recommendations of the German Corporate Governance Code as of February 7, 2017.

The 2021 Remuneration System described above is ultimately developed on the basis on the 2016 Remuneration System. The Supervisory Board comprehensively reviewed the 2016 Remuneration System, in particular with respect to the requirements under the new provisions of the German Stock Corporation Act and of the Code, and modified it where necessary. A more detailed description of the 2016 Remuneration System is contained in the Company's annual reports, most recently in the Annual Report 2020 from page 106 onwards, available on the Company's homepage at <https://www.kloeckner.com/en/investors/publications.html>.

The 2016 Remuneration System likewise consists of non-performance-related and performance-related remuneration. The non-performance-related remuneration comprises the fixed salary, retirement provisions and ancillary benefits. The retirement provision consists in part of defined-benefit and in part of defined-contribution components; like the ancillary benefits, it is uncapped.

Remuneration report

The performance-related variable remuneration likewise includes a bonus, the amount of which initially depends on the degree to which certain targets are achieved in a fiscal year. The target annual bonus is subject to the same system as in the 2021 Remuneration System; the Supervisory Board set the targets for target achievement at its discretion, basing them in the past, as in the new system, on financial targets such as EBITDA and operating cash flow as well as on other non-financial targets.

The personal investment component likewise follows the same system as in the 2021 Remuneration System, with the target bonus – to be invested in shares in the Company – most recently in the amount of 51% of the annual bonus (for administrative purposes in the amount of 25.5% of the bonus before deductions). The lock-up period under the 2016 Remuneration System was three years instead of four.

While the 2016 Remuneration System included a similar provision for a discretionary bonus, it did not feature a clawback arrangement.

Remuneration in fiscal year 2021

CURRENT MEMBERS/MEMBERS IN OFFICE IN FISCAL YEAR 2021

a) Description of the remuneration structure

The remuneration structure for members of the Management Board in office in the reporting year is outlined in the following. It should be noted that the new 2021 Remuneration System currently only applies to Bernhard Weiß. As the service contracts with the other Management Board members were entered into prior to the adoption of the aforementioned remuneration system, these service contracts are “grandfathered” and the 2016 Remuneration System continues to apply (see above). The new service contract entered into with Guido Kerkhoff in fiscal year 2020 and amended at the beginning of 2021 already takes into account and complies with the requirements of the new 2021 Remuneration System, even though this did not yet apply at the time of the conclusion of the service contract. 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 since May 13, 2021): €864,194 (2020: €750,000)
- Gisbert Rühl (left on May 12, 2021): €1,134,000 (2020: €1,090,000)
- Dr. Oliver Falk: €420,000 (2020: €420,000)
- John Ganem: €420,000 (2020: €420,000)
- Bernhard Weiß (member of the Management Board since June 1, 2021): €336,000

Target bonus: The variable annual bonus as target bonus at 100% target achievement (maximum possible target achievement 200%) for the full reporting year was as follows:

- Guido Kerkhoff (CEO since May 13, 2021): €1,278,740 (2020: €1,100,000)
- Gisbert Rühl (left on May 12, 2021): €1,780,000 (2020: €1,620,000)
- Dr. Oliver Falk: €600,000 (2020: €600,000)
- John Ganem: €600,000 (2020: €600,000)
- Bernhard Weiß (member of the Management Board since June 1, 2021): €480,000

The above fixed salary and target bonus figures for Guido Kerkhoff for the reporting year take into account the salary adjustment partway through the year, effective May 13, 2021, upon his appointment as CEO (fixed salary increased from €750,000 to €930,000 per year and target bonus from €1,100,000 to €1,380,000 per year).

John Ganem's service contract includes an indexation clause for his annual bonus to limit effects of potential changes in the US dollar exchange rate. Changes in the exchange rate could thus result in payment of a higher euro amount.

Target amount for direct remuneration: The annual target amount for direct remuneration (fixed salary plus bonus at 100% target achievement) for the full reporting year was as follows:

- Guido Kerkhoff (CEO since May 13, 2021): €2,142,934
- Gisbert Rühl (left on May 12, 2021): €2,914,000 (2020: €2,710,000).
- Dr. Oliver Falk: €1,020,000 (2020: €1,020,000)
- John Ganem: €1,020,000 (2020: €1,020,000)
- Bernhard Weiß (member of the Management Board since June 1, 2021): €816,000

Personal investment component: Members of the Management Board are required to invest the majority of the annual bonus in shares in the Company, which is subject to a lock-up period. The remuneration system that applies to the Management Board members determines the percentage and the length of the lock-up period. The figures are calculated for administrative purposes assuming 50% tax on the gross annual bonus amount.

- Guido Kerkhoff (CEO since May 13, 2021): 60% of the annual bonus (30% of the gross annual bonus), four-year lock-up period
- Dr. Oliver Falk: 51% of the annual bonus (25.5% of the gross annual bonus), three-year lock-up period
- John Ganem: 51% of the annual bonus (25.5% of the gross annual bonus), three-year lock-up period
- Bernhard Weiß (member of the Management Board since June 1, 2021): 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 can be found on the Company's website (<https://www.kloeckner.com/en/investors/legal-announcements/managers-transactions.html>).

Under the termination agreement entered into between Gisbert Rühl and the Company, the obligation to make a personal investment in shares in the Company was waived for Gisbert Rühl in the reporting year (see below under "Benefits and payments related to the termination of Management Board service").

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 above-mentioned maximum amount for the annual 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, copayments 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 copayments for John Ganem in the USA are accounted for as 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, in the case of Gisbert Rühl with a driver (accounted for as remuneration at the taxable benefit-in-kind rate); Management Board member John Ganem receives a cash car allowance in place of a company car. Telecommunication 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 maintains directors and officers (D&O) insurance, including insurance for members of the Management Board. This is not considered as ancillary benefit for the purposes of the 2021 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 provision: In terms of retirement provision, Gisbert Rühl was provided up to his departure with a defined benefit pension plan in accordance with the rules of Essener Verband, which in his instance provides for a life-long pension with benefits for surviving dependents.

Management Board member John Ganem has 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 includes a life-long pension. These local arrangements additionally include supplementary defined-contribution components that are likewise included as retirement provision.

Management Board member Dr. Oliver Falk has a defined benefit pension plan in accordance with the rules of Essener Verband (continuation of his pension plan as an employee of Klöckner & Co Deutschland GmbH before his appointment as member of the Management Board), and receives a fixed annual amount of €50,000 as cash compensation for company retirement provision that he must use to provide for his own retirement income (defined-contribution pension plan).

Guido Kerkhoff and Bernhard Weiß receive a fixed annual amount, as cash compensation for company retirement provision, of €350,000 (Guido Kerkhoff; pro rata temporis from May 13, 2021 onwards; prior to that €250,000) and €80,000 (Bernhard Weiß; pro rata temporis from June 1, 2021 onwards) that they must use to provide for their own retirement income (defined-contribution pension plan).

Retirement provision for Management Board members Dr. Oliver Falk and John Ganem will likewise switch to cash compensation for company retirement provision (defined-contribution pension plan) in accordance with the 2021 Remuneration System upon the renewal of their service contracts effective August 1, 2022. Irrespective of this, any obligations in connection with pension benefits granted and earned in the past generally continue to exist.

b) 2021 targets and target achievement

The targets determined for variable remuneration in the reporting year, and the amounts earned in the reporting year (2021 annual bonus) applying the performance criteria previously specified by the Supervisory Board to the figures in the 2021 annual financial statements, are set out in the following description and tables. This solely relates to the variable remuneration for the reporting year of members of the Management Board in office in the reporting year.

As in past years, the Supervisory Board set targets for variable remuneration in fiscal year 2021 on the basis of Group budget figures consisting of EBITDA before material special effects and operating cash flow, placing a special focus for fiscal year 2021 on EBITDA as the key performance indicator for corporate performance. The Supervisory Board supplemented those targets with strategic goals comprising a further increase in digital sales as a percentage of total sales, total sales generated through the Kloeckner Assistant, the earnings impact from digitalization and, as sustainability related target, further reduction in the lost time injury frequency (LTIF) across the Company. Further details are provided in the table below. Target achievement is calculated in each case on a linear basis.

The table below shows the targets for fiscal year 2021:

Target indicator	Target	Notional proportion
EBITDA before special effects	€208 million	50%
Operating cash flow	€93 million	30%
Increase in digital sales as share of total sales (based on Q4 2021)	55%	5%
Sales through Kloeckner Assistant	€1,000 million	5%
Earnings impact from digitalization	€40 million	5%
Reduction in lost-time accidents (LTIF rate group)	9.0	5%

The resulting target achievement was as follows for the targets in fiscal year 2021:

Criterion and target (€ thousand)	Proportional target achievement				
	Target	Relative Proportion	Actual figure	Target achievement	Notional proportion
EBITDA before special effects	208,418	50%	848,493	407%	204%
Operating cash flow	93,404	30%	- 62,993	- 67%	- 20%
Increase in digital sales as share of total sales (based on Q4 2021)	55%	5%	45.6%	83%	4%
Sales through Kloeckner Assistant	1,000,000	5%	1,050,149	105%	5%
Earnings impact from digitalization	40,000	5%	20,745	52%	3%
Reduction in lost-time accidents (LTIF rate group)	9.0	5%	6.9%	130%	7%
Total					202%
Cap					200%

Remuneration report

<i>(€ thousand)</i>	Target bonus	Earned bonus
Guido Kerkhoff, CEO	1,278	2,556
Dr. Oliver Falk, CFO	600	1,200
John Ganem, CEO Americas ¹⁾	600	1,200
Bernhard Weiß, CEO Europe since June 1, 2021	280	560
Gisbert Rühl, CEO (unit May 12, 2021) ²⁾	651	651

1) The actual amount of variable remuneration for John Ganem may increase due to the contractually agreed indexation clause to compensate for exchange rate changes.

2) 100% target achievement assumed pursuant to termination agreement.

