

## II. Remuneration System for the Board of Directors

### Remuneration System for the Board of Directors of Salzgitter AG

#### **A. Preamble**

According to § 87a para. 1 of the German Stock Corporation Act (AktG), the Supervisory Board of a listed company adopts a clear and comprehensible system for the remuneration of the members of the Board of Directors. The previous remuneration system of the Board of Directors of Salzgitter AG (hereinafter referred to as "Salzgitter" or "the Company") was put to a vote at the annual Shareholders' Meeting on July 8, 2020 and approved by the Shareholders' Meeting with an approval rate of 98.56%.

Section 120a (1) of the German Stock Corporation Act provides that the Shareholders' Meeting of the listed company is to decide on the approval of the remuneration system for the members of the Board of Directors submitted by the Supervisory Board in the event of any significant change in the remuneration system, but at least every four years.

Against this backdrop, the Supervisory Board reviewed the previous remuneration system in the 2023 financial year. In particular, the fit with the Company's current strategy as well as market practice and investor expectations were considered. The results of this review confirmed that the remuneration system continues to make a significant contribution to the implementation of Salzgitter's business strategy and promotes the sustainable and long-term development of the Company. No changes to the remuneration system were made in the interests of continuity. The presentation of the remuneration system has been editorially revised to further increase the comprehensibility of the remuneration system.

The Supervisory Board proposes to re-approve the remuneration system for the members of the Board of Directors as described below.

#### **B. Compensation components at a glance**

The remuneration of the members of the Board of Directors of Salzgitter AG consists of fixed and variable components. The fixed remuneration includes a base salary, fringe benefits and a pension commitment. The variable compensation consists of an annual bonus, which has a short-term and a long-term component, and a long-term performance cash award. The remuneration components are supplemented by other components of the remuneration system, such as the maximum remuneration pursuant to Section 87a of the German Stock Corporation Act, malus and clawback provisions and regulations in the event of early termination of the activities of the member of the Board of Directors.

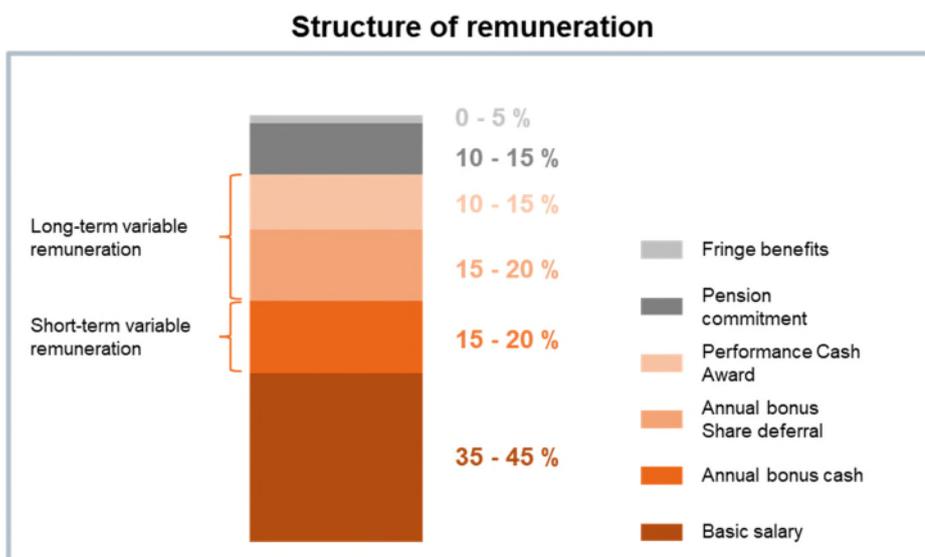
The following overview provides a summary overview of the components of the remuneration system:

