

2020 Joint Declaration of Conformity
by the Management Board and the Supervisory Board of Klöckner & Co SE
pursuant to Section 161 of the German Stock Corporation Act
on the German Corporate Governance Code

Klöckner & Co SE had complied with all recommendations of the German Corporate Governance Code in the version of February 7, 2017 (published on April 24, 2017 in the Federal Gazette) since the last Declaration of Conformity dated December 17, 2019.

Except for the deviations listed below, Klöckner & Co SE had, as of their entry into force, also complied with all recommendations of the German Corporate Governance Code in the version of December 16, 2019 (published on March 20, 2020 in the Federal Gazette) and will comply with those in future:

C.10:

Pursuant to provision C.7 of the Code it may indicate a lack of independence with respect to the company if a member of the Supervisory Board belongs to it for more than 12 years. Prof. Vogel is a member of the Supervisory Board as of May 31, 2006, is its chairman and the chairman of its presidium (being the committee responsible for the remuneration of the Management Board). Albeit the Management Board and the Supervisory Board see no indication for a lack of independence with respect to Prof. Vogel, against the background of provision C.7 of the Code and as a matter of precaution, a deviation is declared with regard to Recommendation C.10.

In the view of the Management Board and the Supervisory Board it is in the interest of the company that Prof. Vogel remains in the Supervisory Board of the company and as its chairman and the chairman of the presidium, even if the term stated in the Code is exceeded. The value of Prof. Vogel for the work of the Supervisory Board should be beyond any doubt. Beside his professional and personal qualifications as well as his experience, particularly as chairman of supervisory bodies, Prof. Vogel also has, due to the long term of his membership to the Supervisory Board, a notably deep knowledge of the Company. Furthermore, the Management Board and the Supervisory Board appreciate the continuity represented by Prof. Vogel – particularly against the background of the personal changes during the last years.

Apart from that, with respect to Prof. Vogel, the Management Board and the Supervisory Board, both do not share the concern behind the provision C.7 of the Code that there is an increased risk of conflicts of interest the longer a person belongs to the Supervisory Board. The Supervisory Board continuously monitors the occurrence of potential conflicts of interest with regard to all of its members. Until now, with respect to Prof. Vogel no situation giving rise to a risk of conflict of interest has occurred and there is no reason at hand why such risk should be assumed solely because a certain term of membership is exceeded.

G.1:

Recommendation G.1 of the Code comprises several provisions regarding the content of the remuneration system for the Management Board which is resolved by the Supervisory Board. Those provisions already consider the new Act for Implementing the Second EU Shareholder Rights Directive (ARUG II).

The remuneration system for the Management Board currently in place was approved by the general meeting in 2016. However, it does not comply to the new recommendation G.1 of the Code in all aspects. As already announced in the Annual Report for the fiscal year 2019 and in accordance with the transitional provisions of the ARUG II, an adapted remuneration system is to be proposed to the general meeting in 2021. Such adapted remuneration system will then also comply with the requirements of recommendation G.1 of the Code.

Duisburg/Germany, December 14, 2020

The Supervisory Board

The Management Board