As a result of the record EBITDA (since the IPO), total target achievement for the reporting year exceeds 200%, hence the cap applies and variable remuneration for the reporting year is 200% of the target bonus. With regard to the operating cash flow financial target the following should be noted: The cash outflow of 305,766,998.45 shown in the Annual Report 2021 and in the 2021 annual financial statements includes effects of €242,773,502.43 from the funding of pension obligations. Operating cash flow was adjusted by this amount when determining target achievement for variable remuneration in 2021, resulting in the figure shown in the above table. That adjustment was made because the funding of pension obligations was not provided for in the budget for the reporting year and was not foreseeable, whereas the target for variable remuneration in 2021 was expressly set on the basis of the budget as it stood at the time. Failing to eliminate the one-off effect from funding pension obligations would result in a large and improper distortion of the variable remuneration figures for 2021. Operating cash flow was therefore adjusted by this one-off effect when determining target achievement. This does not constitute a subsequent adjustment of the target as the target itself is unchanged. The following should be noted regarding target achievement in relation to the earnings impact from digitalization target: The impact of digitalization encompasses all tools in deployment. These include external-facing solutions such as the online shop, EDI and Kloeckner Assistant as well as internal-facing solutions such as the ERP system and accounting, procurement and logistics solutions. The main drivers for the improvement of business process digitalization are concentrated in the sales, procurement and administration functions. As benchmarking for calculation purposes, the average number of full-time equivalents in the three functional areas in 2019 was compared with the average number of full-time equivalents per operating unit in 2021 less savings achieved in 2020 and multiplied by the average normalized personnel expense (excluding virtual stock options and special effects).

c) Remuneration granted and due in 2021 according to Section 162 of the Stock Corporation Act (including relative proportions)

The table below shows the remuneration granted and due – within the meaning of Section 162 of the German Stock Corporation Act – to each of the Management Board members in office in the reporting year, 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) 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 2022 now in progress (earned remuneration-based interpretation).

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-contribution plans (we nevertheless additionally include such amounts at the bottom of the table for comparability).

Bernhard Weiß received remuneration from the French country organization in the reporting year until the time of his appointment as member of the Management Board (gross amount approximately €196 thousand). That remuneration does not constitute Management Board remuneration within the meaning of Section 162 of the German Stock Corporation Act and is not included in the maximum remuneration figures as it was not paid for service on the Management Board. It is disclosed solely for the purposes of completeness and transparency.

MANAGEMENT BOARD REMUNERATION GRANTED AND DUE IN 2021 UNDER SECTION 162 OF THE STOCK CORPORATION ACT ¹⁾

(€ thousand)	Gisbert Rühl, CEO (until May 12, 2021)				Guido Kerkhoff, CEO since May 13, 2021, Board member since September 1, 2020			
	2020		2021		2020		2021	
	Amount	Relative Proportion	Amount	Relative Proportion	Amount	Relative Proportion	Amount	Relative Proportion
Non-performance-related remuneration components								
Fixed salary	1,090	36%	415	38%	250	32%	864	23%
Retirement contributions/ payments; cash compensation for retirement provision					83	11%	314	8%
Ancillary benefits	40	1%	15	1%	6	1%	13	0%
Performance-related remuneration components								
One-year variable remuneration (annual bonus) ^{2) 3) 4)}	1,904	63%	651	60%	431	56%	2,556	68%
Total remuneration within the meaning of Section 162 of the German Stock Corporation Act	3,034	100%	1,081	100%	770	100%	3,747	100%
Expense for defined-benefit pension plans in accordance with IFRS	1,029		1,139		-		-	

Remuneration report

(€ thousand)	Dr. Oliver Falk, CFO				John Ganem, CEO Americas ⁵⁾			
	2020		2021		2020		2021	
	Amount	Relative Proportion	Amount	Relative Proportion	Amount	Relative Proportion	Amount	Relative Proportion
Non-performance-related remuneration components								
Fixed salary	420	35%	420	25%	420	36%	420	25%
Retirement contributions/ payments; cash compensation for retirement provision	50	4%	50	3%	12	1%	12	1%
Ancillary benefits	16	1%	17	1%	43	4%	40	2%
Performance-related remuneration components								
One-year variable remuneration (annual bonus) ^{2) 3) 4)}	705	59%	1,200	71%	705	60%	1,200	72%
Total remuneration within the meaning of Section 162 of the German Stock Corporation Act	1,191	100%	1,687	100%	1,180	100%	1,672	100%
Expense for defined-benefit pension plans in accordance with IFRS	109		116		158		204	
Bernhard Weiß, CEO Europe⁶⁾ (since June 1, 2021)								
(€ thousand)	2020		2021					
	Amount	Relative Proportion	Amount	Relative Proportion				
Non-performance-related remuneration components								
Fixed salary	-	-	196	24%				
Retirement contributions/payments; cash compensation for retirement provision	-	-	47	6%				
Ancillary benefits	-	-	7	1%				
Total remuneration within the meaning of Section 162 of the German Stock Corporation Act								
One-year variable remuneration (annual bonus) ^{2) 3)}	-	-	560	69%				
Total remuneration within the meaning of Section 162 of the German Stock Corporation Act	-	-	810	100%				
Expense for defined-benefit pension plans in accordance with IFRS	-	-	-					

1) Remuneration earned for Management Board service in the reporting year excluding variable remuneration paid in the reporting year but earned in fiscal year 2020 for fiscal year 2020; 2020 figures pro forma.

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

3) In the case of John Ganem, the calculation is subject to an indexation clause to limit the effects of potential changes in the US dollar exchange rate.

4) Bernhard Weiß was CEO of French Group company Kloeckner Metals France S.A.S. until his appointment to the Management Board of Klöckner & Co SE as of June 1, 2021; his total gross salary earned for that period, including company car and ancillary benefits, amounts to €196 thousand.

5) 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.

6) Bernhard Weiß was not a member of the Management Board of Klöckner & Co SE in fiscal year 2020.

This document is a convenience translation of the German original.

In case of discrepancy between the English and German versions, the German version shall prevail.

d) Remuneration in 2021 on the basis of prior Code tables (benefits granted and benefits received)

In light of the fact that reporting pursuant to Section 162 of the German Stock Corporation Act is provided here for the first time, 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 German Corporate Governance Code as of February 7, 2017.

Granted compensation (€ thousand)	Gisbert Rühl, CEO (until May 12, 2021)				Guido Kerkhoff, CEO since May 13, 2021; Board member since September 1, 2020			
	2020	2021	2021 (Min.)	2021 (Max.)	2020	2021	2021 (Min.)	2021 (Max.)
Fixed compensation	1,090	415	415	415	250	864	864	864
Ancillary benefits ¹⁾	41	15	15	15	89	327	327	327
Total	1,131	430	430	430	339	1,191	1,191	1,191
One year's variable compensation	1,620	651	651	651	367	1,278	-	2,556
Multi-year variable compensation ²⁾								
- Virtual stock option plan	-	-	-	-	-	-	-	-
Total	2,751	1,081	1,081	1,081	706	2,469	1,191	3,747
Postemployment benefits	1,029	1,139	1,139	1,139	-	-	-	-
Total compensation	3,780	2,220	2,220	2,220	706	2,469	1,191	3,747

Granted compensation (€ thousand)	Dr. Oliver Falk, CFO				John Ganem, CEO Americas			
	2020	2021	2021 (Min.)	2021 (Max.)	2020	2021	2021 (Min.)	2021 (Max.)
Fixed compensation	420	420	420	420	420	420	420	420
Ancillary benefits ¹⁾	67	67	67	67	55	53	53	53
Total	487	487	487	487	475	473	473	473
One year's variable compensation ³⁾	600	600	-	1,200	600	600	-	1,200
Multi-year variable compensation ²⁾								
- Virtual stock option plan	-	-	-	-	-	-	-	-
Total	1,087	1,087	487	1,687	1,075	1,073	473	1,673
Postemployment benefits	109	116	116	116	158	204	204	204
Total compensation	1,196	1,203	603	1,803	1,233	1,277	677	1,877

Remuneration report

Granted Compensation (€ thousand)	Bernhard Weiß, CEO Europe (since June 1, 2021)			
	2020	2021	2021 (Min.)	2021 (Max.)
Fixed compensation	-	196	196	196
Ancillary benefits ¹⁾	-	54	54	54
Total	-	250	250	250
One year's variable compensation	-	280	-	560
Multi-year variable compensation ²⁾	-	-	-	-
- Virtual stock option plan	-	-	-	-
Total	-	530	250	810
Postemployment benefits	-	-	-	-
Total compensation	-	530	250	810

1) Includes €314k (2020: €84k) for Guido Kerkhoff, €50k (2020: €50k) for Dr. Oliver Falk and €47k (2020: €0k) for Bernhard Weiß paid in lieu of corporate pension benefits and required to be invested in a private post-retirement scheme.

2) The virtual stock option program was discontinued at the end of 2015; any payouts are based on the exercise of virtual stock options granted until that time. Dr. Oliver Falk and Bernhard Weiß still hold virtual stock options from their service as CEOs of country organizations within the Klöckner Group; benefits received in this regard do not constitute Management Board remuneration and are not included in the table.

3) In the case of John Ganem, the calculation is subject to an indexation clause to limit the effects of potential changes in the US dollar exchange rate.

Proceeds (€ thousand)	Gisbert Rühl, CEO (until May 12, 2021)		Guido Kerkhoff, CEO (since May 13, 2021)	
	2020	2021	2020	2021
Fixed compensation	1,090	415	250	864
Ancillary benefits ¹⁾	41	15	89	327
Total	1,131	430	339	1,191
One year's variable compensation	1,904	651	431	2,556
Multi-year variable compensation ²⁾	-	-	-	-
- Virtual stock option plan	-	702	-	-
Total	3,035	1,783	770	3,747
Postemployment benefit	1,029	1,139	-	-
Total compensation	4,064	2,922	770	3,747

Proceeds (€ thousand)	Dr. Oliver Falk, CFO		John Ganem, CEO Americas	
	2020	2021	2020	2021
Fixed compensation	420	420	420	420
Ancillary benefits ¹⁾	67	67	55	53
Total	487	487	479	472
One year's variable compensation ³⁾	705	1,200	705	1,200
Multi-year variable compensation ²⁾				
- Virtual stock option plan	-	-	-	-
Total	1,192	1,687	1,184	1,672
Postemployment benefit	109	116	158	204
Total compensation	1,301	1,803	1,342	1,876

Proceeds (€ thousand)	Bernhard Weiß, CEO Europe (since June 1, 2021)	
	2020	2021
Fixed compensation	-	196
Ancillary benefits ¹⁾	-	54
Total	-	250
One year's variable compensation	-	560
Multi-year variable compensation ²⁾		
- Virtual stock option plan	-	-
Total	-	810
Postemployment benefit	-	-
Total compensation	-	810

1) Includes €314k (2020: €84k) for Guido Kerkhoff, €50k (2020: €50k) for Dr. Oliver Falk and €47k (2020: €0k) for Bernhard Weiß paid in lieu of corporate pension benefits and required to be invested in a private post-retirement scheme.