## Overview of the remuneration system

<b>Fixed remuneration</b>	<b>Basic salary</b>	Fixed annual remuneration paid out monthly in equal instalments
	<b>Fringe benefits</b>	Fringe benefits in the form of non-cash benefits, in particular the granting of private use of a company car, expenses for group accident insurance or the assumption of costs for preventive medical check-ups
	<b>Pension commitment</b>	Defined contribution company pension scheme
<b>Variable compensation</b>	<b>Short-term variable remuneration</b>	<ul style="list-style-type: none"> <li>/ Type: Annual bonus</li> <li>/ Performance criteria: <ul style="list-style-type: none"> <li>&gt; Earnings before taxes (EBT) (70 %)</li> <li>&gt; Individuelle performance criterion (30 %)</li> </ul> </li> <li>/ Cap: 150 % of the target bonus</li> <li>/ Pay-out: <ul style="list-style-type: none"> <li>&gt; 50 % in bar after expiry of the financial year</li> <li>&gt; 50 % conversion to virtual share deferral</li> </ul> </li> </ul>
	<b>Long-term variable remuneration</b>	<ul style="list-style-type: none"> <li>/ Type: Virtual share deferral</li> <li>/ Starting value: 50 % of the annual bonus achieved</li> <li>/ Lock-up period: 3 years</li> <li>/ Cap: 150 % of the starting value</li> <li>/ Pay-out: in cash after expiry of the 3-years lock-up period</li> </ul> <hr/> <ul style="list-style-type: none"> <li>/ Type: Performance Cash Award</li> <li>/ Performance period: 4 years</li> <li>/ Performance criteria: <ul style="list-style-type: none"> <li>&gt; Return on Capital Employed (ROCE) (70 %)</li> <li>&gt; Stakeholder goals, in particular sustainability goals (30 %)</li> </ul> </li> <li>/ Cap: 200 % of the target amount</li> <li>/ Pay-out: in cash after expiry of the 4-years performance period</li> </ul>
<b>Maximum remuneration in accordance with § 87a AktG</b>		<ul style="list-style-type: none"> <li>/ Chairman of the Board of Directors: 5,800,000 €</li> <li>/ Ordinary member of the Board of Directors: 3,100,000 €</li> </ul>
<b>Malus &amp; Clawback</b>		Option to partially or fully reduce (malus) or claw-back in case of a compliance offence
<b>Premature expiry of service as member of the Board of Directors</b>		In case of a premature expiry of the service as member of the Board of Directors without a cause for which the member of the Board of Directors is responsible, a severance payment will be made as part of the remuneration system that is capped at two full years' remunerations and does not remunerate a time span exceeding the remaining term of the employment agreement

### C. Total and maximum compensation

The relative shares of the individual remuneration components in the total remuneration – assuming 100% target achievement in the variable remuneration components (target remuneration) – of an ordinary member of the Board of Directors with a defined contribution pension scheme (without the previous commitment) are around the following values:



The ratio of long-term to short-term variable compensation is around 64% to 36% at target compensation, which places a strong focus on the long-term development of the Company. In addition, the long-term variable remuneration (annual bonus share-deferral and performance cash award) is predominantly share-based, which means that the interests of the Board of Directors and our shareholders are strongly linked.

In addition to the separate limitation of each individual variable remuneration component, the Supervisory Board has set a maximum remuneration in accordance with section 87a (1) sentence 2 no. 1 of the German Stock Corporation Act. This limits the total amount of all remuneration promised for a financial year, i.e. the sum of all fixed and variable components, including all fringe benefits and expenses for the company pension scheme, regardless of the date of payment.

The maximum remuneration of the members of the Board of Directors for a financial year may be achieved if, in addition to the payment of the basic remuneration, the granting of fringe benefits and the granting of the pension commitment with regard to the components of the variable remuneration, the following circumstances exist at the same time in relation to the financial year:

- Achievement of the maximum payout factor for obtaining the annual bonus, i.e. 150% achievement of the EBT target and the targets set by the Supervisory Board for individual performance
- 50% increase in the price of the Company's shares during the three-year lock-up period of the share deferral following the financial year
- Achievement of the maximum payout factor for obtaining the Performance Cash Award, i.e. 200% achievement of the ROCE target and the stakeholder targets set by the Supervisory Board – in particular sustainability targets – in the four-year performance period.

