

IV. Supplementary information on agenda item 9

Description of the proposed change in the remuneration of members of the Supervisory Board and reasons for the adjustment

Supervisory Board remuneration is governed by Article 14 of the Company's Articles of Association. This provides that members of the Supervisory Board receive solely a fixed annual remuneration plus attendance fees and reimbursement of expenses. The amount of this fixed remuneration for members of the Supervisory Board is currently EUR 40,000 per year. The Chairman of the Supervisory Board receives two and a half times, the Deputy Chairman one and a half times and the Chairman of the Audit Committee one and a quarter times the aforementioned fixed remuneration. The text of the currently valid Articles of Association with the provisions on Supervisory Board remuneration in Section 14 is available as a document for the 2023 Annual General Meeting at <https://www.kloeckner.com/en/investors/annual-general-meeting.html>.

The Supervisory Board of Klöckner & Co SE has the task of advising the Management Board and supervising it both retrospectively and prospectively in its management of the business. For these purposes, it receives appropriate and also competitive remuneration. This enables the Company to attract and retain suitable candidates for the office of Supervisory Board member. The remuneration is intended to appropriately remunerate the members of the Supervisory Board for their prudent and conscientious provision of advice to and supervision of the Management Board. In this way, it promotes the corporate strategy and the Company's long-term development.

The level of remuneration set out in the Articles of Association is intended to be commensurate with the duties of the Supervisory Board members taking into account the time required, the responsibility of the Supervisory Board members for the Company and the situation of the Company, and also to be customary in comparison with supervisory board remuneration at other (comparable) listed companies. For this purpose, the Supervisory Board, with the support of its Presidium, reviews the appropriateness of the remuneration on a regular basis and at least once every four years in preparation for the proposal for a resolution by the Annual General Meeting on the remuneration of the members of the Supervisory Board. This includes the aspect that the Company shall remain able to attract outstandingly qualified candidates, domestic and international, as members of the Supervisory Board (see above).

The remuneration for the members of the Supervisory Board was last adjusted in 2013 and confirmed by the Annual General Meeting in 2021. Supervisory Board remuneration has therefore remained unchanged for 10 years.

The Management Board and the Supervisory Board consider an increase in remuneration to be indicated in view of the following considerations:

- Overall, Supervisory Board remuneration must be competitive in order to continue to meet the targets set by the Company – and also demanded by many investors – for the Supervisory Board to be composed of qualified, internationally experienced mandate holders with due regard to diversity aspects.
- The international market and business environment, the regulatory framework and also the responsibilities of the Supervisory Board have become significantly more complex since the last adjustment to Supervisory Board remuneration in 2013 and will also continue to gain in complexity; this is accompanied by increased demands and expectations with respect to the Supervisory Board service.

- A review based on an external remuneration study and a peer group comparison with selected listed companies of comparable size and business activities has shown that the current remuneration of the Supervisory Board is no longer in line with other listed companies of comparable size and business activities. The proposed adjustment is intended to bring the Supervisory Board remuneration at the Company up to a level that can be considered comparable and/or competitive, also in comparison with the remuneration at other listed companies of comparable size and business activities.

Based on the proposal of the Presidium of the Supervisory Board, the Management Board and the Supervisory Board propose the following adjustment to the remuneration for the Supervisory Board in Section 14 of the Company's Articles of Association:

- (1) The annual fixed remuneration (basic remuneration excluding attendance fees) is to be increased to EUR 60,000 to take appropriate account of the increased scope of work and responsibility of the members of the Supervisory Board.
- (2) The multipliers for increasing the annual fixed remuneration for the Chairman of the Supervisory Board, the Deputy Chairman and the Chairman of the Audit Committee remain unchanged. This means that the Chairman of the Supervisory Board receives two and a half times, the Deputy Chairman one and a half times and the Chairman of the Audit Committee one and a quarter times the aforementioned fixed remuneration.
- (3) The attendance fee remains unchanged at EUR 2,000 per meeting. As before, the Chairman of the Supervisory Board and the Chairman of a Supervisory Board committee each receive two and a half times and their deputies one and a half times this attendance fee.
- (4) The remaining provisions in Section 14 of the Articles of Association regarding the calculation of remuneration pro rata temporis where applicable, the payment of Supervisory Board remuneration and any liability insurance remain unchanged.

Accordingly, the basic structure of the remuneration system for the Supervisory Board remains unchanged; only the amount of the annual fixed remuneration is increased.

The increase is to apply retroactively from January 1, 2023.