2) The virtual stock option program was discontinued at the end of 2015; the payouts are based on the exercise of virtual stock options granted until that time. Dr. Oliver Falk and Bernhard Weiß still hold virtual stock options from their service as CEOs of country organizations within the Klöckner Group; benefits received in this regard do not constitute Management Board remuneration and are not included in the table.

3) In the case of John Ganem, the calculation is subject to an indexation clause to limit the effects of potential changes in the US dollar exchange rate.

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, although it should be noted that Guido Kerkhoff, Dr. Oliver Falk and John Ganem continue to be subject to the prior 2016 Remuneration System under the grandfathering arrangement for those members. The 2016 Remuneration System did not provide for fixed ratios between or any caps for individual remuneration components as the cap was based on the maximum 200% target achievement. The service contract entered into with Guido Kerkhoff

Remuneration report

in fiscal year 2020 and amended at the beginning of 2021 already takes into account and complies with the requirements of the new 2021 Remuneration System, even though this did not yet apply at the time of the conclusion of the service contract and therefore also does not apply to date.

In particular, where applicable, the requirements of the 2021 Remuneration System are 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%–40%; ancillary benefits: 10% maximum); no remuneration has been granted that is not covered by the applicable remuneration system.

To the extent that Management Board members Dr. Oliver Falk and John Ganem and former CEO Gisbert Rühl continued to be granted defined-benefit pension benefits in the reporting year, those benefits were based (in line with the remuneration system applicable at the time) on contractual arrangements made prior to the adoption of and are not subject to the new 2021 Remuneration System. The requirements on the maximum pension benefit and ancillary benefit amounts relative to the fixed salary do not apply in this connection for the same reason. Similarly, the termination benefits granted to Gisbert Rühl, part of which were paid out subsequent to May 12, 2021, were provided in fulfillment of the termination agreement entered into prior to May 12, 2021; these too are subject to the prior remuneration system and do not constitute a deviation from the new 2021 Remuneration System.

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

In the sense of an LTI component, the requirement for a majority of variable remuneration 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 even 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 2021¹⁾

(€ thousand)	Gisbert Rühl, CEO (until May 12, 2021) ³⁾	Guido Kerkhoff, CEO since May 13, 2021, Board member since September 1, 2020	Dr. Oliver Falk, CFO	John Ganem, CEO Americas	Bernhard Weiß, CEO Europe (since June 1, 2021)
Performance-related remuneration, gross	651	2,556	1,200	1,200	560
Personal investment amount	-	767	306	306	168
Personal investment amount, gross ²⁾	-	1,534	612	612	336
Personal investment percentage, gross ²⁾	-	60%	51%	51%	60%

1) On the basis of remuneration granted and due in 2021 under Section 162 of the Stock Corporation Act.

2) Gross amount of personal investment calculated assuming a 50% tax and social insurance burden.

3) The termination agreement entered into with Gisbert Rühl exempted him from the personal investment obligation for fiscal year 2021.

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). 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 to 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) EBITDA before material special effects and (iii) operating cash flow. 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.

Management Board Compensation ¹⁾	2016–2017	2017–2018	2018–2019	2019–2020	2020–2021
Current members of the Management Board					
Gisbert Rühl ²⁾	2%	– 6%	26%	8%	– 41%
Guido Kerkhoff ³⁾	-	-	-	-	387%
Dr. Oliver Falk	-	-	-	143%	41%
John Ganem	-	-	-	147%	40%
Bernhard Weiß ⁴⁾	-	-	-	-	-
Former members of the Management Board					
Gisbert Rühl ²⁾					
Bill Partalis	– 1%	– 93%	5%	– 2%	– 3%
Financial performance in € million					
Net income Klöckner & Co SE	171%	– 107%	– 613%	94%	3233%
EBITDA before material special effects	12%	4%	– 46%	– 10%	664%
Cash flow from operating activities	8%	– 24%	240%	– 21%	– 290%
Average employee remuneration on full-time equivalent basis					
Senior management worldwide (Level 1) ⁵⁾	2%	– 1%	– 19%	4%	9%
Total workforce worldwide	2%	– 2%	7%	3%	8%

1) Total remuneration within the meaning of Section 162 (1) sentence 1 of the German Stock Corporation Act (fiscal years 2016 to 2020 pro forma).

2) Gisbert Rühl left the Management Board as of May 12, 2021; the total remuneration for 2021 relates to the period up to that date.

3) 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.

4) Bernhard Weiß was appointed to the Management Board as of June 1, 2021; no Management Board remuneration is therefore shown for 2020 and the total remuneration for 2021 relates to the period subsequent to his appointment.

5) The comparison group comprises CEOs and CFOs of country organizations and heads of corporate departments at Klöckner & Co SE. The calculation is based in each case on earned remuneration, including variable remuneration for the year concerned even if paid out in the subsequent year (in line with the figures for Management Board remuneration).

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 sense 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).

In addition, former Management Board members Bill Partalis, Karsten Lork, Marcus A. Ketter and Gisbert Rühl received payments in the reporting year in connection with virtual stock options (VSOs) granted in the past. However, those VSOs are not stock options within the meaning of Section 162 (1) sentence 2 No. 3 of the German Stock Corporation Act and are not to be separately disclosed in the Remuneration Report. As the VSOs were earned in past fiscal years, the payments in the reporting year are also not to be considered “remuneration granted and due” within the meaning of Section 162 of the German Stock Corporation Act and are not included in the tables pursuant to Section 162 of the German Stock Corporation Act under heading c), heading g) and “Former members of the Management Board.” However, payments to Gisbert Rühl up to and including May 2021 are shown under heading d) above in the table of remuneration on the basis of prior Code table.

The VSO program was discontinued at the end of 2015. No VSOs exist beyond those paid out in the reporting year. For further details on the VSO program, please see the relevant information in the Notes and the Annual Report of the Company for fiscal year 2015.

i) Clawback of variable remuneration components

No clawback of variable remuneration components took place in the reporting year.

j) Maximum remuneration

The maximum remuneration specified in the 2021 Remuneration System, defined in the 2021 Remuneration System as an absolute euro figure for the maximum amount of remuneration granted to a Management Board member in a given fiscal year, applied solely to Bernhard Weiß in the reporting year and was complied with (for Bernhard Weiß as an ordinary member of the Management Board, the maximum remuneration was €2.2 million, or pro rata temporis €1.28 million). Reference is made in this regard to the table under heading k). This shows also the ratios of retirement and ancillary benefits to the fixed salary, as described under heading e).

The 2021 Remuneration System and the maximum remuneration specified in it do not apply to the remaining members of the Management Board (see above, under “Grandfathering arrangement for existing service contracts (Gisbert Rühl, Guido Kerkhoff, John Ganem and Dr. Oliver Falk)”). The 2016 Remuneration System instead provides for variable remuneration to be capped at 200% of the target bonus; this requirement was met for all remaining members of the Management Board.

k) Deviations from the 2021 Remuneration System

To the extent that the 2021 Remuneration System applied, no departures from it arose in the reporting year subsequent to the adoption of the new remuneration system on the day of the Annual General Meeting resolution. 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 2021 REMUNERATION SYSTEM¹⁾

<i>(€ thousand)</i>	Gisbert Rühl, CEO (until May 12, 2021)	Guido Kerkhoff, CEO (since May 13, 2021)	Dr. Oliver Falk, CFO	John Ganem, CEO Americas	Bernhard Weiß, CEO Europe ²⁾³⁾
Maximum remuneration					
Maximum remuneration under the remuneration system					1,283
Total remuneration 2021					810
Ratio of non-performance-related remuneration components of target amount for direct remuneration in 2021⁵⁾					
Ratio of ancillary benefits to fixed salary (%) (stipulated: 10%)	-	-	-	-	4%
Ratio of retirement benefits to fixed salary (%) (stipulated: 20-40%) ⁴⁾	-	-	-	-	24%

1) The requirements under the 2021 Remuneration System applied only to Bernhard Weiß in the reporting year.

2) Maximum remuneration for Bernhard Weiß calculated pro rata temporis (full-year maximum remuneration for an ordinary member of the Management Board: €2,200,000).

3) Total remuneration for Bernhard Weiß excluding remuneration from French country organization prior to appointment as member of the Management Board.

4) Under the requirements of the remuneration system, retirement provision for Bernhard Weiß consists exclusively of cash compensation tied to the purpose of servicing retirement provision.

5) The underlying figures are to be found in the table "Remuneration granted and due according to Section 162 of the Stock Corporation Act".

No use was made in the reporting year of the authorization for temporary deviations provided in the 2021 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 Group (see under heading c) above).

Remuneration report

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

Management Board service contracts provide for compensation in the event of early termination other than for cause. This compensation depends on the remaining term of the service contract, but is capped at two years' annual remuneration (severance payment cap). The existing service contracts do not provide for a special right of termination in the event that control of 30% of voting rights in the Company is exceeded (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 bonus at 100% target achievement) 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. With regard to the agreement entered into with Gisbert Rühl on the termination of his service contract before the end of his term, please see the information in the section headed "Benefits and payments related to the termination of Management Board service".

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

To the extent that retirement provisions for individual members of the Management Board in office in the reporting year comprise 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.

PENSION COMMITMENTS FOR MANAGEMENT BOARD MEMBERS IN OFFICE IN THE REPORTING YEAR – PRESENT VALUES AND EXPENSE AMOUNTS¹⁾

<i>(in €)</i>	Reporting date	Present value ²⁾	Service cost 2021 ²⁾
Gisbert Rühl	Dec. 31, 2021	18,836,675	1,139,370
Dr. Oliver Falk	Dec. 31, 2021	6,750,248	115,500
John Ganem	Dec. 31, 2021	3,012,248	203,609
Bernhard Weiß	Dec. 31, 2021	-	-

1) No change in benefits in the reporting year.

2) IFRS amount.