If all of these conditions are met and taking into account any adjustments to the remuneration in the context of the general development of wages and salaries over the next four years as well as the valuation-related fluctuation in the length of service required for the pension commitment, the maximum remuneration for the ordinary members of the Board of Directors is EUR 3,100,000 and for the Chairman of the Board of Directors EUR 5,800,000.

## **D. Remuneration components in detail**

### **a) Fixed remuneration components**

The fixed remuneration components consist of the basic salary, fringe benefits and the pension commitment.

#### **Basic salary**

The basic remuneration is granted in the form of a sum of money per year individually agreed between the Supervisory Board and the member of the Board of Directors in the employment contract, to be paid out in twelve equal monthly instalments at the end of each month (monthly salaries).

#### **Fringe benefits**

The fringe benefits include non-cash benefits such as the granting of private use of a company car, expenses for group accident insurance, the assumption of costs for preventive medical check-ups, attendance fees for intra-group supervisory board mandates and, if applicable, lump-sum taxed benefits in kind, e.g. tickets for concert events supported by the Company.

#### **Pension commitment**

For the purpose of retirement provision, the Company sets aside a certain amount of money for the member of the Board of Directors in a pension account for each year of service on the Board of Directors (defined contribution commitment). The prerequisite for the granting of

pension contributions is that the member of the Board of Directors has not yet reached the standard retirement age in the statutory pension insurance scheme at the beginning of the respective contribution year.

Until the pension event occurs, an annual interest credit is taken into account in the pension account in the amount of the applicable statutory maximum actuarial interest rate for the life insurance industry in accordance with the Insurance Provisions Ordinance. If higher interest after tax is achieved by investing the pension contributions, this will be credited to the pension account when the pension event occurs.

#### Investment

The investment is carried out in accordance with the life cycle model defined in the terms and conditions for deferred compensation in the Salzgitter Group ("SZAG model") and taking into account the securities determined by the Investment Committee for company pension schemes in the Salzgitter Group. The Supervisory Board may, at its own equitable discretion (Section 315 of the German Civil Code), decide on a different investment.

#### Retirement capital

If the member of the Board of Directors retires from the service of the Company at or after reaching the standard retirement age in the statutory pension insurance, the member of the Board of Directors receives the pension assets as a one-off retirement capital or, upon application, in ten annual instalments. If the member of the Board of Directors retires before reaching the standard retirement age, the member of the Board of Directors will receive an early retirement capital upon application at the earliest after reaching the age of 62.

#### Pension assets in the event of occupational disability and death

If the member of the Board of Directors retires from the service of the Company due to occupational disability or death before reaching the standard retirement age in the statutory pension insurance scheme, the pension balance on the pension account that has already been achieved is increased by as many pension contributions as the member of the Board of Directors would have received if he or she had continued to be employed until the age of 60. A maximum of ten pension contributions are added. The pension assets accrued during active service are paid out to the member of the Board of Directors or to the surviving dependents of the member of the Board of Directors, plus any additions, as a lump sum or in up to ten annual instalments. In the case of payment in instalments, interest is paid on the instalments from the date of occurrence of the pension event until the respective due date of the instalment in the same way as previously on the pension contributions.

### Early termination of employment

If the member of the Board of Directors leaves the Company's services without a pension event having occurred, the member of the Board of Directors retains a vested entitlement from the pension account in accordance with the statutory provisions of the Occupational Pensions Act.

### Modification or cancellation of the pension commitment

The Company has reserved the right to reduce or discontinue benefits if the circumstances prevailing at the time of the introduction of this pension commitment have changed so significantly that the Company can no longer be expected to maintain the promised pension contributions or benefits, even if the interests of the beneficiary are adequately taken into account. Contributions that have already been paid into the pension account are excluded from this.

### Previous pension commitments

The pension commitments currently made to active members of the Board of Directors do not exclusively constitute the type of commitment provided for in the Board of Directors remuneration system (defined contribution commitment): The pension benefit commitments previously made to the members of the Board of Directors Burkhard Becker and Michael Kieckbusch were fixed as of December 31, 2018 and were supplemented by a defined contribution commitment under the new remuneration system as of January 1, 2019.