The modified remuneration system for the Supervisory Board, as it is proposed to be resolved by the Annual General Meeting of the Company in 2023, is presented once again in the following:

Supervisory Board remuneration

For their service, the members of the Supervisory Board of Klöckner & Co SE receive fixed annual remuneration plus meeting attendance fees. The remuneration of the members of the Supervisory Board is set out in Section 14 of the Articles of Association as follows:

"Section 14 Remuneration

(1) The members of the Supervisory Board shall receive, in addition to the reimbursement of their reasonable cash expenses and the value added tax accruing on their compensation and expenditures, a fixed annual compensation in the amount of EUR 60,000.

(2) The Chairman of the Supervisory Board shall receive 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 compensation as set forth in para. 1.

(3) In addition, Supervisory Board members shall receive an attendance fee of EUR 2,000 for each Supervisory Board meeting and committee meeting they attend. The Supervisory Board Chairman and the Chairman of a Supervisory Board Committee shall receive two and a half times and the deputy of the Supervisory Board Chairman and deputies of a Chairman of a Supervisory Board Committee shall receive one and a half times the attendance fee.

(4) Supervisory Board members that sit on the Supervisory Board only during part of the fiscal year shall receive one twelfth of the compensation for each month or part of a month of their membership. The same shall hold true for the increase in compensation of the Chairman of the Supervisory Board and his deputy as well as the Chairman of the Audit Committee pursuant to para. 2.

(5) The compensation pursuant to para. 1 and the attendance fee shall become due after the end of the Annual General Meeting that receives the consolidated financial statements for the relevant fiscal year or decides on the approval thereof.

(6) The Company may maintain, on its own behalf and at its own expense, a reasonable amount of directors' and officers' liability insurance for its executive bodies. If it does so, the Supervisory Board members are to be included."

The remuneration system underlying these Articles of Association is as follows, applying Section 87a (1) sentence 2 AktG analogously:

The Supervisory Board of Klöckner & Co SE has the task of advising the Management Board and supervising it both retrospectively and prospectively in its management of the business. For this purpose, it receives appropriate and also competitive remuneration. This enables the Company to attract and retain suitable candidates for the office of Supervisory Board member. The remuneration is intended to appropriately remunerate the members of the Supervisory Board for their prudent and conscientious provision of advice to and supervision of the Management Board. In this way, it promotes the corporate strategy and the Company's long-term development.

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 strengthens the independence of the Supervisory Board and also complies with Recommendation G.18 sentence 1 of the German Corporate Governance Code. The fixed remuneration promotes objective and neutral advice and oversight as well as independence in appointment and remuneration decisions in relation to the Management Board.

In accordance with Recommendation G.17 of the German Corporate Governance Code, remuneration for Supervisory Board membership takes appropriate account of the larger time commitment of the Chairman and the Deputy Chairman of the Supervisory Board as well as of the chairpersons and members of any committees. The Chairman of the Supervisory Board thus 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 annual remuneration. In addition, Supervisory Board members receive an attendance fee for each Supervisory Board meeting and committee meeting they attend. The Chairman of the Supervisory Board and the chairperson of a Supervisory Board committee each receive two and a half times and their deputies one and a half times this amount.

Supervisory Board members who sit on the Supervisory Board only during part of a fiscal year receive one twelfth of the annual remuneration for each month or part month of their membership. The same applies to increases in the annual remuneration of the Chairman of the Supervisory Board and his deputy as well as of the Chairman of the Audit Committee. The fixed annual remuneration and the attendance fee fall due after the end of the Annual General Meeting that receives or decides on the approval of, the consolidated financial statements for the respective fiscal year.

In addition, the Articles of Association specify that the Company may maintain, on its own behalf and at its own expense, reasonable directors' and officers' liability insurance cover for its governing bodies and, if it does so, the Supervisory Board members are to be included in that insurance. In addition, the members of the Supervisory Board are entitled to reimbursement of expenses by law. This may include, for example, reasonable professional development costs and, in the case of the Chairman of the Supervisory Board, reasonable costs of maintaining a Supervisory Board office. Furthermore, value added tax on Supervisory Board remuneration is reimbursed.

The level of remuneration set out in the Articles of Association is intended to be commensurate with the duties of the Supervisory Board members and the situation of the Company and also to be customary in comparison with supervisory board remuneration at other listed companies of comparable size and business activities. For this purpose, the Supervisory Board, with the support of its Presidium, reviews the appropriateness of the remuneration on a regular basis and at least once every four years in preparation for the proposal for a resolution by the Annual General Meeting on the remuneration of the members of the Supervisory Board. Supervisory Board remuneration is not vertically benchmarked against the remuneration of other Company or Group employees due to the special nature of Supervisory Board service.