Aside from the above (i.e., with the exception of Dr. Oliver Falk and John Ganem), the members of the Management Board in office solely receive amounts for private retirement provision in accordance with their service contracts (cash compensation for retirement provision). Benefits in the event of regular termination of Management Board service are no longer provided. The service contracts with Management Board members Dr. Oliver Falk and John Ganem switch to the purely defined-contribution retirement benefits system with cash compensation effective August 1, 2022.

o) Benefits and payments related to the termination of Management Board service in the reporting year (applies only to Gisbert Rühl in the reporting year)

Long-serving CEO Gisbert Rühl left the Company on May 12, 2021 by mutually agreed termination of his service contract, which originally ran to December 31, 2021. It was agreed that the Company would make payments as follows: The fixed salary was paid in the regular amount pro rata temporis and the bonus was calculated pro rata temporis until the departure of Gisbert Rühl on the basis of the target bonus (i.e., at 100% target achievement): 650,752.68€. This amount was paid out on June 1, 2021; there was no requirement to purchase shares in Klöckner & Co SE (personal investment). For the remaining term of his service contract, Gisbert Rühl received a severance payment of €1,848,666.66, corresponding to the pro rata fixed salary and the pro rata bonus (target bonus, i.e., at 100% target achievement). The severance payment was likewise paid out on June 1, 2021. In addition, Gisbert Rühl was allowed to continue using his company car until the end of May 2021 (benefit in kind in the amount of €1,035.28). With regard to benefit amounts of retirement and surviving dependents' benefits, Gisbert Rühl was placed in the same position as if he had continued to serve as CEO of the Company to the end of his regular contract term, i.e., until December 31, 2021. This did not result in any additional liability for the Company. Pension reinsurance entitlements were assigned to Gisbert Rühl.

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, 2012) for the reporting year pursuant to Section 162 of the German Stock Corporation Act is shown in the table below.

(<i>€ thousand</i>)	Bill Partalis (until December 31, 2017)		Gisbert Rühl, CEO (until May 12, 2021)	
	Amount	Relative Proportion	Amount	Relative Proportion
Retirement benefits /pensions	94	100%	331	15%
Severance payments	-	-	1,851	85%
Total	94	100%	2,182	100%

In the reporting year, total compensation of €124 thousand was paid to other former members of the Management Board (2020: €124 thousand). Provision for pension obligations to former members of the Board of Management and their surviving dependents amount under IFRS to €8,450 thousand (2020: €9,030 thousand).

Target setting for 2022

ASSESSMENT OF APPROPRIATENESS

Criteria with respect to the appropriateness of Management Board remuneration include an individual Management Board member's own tasks and performance, the enterprise's business situation, earnings and future prospects as well as the extent to which the remuneration is in line with usual levels 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. Remuneration is set overall 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 2021 Remuneration System and the targets and target total remuneration for 2022, the Supervisory Board applied horizontal benchmarking based inter alia 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. Specifically, the peer group used consisted of German, SDAX®-listed companies of comparable size (sales and workforce), the SDAX® average and international peer companies. 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 appropriateness and structure of the currently applied remuneration system (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 the target total remuneration for the next year.

Targets for fiscal year 2022

The Supervisory Board set the targets for fiscal year 2022 at its December meeting in the reporting year. In conformity with the 2021 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, although the EBITDA targets have been increased above the budget figures. As in the reporting year, EBITDA before material special effects has a weighting of 50% and operating cash flow a weighting of 30%.

b) Non-financial targets

The Supervisory Board based the non-financial targets on three focal areas:

For the strategic component, the focus is once again placed on digitalization. The targets set here – with a weighting of 2.5% each – are, firstly, digital sales in relation to total sales and, secondly, sales automation measured by the share of “zero-touch” orders (measured by the share of fully automated orders processed via digital channels). Two further focal areas relate to the aspect of sustainability (environmental, social and governance (ESG)) dimension: reduction in CO₂ emissions – which comes under the environmental category but is also part of Group strategy – and employee-related targets. The specific targets for this purpose are as follows, with a weighting of 5% each: Reduction in CO₂ emissions, employee satisfaction 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 2022

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 2022, as set out in the following. The Supervisory Board based the figures for retirement provisions and ancillary benefits on reasonable estimates; the final figures for fiscal year 2022 may therefore differ from those estimates.

MANAGEMENT BOARD TARGET REMUNERATION FOR FISCAL YEAR 2022¹⁾

(€ thousand)	Guido Kerkhoff	Dr. Oliver Falk	John Ganem	Bernhard Weiß
Fixed salary ²⁾	930	439	439	336
One-year variable compensation (annual bonus) ²⁾	1,380	638	638	480
Target amount for direct remuneration	2,310	1,077	1,077	816
Ancillary benefits	13	16	43	9
Retirement provisions (pension benefits, cash compensation and other contribution payments)	350	207	207	80
Target total remuneration	2,673	1,300	1,327	905

1) The forecast target remuneration was prepared in November 2021; it includes rounding and is partly based on assumptions and estimates; the final figures for fiscal year 2022 may consequently differ.

2) The fixed salary and bonus for Dr. Oliver Falk and John Ganem include a salary increase from August 2022 under the contract renewal then entering into force.

Where applicable, requirements as to the ratio of fixed and variable remuneration to the target amount for direct remuneration for fiscal year 2022 are complied with (40:60, excluding ancillary benefits and retirement provisions), as are the requirements on the ratios of retirement benefit and ancillary benefit amounts to the fixed salary (retirement provisions: 20–40%; ancillary benefits: 10% maximum).

Supervisory Board remuneration

Remuneration system for the Supervisory Board

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.

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 via expense accounts. The fixed remuneration is €40,000 per fiscal year. The Chairman of the Supervisory Board receives two-and-a-half times, his Deputy one-and-a-half times and the Chairman of the Audit Committee one-and-a-quarter times the fixed remuneration. The attendance fee 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.

Remuneration report

In addition, in the Company's interest, the members of the Supervisory Board are included in D&O insurance subject to a deductible to be borne by each member of the Supervisory Board (corresponding to the deductible for the Management Board under the German Stock Corporation Act). Members of the Supervisory Board are free to insure the deductible.

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>.

As is required for listed companies in the German Stock Corporation Act as amended by the Act Implementing the Second Shareholder Rights Directive (ARUG II), the remuneration system for the members of the Supervisory Board was submitted for resolution by the Annual General Meeting on May 12, 2021. The substance of the existing remuneration system was retained, being considered appropriate and fit for purpose. The Annual General Meeting confirmed the new remuneration system on May 12, 2021 with a majority of 99.54% of votes cast. The Supervisory Board consequently sees no cause to modify the remuneration system submitted to the Annual General Meeting, but will continue to review it at regular intervals. Under the German Stock Corporation Act as amended by ARUG II, the Annual General Meeting must 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 2025.

As the Annual General Meeting will adopt a resolution on the Remuneration Report pursuant to Section 120a of the German Stock Corporation Act for the first time in fiscal year 2022, no information on compliance with such a resolution is included in this report. This will be addressed for the first time in the Remuneration Report for 2022.

Remuneration in fiscal year 2021**REMUNERATION GRANTED AND DUE (INCLUDING RELATIVE PROPORTIONS)**

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. 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 2022.

SUPERVISORY BOARD REMUNERATION GRANTED AND DUE IN 2021 UNDER SECTION 162 OF THE 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	100,000	69	45,000	31	145,000
Dr. Ralph Heck	60,000	77	18,000	23	78,000
Prof. Dr. Karl-Ulrich Köhler until May 12, 2021 ¹⁾	16,667	68	8,000	32	24,667
Prof. Dr. Tobias Kollmann	40,000	83	8,000	17	48,000
Prof. Dr. Friedhelm Loh	40,000	74	14,000	26	54,000
Uwe Röhrhoff since May 12, 2021 ²⁾	26,667	69	12,000	31	38,667
Ute Wolf	50,000	62	31,000	38	81,000
Supervisory Board	333,333	71	136,000	29	469,333

1) Remuneration earned for Supervisory Board service in the reporting year (paid out after the Annual General Meeting in fiscal year 2022, excluding remuneration earned in fiscal year 2020 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, the withholding tax payable in Switzerland is retained out of the stated amount.

Supervisory Board remuneration pursuant 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 €469,333 in 2021 (2020: €473,000).

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 above-mentioned limits.

No remuneration is paid in shares or stock options. As the remuneration consists entirely of fixed components, no variable remuneration components were clawed back 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 in the reporting year. 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 standard market practice at comparable companies in Germany. The Supervisory Board considers the level of remuneration to be appropriate. A remuneration system of this kind, which is in line with market practice and provides for appropriate remuneration levels, enables the Company to attract and retain suitable candidates for the office of a Supervisory Board member. The remuneration is intended to appropriately remunerate the members of the Supervisory Board for their careful and conscientious supervision of the Management Board. In this way, it promotes the corporate strategy and the Company's long-term development.

Remuneration report

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) EBITDA before material special effects and (iii) operating cash flow.

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 (excluding senior management) 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) NO. 2 GERMAN STOCK CORPORATION ACT (AKTG)

Supervisory Board remuneration ¹⁾	2016–2017	2017–2018	2018–2019	2019–2020	2020–2021
Current members of the Supervisory Board					
Prof. Dr. Dieter H. Vogel (Chairman)	0%	– 11%	20%	– 13%	– 3%
Dr. Ralph Heck (Deputy Chairman) (since May 16, 2018)	-	-	60%	– 8%	0%
Prof. Dr. Karl-Ulrich Köhler (from May 13, 2016 to May 12, 2021)	55%	– 10%	19%	– 9%	– 57%
Prof. Dr. Tobias Kollmann	4%	– 8%	13%	– 4%	– 4%
Prof. Dr. Friedhelm Loh	48%	– 17%	20%	– 10%	-
Ute Wolf (since May 12, 2017)	-	44%	15%	– 8%	– 2%
Uwe Röhrhoff (Deputy Chairman May 12, 2017 to May 16, 2018); ordinary member since May 12, 2021	-	– 40%	– 100%	-	-
Earnings performance in € million					
Net income of Klöckner & Co SE	171%	– 107%	– 613%	94%	3233%
EBITDA before material special effects	12%	4%	– 46%	– 10%	664%
Operating cash flow	8%	– 24%	240%	– 21%	– 290%
Average employee remuneration on full-time equivalent basis					
Senior management worldwide (Level 1) ²⁾	2%	– 1%	– 19%	4%	9%
Total workforce worldwide	2%	– 2%	7%	3%	8%

1) Total remuneration within the meaning of Section 162 (1) sentence 1 of the German Stock Corporation Act (fiscal years 2016 to 2020 pro forma).