## **b) Variable compensation components**

The variable remuneration consists of the annual bonus and the Performance Cash Award. Half of the annual bonus is paid in cash at the end of the financial year. This half represents the short-term variable remuneration of the members of the Board of Directors. The other half of the annual bonus will be converted into a virtual share deferral with a three-year lock-up period. The share deferral, together with the second long-term compensation component, the Performance Cash Award with a performance period of four years, represents the long-term variable remuneration of the members of the Board of Directors.

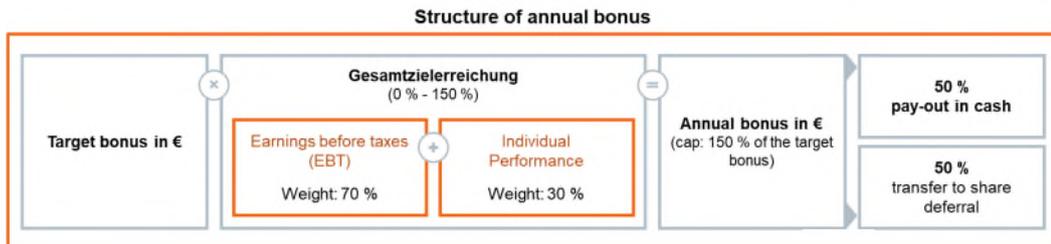
## Variable remuneration



## Annual Bonus

The annual bonus is dependent on the fulfilment of performance criteria and is paid out in cash. To this end, a target bonus in the form of a number of months' salaries is agreed in the employment contract of the member of the Board of Directors, so that the target bonus is adjusted in the event of an adjustment to the basic salary. Half of the annual bonus is paid at the end of the financial year. The remaining half will be converted into a virtual share deferral with a lock-up period of three years.

The way the annual bonus works is as follows:



## Relevant performance criteria

Performance criteria are earnings before taxes (EBT) according to the Annual Report as a financial performance criterion and the individual performance of the member of the Board of Directors as a non-financial performance criterion. The payout factor for the EBT criterion is weighted at 70% and the payout factor for the individual performance criterion at 30%.

The remuneration should include incentives to implement the strategic direction of the Company. In the opinion of the Supervisory Board, a key indicator of the success of the business strategy and the long-term successful development of the company is the annual result from ordinary activities (EBT). For this reason, the Supervisory Board has chosen the achievement of a stable positive or better EBT compared to the previous year as the main performance criterion for the annual bonus.

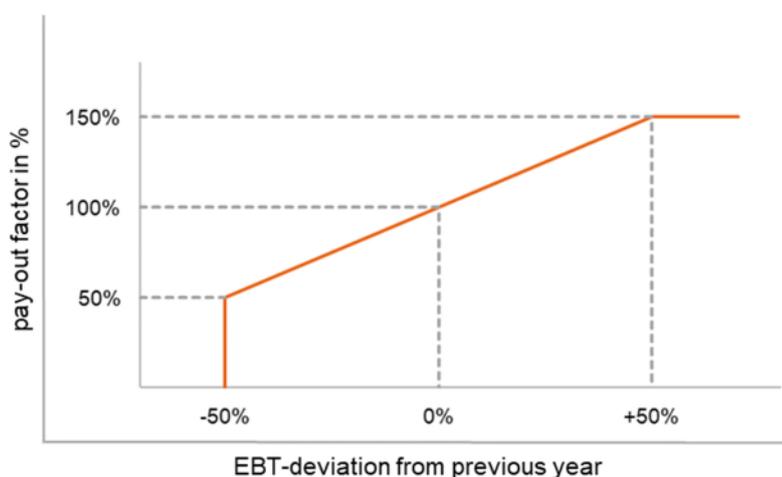
In addition, in the opinion of the Supervisory Board, non-financial criteria also have a significant influence on the success of the business strategy and the long-term good development of the Company. For this reason, it also sets individual performance criteria for the annual bonus on an annual basis. In this way, the remuneration system of the Board of Directors makes

a significant contribution to the promotion of the Company's business strategy and long-term development.