2) The comparison group comprises CEOs and CFOs of country organizations and heads of corporate departments at Klöckner & Co SE. The calculation is based in each case on earned remuneration, including variable remuneration for the year concerned even if paid out in the subsequent year (in line with the figures for Management Board remuneration).

Independent Auditor's Report

To Klöckner & Co SE, Duisburg, Germany

REPORT ON THE AUDIT OF THE REMUNERATION REPORT

We have audited the attached remuneration report, including the related disclosures, of Klöckner & Co SE, Duisburg, for the fiscal year from January 1 to December 31, 2021, which was prepared pursuant to Section 162 AktG [German Stock Corporation Act].

Responsibilities of the management board and the Supervisory Board for the financial statements and the management report

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

Auditor's responsibilities

Our task is to, based on our audit, render an opinion on the remuneration report, including the related disclosures. We performed our audit in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). These standards require that we comply with our professional duties and plan and perform the audit in such a way to obtain reasonable assurance about whether the remuneration report, including the related disclosures, is free from material misstatement.

The audit encompasses the performance of audit procedures to obtain evidence for the amounts included in the remuneration report, including all related disclosures. The choice of audit procedures is subject to the auditor's own judgement. This includes the evaluation of the risks of material misstatement in the remuneration report, including the related disclosures, whether due to fraud or error. In evaluating these risks, the auditor takes into account the internal control system that is relevant for the preparation of the remuneration report, including the related disclosures. Our objective in this connection is to plan and perform audit procedures that are appropriate under the given circumstances, but not to render an opinion on the effectiveness of the company's internal control system. An audit also includes the assessment of the accounting methods applied, the reasonableness of the estimated amounts in the accounting determined by the management and the Supervisory Board and the evaluation of the overall presentation of the remuneration report, including the related disclosures.

We believe that the audit evidence obtained by us is sufficient and appropriate to serve as a basis for our opinion.

Remuneration report

Opinion

In our opinion, on the basis of the knowledge obtained in the audit, the remuneration report for the fiscal year from January 1 to December 31, 2021, including all related disclosures, complies in all material respects with the accounting provisions of Section 162 AktG.

Other Matter – Formal Review of Compensation Report

The substantive audit of the remuneration report described in this auditor's report includes the formal audit of the remuneration report required by Section 162 (3) AktG, including the issuance of a report on this audit. As we issue an unqualified audit opinion on the material audit of the remuneration report, this audit opinion includes that the disclosures pursuant to Section 162 (1) and (2) AktG have been made in all material respects in the remuneration report.

Indication of a limitation of our liability

The engagement, in the fulfilment of which we have performed the aforementioned services on behalf of Klöckner & Co SE, was based on the General Engagement Terms (GET) for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms] as amended on January 1, 2017. By taking note of and using the information included in this report, every recipient confirms that they are aware of the arrangements made there, including the limitation of our liability for negligence to €4 million included in Clause 9 GET) and acknowledges their validity in relation to us.

Düsseldorf, March 1, 2022

KPMG AG

Wirtschaftsprüfungsgesellschaft

signed

Velder

Wirtschaftsprüfer

signed

Keisers

Wirtschaftsprüfer

IV. Report of the Management Board on agenda item 7

Pursuant to Section 203 (2) sentence 2 in conjunction with Section 186 (4) sentence 2 AktG, the Management Board hereby submits the following report on item 7 of the agenda with regard to the reasons for the proposed authorization of the Management Board to issue shares excluding the subscription rights of the shareholders subject to the consent of the Supervisory Board.

The Management Board is to be authorized to exclude subscription rights for fractional amounts to enable it to achieve a practicable subscription ratio with regard to the amount of the respective capital increase. This will facilitate the technical aspects of executing the capital increase, especially in the case of round-number capital increases. The new shares created by non-allocable fractional amounts from the exclusion of the shareholders' subscription right are realised in the best possible way for the Company either by sale via the stock exchange or by other means.

It is moreover proposed to authorize the Management Board to exclude the subscription right of the shareholders for increases in the share capital against contributions in kind. This will enable the Management Board in appropriate individual cases to use shares in the Company amongst other things to purchase companies, businesses, parts of businesses or companies, equity interests in companies or other assets. For example, in negotiations it could be expedient or even necessary to offer the payment of consideration in shares and not in cash. The possibility of offering shares in the Company as consideration thus creates an advantage in competing for attractive acquisitions as well as the necessary flexibility to exploit opportunities to acquire companies, businesses, part of business or companies, equity interests in companies or other assets as they arise without thereby adversely impacting the Company's liquidity position. Delivery of shares may also prove sensible in terms of optimum financing structure. This does not put the Company at any disadvantage because the issue of shares against contributions in kind requires the value of the contributions in kind to be reasonably proportionate to the value of the shares. When defining the valuation ratios the Management Board will ensure that the interests of the Company and its shareholders are duly safeguarded and that a reasonable issue price for the new shares is achieved.

Moreover, the Management Board is to be authorized to exclude the subscription right for capital increases against cash contributions if the issue price of the new shares is not significantly lower than their stock market price. The objective of this is to enable the Management Board and the Supervisory Board to place the new shares promptly and at a stock market price, *i.e.* without the discount usually required for subscription rights issues. That means that higher issue proceeds can be achieved, which is in the interests of the Company.

The Management Board is furthermore to be authorized to exclude the subscription right to the extent required to grant to the holders or creditors of warrant-linked bonds or convertible bonds conferring option or conversion rights (hereinafter "Bonds") a subscription right for new shares. The objective of excluding the subscription right is to put the holders of the Bonds in the position they would be in if they had already exercised their rights or obligations under the Bonds and had already become shareholders. This facilitates placement of the Bonds, thus serving the interests of the shareholders in an optimum financing structure of the Company. To confer such dilution protection for the Bonds, the subscription right of the shareholders must be excluded for these shares. The purpose of such dilution protection is to prevent the possibility of having to reduce the option or conversion price for the Bonds already issued. That ensures a higher cash generation overall.

Report of the Management Board on agenda item 7

Furthermore, the Management Board is to be authorized, subject to the exclusion of the subscription right, to fulfill claims of holders of warrant-linked bonds or convertible bonds which are issued by the Company, or by companies dependent on the Company or companies in which the Company holds a majority interest, with shares from the authorized capital.

New shares may also be offered for purchase to employees of the Company and its group companies and to members of the governing bodies of group companies (employee shares). The issue of treasury shares to these persons, usually subject to an appropriate lock-up period of several years, is in the interest of the Company and its shareholders, as it promotes the identification of the beneficiaries with the Company. At the same time, the understanding and willingness to assume greater, especially economic responsibility can be strengthened. The issue of shares also enables long-term incentive arrangements to be made, taking into account both positive and negative developments. The shares are intended to provide an incentive to achieve a sustained increase in value for the Company. In order to be able to issue corresponding employee shares, the subscription rights of shareholders must be excluded. In determining the purchase price to be paid by the beneficiaries, an appropriate discount based on the Company's performance and customary for employee shares may be granted.

New shares may further be used under arrangements that have been or will be agreed with members of the Management Board of the Company as a component of their remuneration for their activities. This also requires the exclusion of shareholders' subscription rights. The details of the remuneration for the members of the Management Board are determined by the Supervisory Board. Variable remuneration components may be granted as an incentive for long-term, sustainable corporate governance, for example by granting part of the variable remuneration in shares instead of cash or in commitments on shares, which may also be subject to a lock-up period. In addition, variable remuneration components can be linked to specific performance targets. The remuneration system for the Management Board approved by the Annual General Meeting 2021 does not provide for the granting of shares to members of the Management Board. However, the authorized capital is to be flexibly structured with regard to possible future changes to the remuneration system by the Supervisory Board. Any such change to the remuneration system would first be submitted to the Annual General Meeting for approval in accordance with the legal requirements.

Finally, the Management Board is to be authorized to exclude shareholders' subscription rights in connection with a so-called scrip dividend. A scrip dividend may be implemented as a genuine subscription rights issue, in particular in compliance with the provisions of Section 186 (1) AktG (minimum subscription period of two weeks) and Section 186 (2) AktG (announcement of the issue amount no later than three days before expiry of the subscription period). Shareholders will only be offered whole shares for subscription; with regard to that part of the dividend entitlement which does not reach (or exceeds) the subscription price for a whole share, shareholders will be referred to the cash dividend and will not be able to subscribe for any shares; an offer of partial rights is not envisaged, nor is the establishment of trading in subscription rights or fractions thereof. As the shareholders receive a cash dividend instead of the subscription of new shares, this appears to be justified and appropriate. In individual cases, depending on the capital market situation, it may be preferable to offer and prepare the granting of a scrip dividend without being bound in this respect by the restrictions of Section 186 (1) AktG (minimum subscription period of two weeks) and Section 186 (2) AktG (announcement of the issue amount no later than three days before expiry of the subscription period). The Management Board shall therefore also be authorized to offer all shareholders entitled to dividends new shares for subscription against contribution of their dividend entitlement in compliance with the general principle of equal treatment (Section 53a AktG), but formally to exclude the subscription rights of shareholders as a whole. The implementation of the scrip dividend with the formal exclusion of subscription

rights enables the capital increase to be carried out on more flexible terms. Given that the new shares will be offered to all shareholders and any excess dividend amounts will be settled by payment of a cash dividend, the exclusion of subscription rights also appears justified and appropriate in this respect.

In order to minimize any potential impairment of the interests of existing shareholders, the total amount of the shares that may be issued through use of the authorized capital subject to exclusion of the subscription right, giving due regard to other shares which are sold and/or issued by the Company from an authorized capital by exercising another authorization subject to exclusion of the subscription right after June 1, 2022, or based on rights which are to be issued after June 1, 2022, subject to exclusion of the subscription rights conferring a right or obligation for conversion in or subscription of shares in the Company, is limited to an overall amount of 10% of the share capital. This includes in particular measures in direct or analogous application of Section 186 (3) sentence 4 AktG. In the case of such measures, the legislator considers it reasonable for existing shareholders to maintain their shareholding, if necessary by acquiring shares via the stock exchange. Shares used to serve convertible bonds issued on the basis of the authorization of the Annual General Meeting of the Company on May 24, 2013, under agenda item 6 are not included in the calculation. The reason for this is that subscription rights were already excluded when the convertible bond was issued in 2016. The increase in share capital from conditional capital in the event of conversion rights being exercised is not at the discretion of the Management Board, but arises from a legal obligation under the terms and conditions of the convertible bond. A consideration of these new shares possibly to be issued in the future to fulfill conversion rights would also have the consequence that the Company would not be able to issue or sell shares excluding subscription rights for the entire term of this convertible bond and would thus lead to a massive limitation of its financing possibilities. Finally, consideration does not appear necessary because the shareholders will resolve on the new authorization in the knowledge of the outstanding convertible bond issued in 2016 and can therefore already take the possible future capital increase into account in their decision. The relevant figure for calculating the limit of 10% of the share capital is the share capital at the time this authorization becomes effective. If the share capital is lower at the time this authorization is exercised, this lower figure shall apply. For the issue of employee shares or to members of the Management Board under possible future remuneration arrangements, the volume is limited to 5% of the relevant share capital in order to protect the interests of existing shareholders and prevent possible disincentives in the structuring of remuneration.

In each individual case, the Management Board will carefully examine whether it will exercise the authorization to increase the capital subject to the exclusion of the subscription right of the shareholders, and will do so only if such exercise in its judgment and that of the Supervisory Board is in the interest of the Company and thus also of its shareholders. Exclusion of the subscription right requires the consent of the Supervisory Board in each case. The Management Board will report to the Annual General Meeting on each case of the proposed authorization being exercised.

V. Report of the Management Board on agenda item 8

Pursuant to Section 221 (4) sentence 2 in conjunction with Section 186 (4) sentence 2 AktG, the Management Board hereby submits the following report on item 8 of the agenda with regard to the reasons for the proposed authorization of the Management Board to issue warrant-linked or convertible bonds (hereinafter "Bonds") excluding the subscription rights of the shareholders, subject to the consent of the Supervisory Board.

The contemplated exclusion of the subscription rights for fractional amounts allows for the requested authorization to be exercised using full amounts. Such exclusion of subscription rights is sensible and customary in practice because the costs of trading in subscription rights in the case of fractional amounts normally are not in reasonable proportion to the related advantages for the shareholders. Since fractional amounts are limited, the potential dilution effect is confined to within negligible limits. The Bonds thus excluded from the subscription right are therefore realised in the best possible way in favor of the Company.

It is also to be permitted to exclude the subscription right to issue the Bonds against contributions in kind. This gives the Company the possibility of acting flexibly and quickly when it comes to acquiring assets, and at the same time without its liquidity position being adversely affected. In each case the Management Board will carefully examine whether it will exercise the authorization to issue Bonds against contributions in kind subject to the exclusion of the subscription right of the shareholders, and will do so only if, after weighing up all aspects, this is in the interest of the Company and thus also of its shareholders. It will particularly ensure that the value of the contribution in kind is reasonably proportionate to the value of the Bonds.

It is moreover to be permitted to exclude the subscription right of the shareholders if the issue of the Bonds is effected against cash contribution at an issue price which is not significantly lower than the theoretical market value of such Bonds calculated in accordance with recognized financial calculation methods. This enables the Company to exploit favorable market situations on very short notice and very quickly while obtaining better conditions for the interest rate and the option or conversion price of the Bonds by defining conditions that are close to the market conditions. This would not be possible if the statutory subscription rights were maintained. Although Section 186 (2) AktG allows for a publication of the subscription price (and of the terms and conditions in the case of Bonds) up to the third-last day of the subscription period, the market risk existing for several days based on the volatility on the stock markets would lead to allowances being made in the determination of the terms and conditions of the Bond and thus to terms and conditions that would be less in line with market conditions. Moreover, compliance with the statutory subscription rights, given the uncertainty of their exercise, would jeopardise the successful placement of the Bonds with third parties and/or entail additional expenditures. Lastly, the length of the minimum subscription period of two weeks to be observed in the case of compliance with the statutory subscription rights hampers a response to favorable or unfavorable market conditions, which in turn may mean that capital cannot be raised on optimum terms and conditions.

In such exclusion of subscription rights, the interests of the shareholders are safeguarded by the requirement for the Bonds not to be issued significantly below their theoretical market value, thus lowering the nominal value of the subscription right to nearly zero. As a result, no significant dilution of value of the shares is brought about by the exclusion of the subscription right.

The objective of excluding the subscription right in favor of the holders of Bonds is to put them in the position they would be in if they had already exercised their rights under the Bonds and had already become shareholders. The purpose of such dilution protection is to prevent the possibility of having to reduce the option or conversion price for the Bonds already issued. The issue price for the shares that might be issued under the Bonds must in each case be equal to at least 80% of the stock market price, determined as close as possible to the time when the Bonds are issued.

Moreover, the sum of the shares to be issued under Bonds which are issued under exclusion of the subscription right in accordance with this or any future additional authorization, together with new shares issued from an authorized capital or treasury shares sold during the term of this authorization by exercising another authorization subject to exclusion of the subscription right, may not exceed a pro rata amount of the share capital of 10% of the share capital. This includes in particular measures in direct or analogous application of Section 186 (3) sentence 4 AktG. In the case of such measures, the legislator considers it reasonable for existing shareholders to maintain their shareholding, if necessary by acquiring shares via the stock exchange. This limit further restricts the dilution potential in favor of existing shareholders. Shares used to serve convertible bonds issued on the basis of the authorization of the Annual General Meeting on May 24, 2013, under agenda item 6 are not included in the calculation. The reason for this is that subscription rights were already excluded when the convertible bond was issued in 2016. The increase in share capital from conditional capital in the event of conversion rights being exercised is not at the discretion of the Management Board but arises from a legal obligation under the terms and conditions of the convertible bond. A consideration of these new shares possibly to be issued in the future to fulfill conversion rights would also have the consequence that the Company would not be able to issue bonds in accordance with the proposed authorization for the entire term of this convertible bond and would thus lead to a massive limitation of its financing possibilities. Finally, consideration does not appear necessary because the shareholders will resolve on the new authorization in the knowledge of the outstanding convertible bond issued in 2016 and can therefore already take the possible future capital increase into account in their decision. The relevant figure for calculating the limit of 10% of the share capital is the share capital at the time this authorization becomes effective. If the share capital is lower at the time this authorization is exercised, this lower figure shall apply.

VI. Report of the Management Board on agenda item 10

Pursuant to Section 71 (1) no. 8 sentence 5 in conjunction with Section 186 (4) sentence 2 AktG, the Management Board hereby submits the following report on item 10 of the agenda with regard to the reasons for the proposed authorization of the Management Board to exclude shareholders' tender rights under certain circumstances and to exclude shareholders' subscription rights under certain circumstances in the event of the sale of treasury shares acquired by the Company in accordance with the authorization under agenda item 10.

There is no right to tender shares if, in the case of a public formal offer or public request for shareholders to submit offers to sell, the number of shares offered by the shareholders exceeds the number of shares requested by the Company. In this case, the allocation must be based on quotas. In accordance with the proposed authorization, it is intended to provide for preferential acceptance of smaller sale offers or smaller parts of sale offers up to a maximum of 150 shares. The purpose of this approach is to avoid fractional amounts when determining the ratios to be acquired and to avoid small residual amounts, thus facilitating the technical settlement of the share buy-back. In addition, the buy-back may be carried out according to the ratio of shares offered (tender quotas) instead of according to participation quotas in order to simplify the allocation procedure. Furthermore, a rounding according to commercial principles to avoid arithmetical fractions of shares may be provided for. The acquisition quota and the number of shares to be acquired by individual tendering shareholders may therefore be rounded as required to represent the acquisition of whole shares from a settlement point of view.

When using Derivatives, shareholders shall only have a right to tender their shares for the buy-back of treasury shares to the extent that the Company is obliged to accept the shares from them under the respective options. Otherwise, Derivatives could not be used for the buy-back of treasury shares and the respective advantages for the Company could not be realized. The Management Board considers the authorization not to grant or to restrict any right of shareholders to conclude such Derivatives with the Company and any right of shareholders to tender shares to be justified after weighing up the interests of the shareholders and the interests of the Company, as the use of such financial instruments may be advantageous for the Company compared with a direct acquisition. In addition, it must be taken into account that the rights of the shareholders are safeguarded by the fact that the respective contracting parties to the Derivatives are obliged to acquire the shares in the Company to be delivered to serve the obligations under the Derivative in compliance with the general principle of equal treatment under stock corporation law (Section 53a AktG).

The contemplated exclusion of the subscription right for fractional amounts allows for the requested authorization to be exercised using full amounts. Such exclusion of subscription rights is sensible and customary in practice because the costs of trading in subscription rights in the case of fractional amounts normally are not in reasonable proportion to the related advantages for the shareholders. Since fractional amounts are limited, the potential dilution effect is confined to within negligible limits. The shares thus excluded from the subscription right are therefore realised in the best possible way in favor of the Company.

The authorization under agenda item 10 provides that the purchased treasury shares may be sold to third parties against contributions in kind subject to exclusion of the subscription right of the shareholders, e.g. for the purpose of acquiring companies, businesses, parts of companies or businesses and/or equity interests in companies. The Management Board is to be enabled to offer shares in the Company as consideration for the purchase of assets and/or to grant the holders of warrant-linked bonds and/or convertible bonds shares to fulfil their claims without having to conduct a capital increase for this.

To compete for attractive acquisition opportunities both nationally and internationally, it is becoming increasingly necessary to be able to offer not cash, but shares as consideration for the acquisition of companies or equity interests in other companies. The authorization proposed under agenda item 10 gives the Company the necessary flexibility to use treasury shares e.g. as an acquisition currency, thus enabling it to respond quickly and flexibly to those offers for the acquisition of companies, equity interests in other companies or other assets which are advantageous for the Company. This is duly taken account of by the proposed authorization to exclude the subscription right of the shareholders.