#### EBT (financial performance criterion)

The payout factor for EBT is determined on the basis of an actual/actual comparison. The actual value of EBT in the respective financial year is compared with the actual value of EBT in the previous financial year ("previous year"). If EBT remains the same compared to the previous year, the payout factor is 100% of the target bonus. If EBT is increased by +50% compared to the previous year, the maximum payout factor of 150% ("maximum value") is reached. With an EBT of -50% compared to the previous year, the minimum payout factor of 50% ("minimum value") is reached. Target achievement between the defined target achievement points (50%; 100%; 150%) is linearly interpolated. If the maximum value is reached, further increases in EBT will not lead to an increase in the payout factor. If the minimum value is not reached, the payout factor is 0%.

#### **Bonus curve EBT**



If EBT is negative in both the previous year and the respective financial year, the Supervisory Board is entitled to determine the achievement of targets at its reasonable discretion (Section 315 of the German Civil Code (BGB)). The same applies if the EBT of the previous year or the respective financial year is less than 1 million. EUR. If a positive operating EBT is achieved in the previous year and a negative EBT in the respective financial year, the payout factor is 0%. The application of the EBT performance criterion is reported in the remuneration report for the respective financial year.

### Individual performance (non-financial performance criterion)

The criteria for assessing the individual performance of the member of the Board of Directors are determined by the Supervisory Board at the beginning of each financial year, at the latest within the first three months, or – if the employment relationship of the member of the Board of Directors begins later in the course of a financial year – at the time of recruitment. The following aspects can be taken into account as criteria for the individual performance of the member of the Board of Directors and defined in more detail by the Supervisory Board:

#### **Catalogue of criteria for individual goals**



It is at the discretion of the Supervisory Board to define further criteria in addition to the above-mentioned aspects. The Supervisory Board determines the extent to which the individual goals of the individual members of the Board of Directors or goals for all members of the Board of Directors together are decisive.

The Supervisory Board evaluates the performance of the members of the Board of Directors on the basis of the previously defined criteria. The Supervisory Board can determine the degree to which targets have been achieved on a linear basis between 0% and 150%. The application of the individual performance criterion is reported in the remuneration report for the respective financial year.

The overall target achievement of the annual bonus is calculated from the weighted achievement of the two performance criteria of operating profit before tax and individual performance. The annual bonus is calculated by multiplying the target bonus by the total target achievement and is limited to 150% of the target bonus. In the event of extraordinary, unforeseen developments, the Supervisory Board may reduce the annual bonus as provided for by Section 87 (1) sentence 3 half-sentence 2 of the German Stock Corporation Act.

#### Payment of the annual bonus

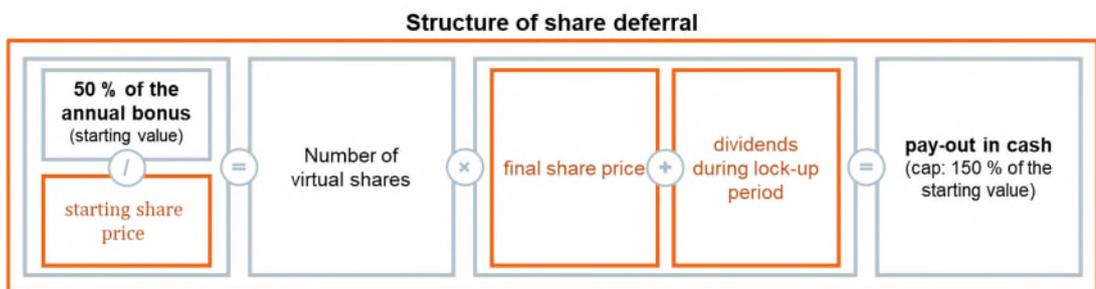
50% of the determined annual bonus will be paid out in cash as soon as the Supervisory Board has determined the degree to which the respective targets have been achieved at the end of the respective year. The remaining 50% (starting value) will be transferred to a virtual share deferral, i.e. retained and invested virtually in shares of Salzgitter AG for three years (share deferral) in order to ensure that the variable remuneration is based on shares.

Share deferral

The conversion of part of the variable remuneration into a share deferral promotes the business strategy and the long-term development of the Company by incentivising the members of the Board of Directors to increase the value of the Company and directly aligns the interests of the Board of Directors and shareholders as well as increasing the attractiveness of the Company on the capital market. This is one of the prerequisites for the long-term development of the Company.

The share deferral is subject to a lock-up period of three years (lock-up period). The lock-up period begins at the end of the respective financial year for which the annual bonus is granted. The number of shares of the share deferral at the beginning of the lock-up period is calculated by dividing the initial value by the starting share price. The starting share price is the arithmetic average of the XETRA closing price of the Company's shares on the Frankfurt Stock Exchange over the last 30 trading days before the start of the lock-up period.

The payout amount resulting from the share deferral at the end of the lock-up period is calculated by multiplying the number of units of the virtual shares by the final share price plus the dividend payments attributable to the virtual shares during the lock-up period. The final share price is the arithmetic average of the XETRA closing price of the Company's shares on the Frankfurt Stock Exchange over the last 30 trading days before the end of the lock-up period.



The payout amount resulting from the share deferral is capped at 150% of the initial value.

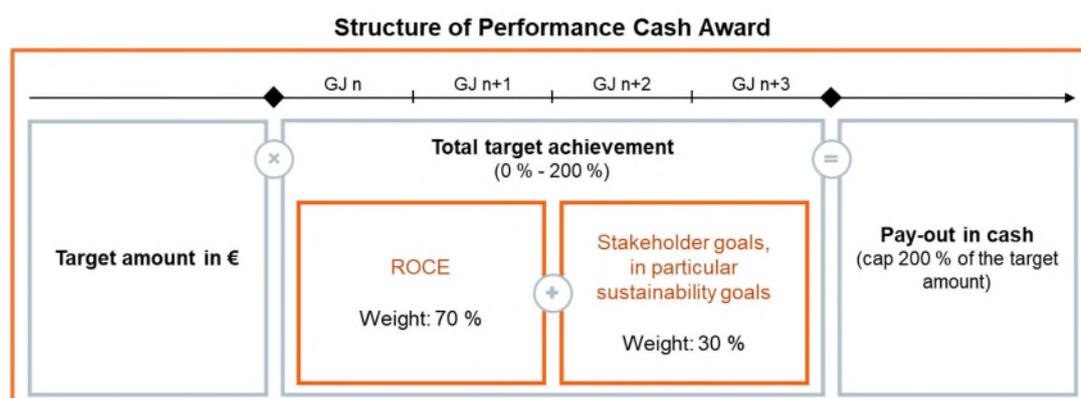
## Adaptations

If an extraordinary event or development results in a member of the Board of Directors receiving a higher or lower payout amount from the annual bonus than the amount to which he or she would have been entitled in the absence of this event or development, without this being justified by the performance of the member of the Board of Directors, the Supervisory Board is entitled to reduce or increase the payout amount.

## **Performance Cash Award**

The Performance Cash Award is also dependent on the fulfilment of performance criteria (performance-based) and is paid out in cash. It is allocated annually (tranche). Each tranche has a term of four full financial years (performance period). Each performance period begins at the beginning of the financial year for which the tranche is allocated (the allocation year) and ends at the end of the fourth full financial year.

The following overview summarizes how the Performance Cash Award works:



In the employment contract of the member of the Board of Directors, a target amount in the form of a number of monthly salaries is agreed. This enables the Supervisory Board to take into account different requirements for the individual functions of members of the Board of Directors. It also means that the target amount is adjusted in the event of an adjustment to the basic salary.