The proposed authorization to use treasury shares moreover provides for the sale of treasury shares to third parties by means other than via the stock market or through a public offer to all shareholders, provided that the sale of treasury shares is effected against cash payment and at a price which is not significantly lower than the relevant stock market price. In this way the Company is to be enabled to deliver shares to institutional investors, financial investors or other co-operation partners, thereby achieving the highest possible purchase prices and thus strengthening the equity to the greatest possible extent by setting prices that are as close as possible to the market price. This type of sale involves an exclusion of the subscription right of the shareholders, which however is legally permissible because it constitutes a facilitated exclusion of subscription rights pursuant to Section 186 (3) sentence 4 AktG.

The Management Board is further authorized, subject to the exclusion of the subscription right, to fulfill claims of holders of warrant-linked bonds or convertible bonds which are issued by the Company, or by companies dependent on the Company or companies in which the Company holds a majority interest, with treasury shares. Alternatively, conditional or authorized capital may be used for this purpose.

In addition, the Company is to be given the possibility of partially excluding the subscription right of the shareholders in the case of a sale of treasury shares through an offer to all shareholders in favor of the holders of warrant-linked bonds or convertible bonds conferring an option or conversion right or establishing a conversion obligation in order to grant them subscription rights for the shares to be sold in the scope to which said holders would be entitled after exercise of their conversion or option rights or after fulfillment of their conversion obligation. In this way, a reduction in the conversion or option price that might otherwise occur can be avoided, thus strengthening the Company's financial resources.

Treasury shares may also be offered for purchase to employees of the Company and its group companies and to members of the governing bodies of group companies (employee shares). The issue of treasury shares to these persons, usually subject to an appropriate lock-up period of several years, is in the interest of the Company and its shareholders, as it promotes the identification of the beneficiaries with the Company. At the same time, the understanding and willingness to assume greater, especially economic responsibility can be strengthened. The issue of shares also enables long-term incentive arrangements that can take into

account both positive and negative developments. The shares are intended to provide an incentive to achieve a sustained increase in value for the Company. In order to be able to issue corresponding employee shares, the subscription rights of shareholders must be excluded. In determining the purchase price to be paid by the beneficiaries, an appropriate discount based on the Company's performance and customary for employee shares may be granted. Treasury shares bought back may also be used under arrangements that have been or will be agreed with members of the Management Board of the Company as a component of their remuneration for their activities. This also requires the exclusion of shareholders' subscription rights. The details of the remuneration for the members of the Management Board are determined by the Supervisory Board. Variable remuneration components may be granted as an incentive for long-term, sustainable corporate governance, for example by granting part of the variable remuneration in shares instead of cash or in the form of share commitments, which may also be subject to a lock-up period. In addition, variable remuneration components can be linked to specific performance targets. The remuneration system for the Management Board approved by the Annual General Meeting 2021 does not provide for the granting of shares to members of the Management Board. In view of possible future changes to the remuneration system, a corresponding option is to be created as a precautionary measure. In accordance with legal requirements, any such change to the remuneration system would first be submitted to the Annual General Meeting for approval.

Furthermore, the Management Board is to be authorized to exclude shareholders' subscription rights in connection with a so-called scrip dividend. In this case, only whole shares are offered to the shareholders for purchase; with regard to the part of the dividend entitlement which does not reach (or exceeds) the subscription price for a whole share, shareholders will be referred to the cash dividend and will not be able to subscribe for any shares to this extent; an offer of partial rights is not envisaged, nor is the establishment of trading in subscription rights or fractions thereof. As the shareholders receive a cash dividend instead of the subscription of new shares, this appears to be justified and appropriate. The general principle of equal treatment under stock corporation law (Section 53a AktG) is complied with.

Moreover, the sum of the shares to be sold subject to the exclusion of the subscription right, together with new shares issued by the Company from an authorized capital during the term of this authorization until its exercise by exercising another authorization subject to the exclusion of subscription rights of the shareholders, as well as together with rights issued during the term of this authorization until its exercise by exercising another authorization subject to exclusion of subscription rights and enabling the conversion into or the subscription of shares in the Company or establishing an obligation for such conversion or subscription, may not exceed a pro rata amount of the share capital of 10% of the share capital. This limitation further restricts the potential for dilution effects in favor of the existing shareholders. This includes in particular measures in direct or analogous application of Section 186 (3) sentence 4 AktG. In the case of such measures, the legislator considers it reasonable for existing shareholders to maintain their shareholding, if necessary by acquiring shares via the stock exchange. Shares issued to serve convertible bonds issued on the basis of the authorization of the Annual General Meeting on May 24, 2013, under agenda item 6 are not included in the calculation. The reason for this is that subscription rights were already excluded when the convertible bond was issued in 2016. The increase in share capital from conditional capital in the event of conversion rights being exercised is not at the discretion of the Management Board but arises from a legal obligation under the terms and conditions of the convertible bond. A consideration of these new shares possibly to be issued in the future to fulfill conversion rights would also have the consequence that the Company would not be able to issue or sell shares excluding subscription rights for the entire term of this convertible bond and

would thus lead to a massive limitation of its financing possibilities. Finally, a consideration does not appear necessary because the shareholders will resolve on the new authorization in the knowledge of the outstanding convertible bond issued in 2016 and can therefore already take the possible future capital increase into account in their decision.

For the possible issuance of employee shares or to Management Board members under possible future remuneration arrangements, the volume is limited to 5% of the relevant share capital figure in order to protect the interests of existing shareholders and prevent possible disincentives in the structuring of remuneration.

Additional Information regarding the virtual Annual General Meeting

The Management Board has decided, with the consent of the Supervisory Board, that the Annual General Meeting will be held as a virtual Annual General Meeting without physical presence of either the shareholders or their proxies pursuant to Section 1 (2) of the Act Concerning Measures Under the Law of Companies, Cooperative Societies, Associations, Foundations and Commonhold Property to Combat the Effects of the COVID-19 pandemic (hereinafter COVID-19 Act; most recently amended and extended by the Act on the Establishment of a Special Fund "Reconstruction Assistance 2021" and on the Temporary Suspension of the Obligation to File an Insolvency Petition Due to Heavy Rain and Floods in July 2021 and on the Amendment of Other Laws (Reconstruction Assistance Act 2021 – AufbhG 2021)).

The virtual Annual General Meeting will be held on June 1, 2022, at 10.30 a.m. (CEST) on the Company's business premises at its headquarters in Duisburg, Am Silberpalais 1, 47057 Duisburg, Germany. Shareholders who have registered for the virtual Annual General Meeting and their proxies can follow the entire Annual General Meeting live online using our Annual General Meeting Online Service at <https://www.kloeckner.com/en/investors/annual-general-meeting/online-service.html>. There will be no electronic participation within the meaning of Section 118 (1) sentence 2 AktG. Shareholders or their proxies may exercise their voting rights by way of absentee ballot or by authorizing persons appointed by the Company to vote on their behalf; they may also ask questions and raise objections against resolutions of the Annual General Meeting by means of electronic communication.

Requirements for participation, information on the exercise of voting rights in connection with the virtual Annual General Meeting and other details pursuant to Section 121 (3) sentence 3 AktG

Requirements for participation and for the exercise of voting rights

Shareholders are entitled to participate in the Annual General Meeting, and to exercise their voting rights, under the condition that they have registered with the Company at the address or fax number below by no later than the end of the day on May 25, 2022 (midnight CEST), at the following address (in writing or by fax)

Hauptversammlung Klöckner & Co SE
c/o ADEUS Aktienregister-Service-GmbH
Postfach 57 03 64
22772 Hamburg, Germany

Fax: +49 89 2070 37951

or electronically by using the password-protected Online Service for the virtual Annual General Meeting at <https://www.kloeckner.com/en/investors/annual-general-meeting/online-service.html>. Furthermore, shareholders who want to participate and exercise their voting rights need to be listed in the Company's

shareholders' register at the time of the virtual Annual General Meeting. Forms that shareholders may use to register are enclosed with the invitation letter to shareholders.

All the shareholders who so request or who are registered in the shareholders' register on May 11, 2022, (0:00 h CEST) will receive an invitation letter with reference to the agenda and instructions for the registration, including a registration form, by post (or if registered for e-mail delivery, by e-mail). The back side of the invitation letter contains the personal login data – shareholder number and individual access number – required to use our Online Service for shareholders. As in the previous year, you may register for the (virtual) Annual General Meeting using our Annual General Meeting Online Service (<https://www.kloeckner.com/en/investors/annual-general-meeting/online-service.html>). A registration via the Annual General Meeting Online Service is likewise only possible until the end of the day on May 25, 2022 (midnight CEST).

Shareholders may continue to freely dispose of their shares after having registered for the Annual General Meeting. However, in relation to the Company, under Section 67 (2) sentence 1 AktG, rights and obligations arising from shares only apply for and against shareholders listed in the shareholders' register. The right to participate and the exercise of voting rights in connection with the virtual Annual General Meeting are thus determined by the date of the virtual Annual General Meeting. Please note that no changes are made to the entries in the shareholders' register between May 26, 2022, and June 1, 2022, (both dates included), meaning that acquirers of shares whose registration requests are received after May 25, 2022, will not be entered in the shareholders' register until after the virtual Annual General Meeting. The technical record date is therefore the end of the day on May 25, 2022. In light of this, all acquirers of shares in the Company not yet listed in the shareholders' register are asked to request registration as soon as possible.

Procedures for exercising voting rights by proxy

Shareholders may have their voting rights exercised by proxy, such as a shareholders' association or the proxy holders nominated by the Company. In such case, registrations must also be submitted on time and shareholders must also be listed in the Company's shareholders' register at the time of the virtual Annual General Meeting (see technical record date, above). Shareholders will receive a corresponding form together with the invitation letter to the virtual Annual General Meeting. Such a form will also be sent to shareholders at any time upon request in text form. It may also be downloaded online at <https://www.kloeckner.com/en/investors/annual-general-meeting.html>.

If neither an intermediary nor a shareholders' association, a proxy advisor or any other person or institution considered equivalent to such pursuant to Section 135 (8) AktG is authorized to act as proxy, the granting of proxies, their revocation and proof of authorization provided to the Company must be made in text form. Proxies and revocations of proxies may either be sent to the Company (by post, fax or e-mail) at the following address or fax number

Hauptversammlung Klöckner & Co SE
c/o ADEUS Aktienregister-Service-GmbH
Postfach 57 03 64
22772 Hamburg, Germany

Fax: +49 89 2070 37951
E-mail: hv-service.kloeckner@adeus.de

or issued to the proxy holder. If a proxy is issued to the proxy holder, proof of the proxy must be provided to the Company. Proof may be sent to the Company (by post, fax or e-mail) at the above address.