## Relevant performance criteria

Performance criteria are the return on capital employed (ROCE) at Group level in the performance period ("ROCE target") – financial performance target – and the achievement of stakeholder targets, in particular sustainability goals – non-financial performance targets. The achievement of the ROCE target is weighted at 70% and the achievement of the stakeholder targets at 30%.

The remuneration should include incentives to implement the strategic direction of the Company. A key performance indicator for the success of the Group's business strategy and its long-term successful development is the return on capital employed (ROCE), which can be seen as an indicator of whether and to what extent investments can be implemented in terms of sustainable growth. For this reason, the Supervisory Board has chosen the achievement of the planned ROCE values in the performance period as the main performance criterion for the Performance Cash Award.

In addition, in the opinion of the Supervisory Board, non-financial criteria also have a significant influence on the success of the business strategy and the long-term positive development of the Company. For this reason, it also sets stakeholder targets, in particular sustainability goals, for the Performance Cash Award every year. In this way, the remuneration system of the Board of Directors makes a significant contribution to the promotion of the Company's business strategy and long-term development.

#### ROCE (Financial Performance Criterion)

ROCE recognises the return generated from the Group's business [EBIT (= EBT + interest expense excluding interest from the allocation to pension provisions) over the sum of equity (excluding calculation of deferred taxes), tax provisions, interest-bearing liabilities (excluding pension provisions) and liabilities from finance leases, forfeiting and asset-backed securitization]. It measures how efficiently and profitably the Company has used its tied-up capital.

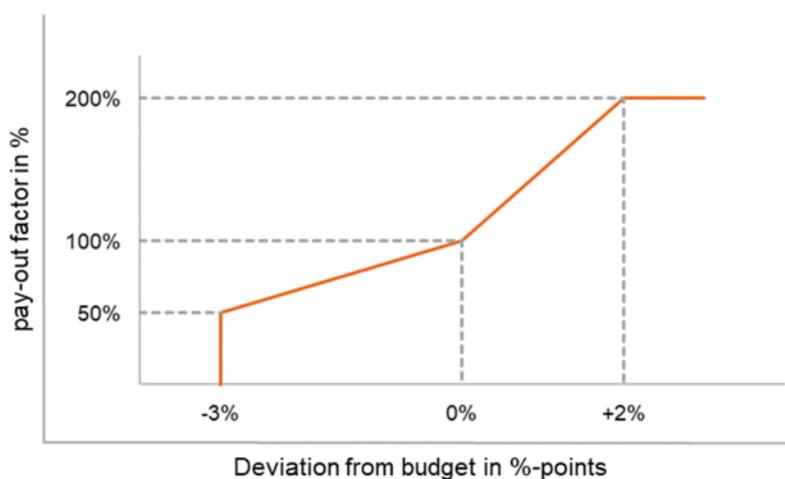
In order to determine the achievement of the ROCE targets, a comparison is made between the ROCE actually achieved and the budgeted ROCE. At the end of the performance period, the average of the ROCE values achieved annually after the end of the respective financial years during the performance period is determined; the average of the budgeted ROCE values for the respective financial years is then subtracted from this in order to determine a deviation between the planned value and the actual value in percentage points ( $\emptyset$  [actual values] –  $\emptyset$  [planned values]).

Taking into account the general business development and the economic prospects of Salzgitter AG, the Supervisory Board determines a value for the deviation of the average ROCE achieved from the budgeted ROCE in percentage points for each new tranche to be issued, which leads to a payout factor of 100% of the target amount agreed in the employment contract of the member of the Board of Directors (target value), as well as values for a payout factor of 50% (minimum value) and 200% (maximum value). Target achievement between the defined target achievement points (50%; 100%; 200%) is linearly interpolated. If the minimum value is not reached, the payout factor is zero. If the maximum value is reached, further increases in the average ROCE will not lead to an increase in the payout factor.