You may also use our Annual General Meeting Online Service (<https://www.kloeckner.com/en/investors/annual-general-meeting/online-service.html>) to authorize the proxy holders nominated by the Company to exercise your voting right.

Should an intermediary, a shareholders' association, a proxy advisor or any other person or institution considered equivalent to such pursuant to Section 135 (8) AktG be authorized to act as proxy, we ask that you clarify, in good time, the form of proxy required with the authorized person or institution. Special proof of the proxy is not required by the Company in this case.

Please note that your proxies will not be physically present either and, therefore, may exercise voting rights in the virtual Annual General Meeting solely by way of absentee ballot or via the proxy holders nominated by the Company.

Where proxy holders nominated by the Company are to be authorized, they must be instructed on how to exercise the voting rights. Proxy holders are obliged to vote in accordance with these instructions. Please note that proxy holders nominated by the Company are unable to accept any authority or instruction to ask questions or to submit motions or to file objections against shareholders' resolutions, and that they will always abstain from voting in votes for which no instructions have been given.

Communications granting and revoking proxies to the proxy holders nominated by the Company or issuing and amending instructions, if sent by post, must be received at the latest until the end of the day on May 31, 2022 (midnight CEST), at the address below:

Hauptversammlung Klöckner & Co SE
c/o ADEUS Aktienregister-Service-GmbH
Postfach 57 03 64
22772 Hamburg, Germany

The granting and revocation of proxies to the proxy holders nominated by the Company and the issuance and amendment of instructions may be submitted electronically using our Annual General Meeting Online Service (<https://www.kloeckner.com/en/investors/annual-general-meeting/online-service.html>), in text form by fax (+49 89 2070 37951) or by e-mail (hv-service.kloeckner@adeus.de) up to the beginning of voting at the Annual General Meeting. The same applies to any change from proxy voting to absentee ballot (or vice versa) submitted by the same means.

In the event that the Company receives conflicting communications by different channels and it is not apparent which is most recent, then communications transmitted via our Annual General Meeting Online Service will be considered first, followed by the communications sent via e-mail, then communications sent by fax and lastly communications received by post.

Procedures for voting by absentee ballot

You or your proxies may exercise your voting rights by absentee ballot. In the case of an absentee ballot, registrations to the virtual Annual General Meeting must also be submitted on time and shareholders must also be listed in the Company's shareholders' register at the time of the virtual Annual General Meeting (see technical record date above).

Shareholders have various ways of voting by absentee ballot:

An absentee vote may be cast by post, fax or e-mail. Shareholders will receive a corresponding form together with their invitation letter. The absentee ballot form will also be sent to shareholders at any time upon request in text form. It may also be downloaded online at <https://www.kloeckner.com/en/investors/annual-general-meeting.html>.

Furthermore, absentee votes may be submitted via our Annual General Meeting Online Service (<https://www.kloeckner.com/en/investors/annual-general-meeting/online-service.html>).

Votes cast by absentee ballot and changes to votes cast by absentee ballot, if sent by post, must be received at the latest until the end of the day on May 31, 2022 (midnight CEST), at the address below:

Hauptversammlung Klöckner & Co SE
c/o ADEUS Aktienregister-Service-GmbH
Postfach 57 03 64
22772 Hamburg, Germany

Votes cast by absentee ballot and changes to votes cast by absentee ballot may be communicated electronically using our Annual General Meeting Online Service (<https://www.kloeckner.com/en/investors/annual-general-meeting/online-service.html>), in text form by fax (+49 89 2070 37951) or by e-mail (hv-service.kloeckner@adeus.de) up to the beginning of voting at the Annual General Meeting.

If, despite having already cast a vote by absentee ballot, a shareholder decides to have the respective shares represented by a proxy, this is possible subject to the foregoing and will be deemed as revoking the vote cast by absentee ballot.

Authorized intermediaries (in particular credit institutions), shareholders' associations, proxy advisors, other persons referred to in Section 135 (8) AktG and other authorized proxies may also cast their vote by absentee ballot.

If shareholders or their proxies submit votes by absentee ballot as well as authorizations/instructions for the proxy holders nominated by the Company, the most recent declaration will be taken as authoritative. In the event that the Company receives conflicting communications by different channels and it is not apparent which is most recent, then communications transmitted via our Annual General Meeting Online Service will be considered first, followed by the communications sent via e-mail, then communications sent by fax and lastly communications received by post.

(Counter) motions and election nominations

(Counter) motions and election nominations by shareholders pursuant to Sections 126 and 127 AktG relating to one or more agenda items must be sent (by post, fax or e-mail) exclusively to:

Klößner & Co SE
Zentralbereich Legal & Compliance
Am Silberpalais 1
47057 Duisburg, Germany

Fax: +49 203 57900 2116
E-mail: hv@kloeckner.com

All (counter) motions and election nominations by shareholders to be made available in accordance with Sections 126 and 127 AktG will be published online at <https://www.kloeckner.com/en/investors/annual-general-meeting.html> in accordance with the legal provisions and together with any comments by the management, provided they are received at the above address by no later than the end of the day on May 17, 2022 (midnight CEST).

Such (counter) motions and election nominations required to be published pursuant to Sections 126 and 127 AktG will be treated as having been made in the virtual Annual General Meeting pursuant to Section 1 (2) sentence 3 of the COVID-19 Act if the shareholder making the motion or election nomination is duly registered for the Annual General Meeting.

Supplementary motions for the agenda at the request of a minority pursuant to Article 56 of the European Company (SE) Regulation, Section 50 (2) of the German SE Implementation Act (SE-Ausführungsgesetz, SEAG) and Section 122 (2) AktG

Pursuant to Article 56 of the European Company (SE) Regulation and Section 50 (2) of the German SE Implementation Act in conjunction with Section 122 (2) AktG, shareholders whose combined shares represent a proportionate amount of the Company's share capital of at least EUR 500,000.00 (equivalent to 200,000 no-par-value shares in the Company) may request that items be added to the agenda and announced.

Such requests for additions to the agenda must reach the Company in writing together with the evidence and documents required by law at least 30 days prior to the Annual General Meeting, *i.e.* no later than by the end of the day on May 1, 2022 (midnight CEST), at the following address:

Klößner & Co SE
Zentralbereich Legal & Compliance
Am Silberpalais 1
47057 Duisburg, Germany

Right of shareholders to ask questions by means of electronic communication pursuant to Section 1 (2) sentence 1 no. 3 and sentence 2 of the COVID-19 Act

Pursuant to Section 1 (2) sentence 1 no. 3 and sentence 2 of the COVID-19 Act, shareholders have the right to ask questions by means of electronic communication. Questions may be submitted by means of electronic communication one day prior to the virtual Annual General Meeting at the latest.

Shareholders who have registered to participate in the virtual Annual General Meeting as well as their proxies may submit their questions **solely via our Online Service for the virtual Annual General Meeting in German language** at <https://www.kloeckner.com/en/investors/annual-general-meeting/online-service.html> to the Company until the end of the day on Monday, May 30, 2022 (midnight CEST).

The Management Board decides how it answers to questions at its due and free discretion; in particular, it may combine multiple questions.

Possibility of filing objections against resolutions by the virtual Annual General Meeting pursuant to Section 245 no. 1 AktG in conjunction with Section 1 (2) sentence 1 no. 4 of the COVID-19 Act

Pursuant to Section 245 no. 1 AktG in conjunction with Section 1 (2) sentence 1 no. 4 of the COVID-19 Act, shareholders who have exercised their voting rights by absentee ballot or via proxy may – themselves or by proxy – file objections against resolutions of the virtual Annual General Meeting, without being present in person at the meeting on June 1, 2022, by means of electronic communication via our Online Service for the Annual General Meeting at <https://www.kloeckner.com/en/investors/annual-general-meeting/online-service.html>.

Website with information on the Annual General Meeting

This Invitation, together with all other information on the virtual Annual General Meeting, including a more detailed explanation of the shareholders' rights listed above and the information that has to be made available pursuant to Section 124a AktG, is available online at <https://www.kloeckner.com/en/investors/annual-general-meeting.html>.

Broadcast of the virtual Annual General Meeting

The entire virtual Annual General Meeting will be broadcasted live on June 1, 2022, from 10.30 a.m. (CEST) via our Online Service for the virtual Annual General Meeting at <https://www.kloeckner.com/en/investors/annual-general-meeting/online-service.html> and publicly on the Company's website at <https://www.kloeckner.com/en/investors/annual-general-meeting.html>. Recordings of the opening of the virtual Annual General Meeting by the chairman of the meeting, the CEO's speech and the report by the Supervisory Board will be available on the Company website following the end of the Annual General Meeting.

Total number of shares and voting rights

At the time of convocation of this virtual Annual General Meeting, the Company's share capital totaled EUR 249,375,000.00, comprising 99,750,000 no-par-value registered shares, each carrying one voting right. The total number of shares and voting rights at the time of convocation of the virtual Annual General Meeting therefore amounts to 99,750,000.

Information on Data Protection for Shareholders

When you register for the virtual Annual General Meeting or authorize a proxy, we will collect personal data on you and/or your authorized proxy. We do so to enable shareholders to exercise their rights at the virtual Annual General Meeting.

As data controller, Klöckner & Co SE will process such data in the context of the Annual General Meeting in compliance with the provisions of the EU General Data Protection Regulation (GDPR) and all further applicable laws. Details on how your personal data is handled and your rights under the GDPR can be found on the virtual Annual General Meeting website <https://www.kloeckner.com/en/investors/annual-general-meeting.html>. Shareholders who authorize a proxy are kindly asked to communicate this information on data protection to the proxy.

Duisburg, April 2022

Klöckner & Co SE
Management Board

Would you like to receive your documents for General Meetings by e-mail?
For more information, and to register, please visit
<https://www.kloeckner.com/en/investors/annual-general-meeting/online-service.html>

All shareholders who have registered by June 8, 2022 for their invitations to General Meetings to be sent to them by e-mail will take part in a draw, where they can win one of three Apple® iPad mini (excl. network access contract).

Klößner & Co SE

Am Silberpalais 1, 47057 Duisburg, Germany

Phone: +49 203 307-0

Fax: +49 203 307-5000

www.kloeckner.com