For example, if the target value for the deviation of the average ROCE achieved from the average budgeted ROCE is set to 0%, the minimum value is -3% and the maximum value is set to 2%, the payout factor increases from 100% by 50 percentage points per percentage point of average ROCE achieved above the average budgeted ROCE. For every percentage point of the average ROCE achieved below the average budgeted ROCE, the payout factor decreases by 16.67 percentage points from 100%. This example results in the following payout curve:

## Bonus curve ROCE (example)

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The application of the ROCE performance criterion is reported in the remuneration report for the respective financial year.

### Stakeholder goals, in particular sustainability goals (non-financial performance criterion)

In addition to the financial performance target, the Supervisory Board of Salzgitter AG sets stakeholder targets, in particular sustainability goals, when allocating each tranche, at the latest within the first three months of the allocation year or – if the employment of the member of the Board of Directors begins later in the course of a financial year – at the time of recruitment. In doing so, the Supervisory Board may take into account the following objectives and define them more precisely:

## Catalogue of criteria Stakeholder goals, in particular sustainability goals



It is at the discretion of the Supervisory Board to define further criteria in addition to the stated objectives. The Supervisory Board evaluates the performance of the member of the Board of Directors on the basis of the previously defined objectives. The degree to which targets have been achieved for the respective performance period is determined by the Supervisory Board at the end of the respective performance period and can be set by the Supervisory Board on a linear basis between 0% and 200%. The application of the non-financial performance criterion is reported in the remuneration report for the respective financial year.

The overall target achievement is determined by the weighted target achievement of the two performance criteria ROCE and stakeholder targets. The payout amount is calculated by multiplying the target amount by the total target achievement and is limited to 200% of the target amount specified in the employment contract of the member of the Board of Directors.

### Adaptations

If an extraordinary event or development results in a member of the Board of Directors receiving a higher or lower payout amount than the amount to which he or she would have been entitled in the absence of that event or development, without this being justified by the performance of the member of the Board of Directors, the Supervisory Board may reduce or increase the payout amount.

## Reduction and clawback regulation

In the event of extraordinary, unforeseen developments, the Supervisory Board may reduce the payment of the Performance Cash Award within the meaning of Section 87 (1) sentence 3 half-sentence 2 of the German Stock Corporation Act.

The Supervisory Board is entitled to reduce the amount of the Performance Cash Award resulting from the achievement of targets in part or in full to zero if the member of the Board of Directors has breached grossly negligently or intentionally

- a material duty of care within the meaning of Section 93 of the German Stock Corporation Act,
- a material provision of the Code of Conduct of Salzgitter AG, or
- one of his other essential contractual obligations.

In making its decision, the Supervisory Board must take into account in particular the seriousness of the violation and the resulting disadvantages for the Company. If the payout amount has already been paid out at the time of the reduction decision because the Supervisory Board only became aware of the violation by the member of the Board of Directors after the end of the performance period, the member of the Board of Directors must repay the overpayments received in accordance with the reduction decision. In addition, in this case, the Company is entitled to offset against other remuneration claims of the member of the Board of Directors. The plea of depletion within the meaning of § 818 (3) German Civil Code is excluded in this respect.

## **E. Remuneration-related legal transactions**

### Contracts

The employment contracts of the Board of Directors have a maximum term of five years. As a rule, initial appointments of members of the Board of Directors are made for a maximum of three years. The contracts do not provide for the possibility of ordinary termination; the mutual right to terminate the contract without notice for good cause remains unaffected.

### Start of activity

When the member of the Board of Directors is appointed for the first time, the Supervisory Board decides, on the proposal of the Presidium, whether and to what extent the following additional remuneration benefits are to be promised in an individual contract:

Depending on the fact that previous remuneration benefits are forfeited as a result of the move to Salzgitter AG (e.g. long-term variable remuneration commitments or pension commitments), the Supervisory Board may promise compensation in the form of pension commitments in accordance with the section Pension Commitment in D. a) or cash payments.

Insofar as a change of residence is necessary due to the appointment as a member of the Board of Directors, relocation reimbursements may be granted up to an appropriate maximum amount to be determined individually in the contract. For an appropriate transitional period to be determined in the individual contract, the Supervisory Board may promise to cover the rent plus ancillary costs of any second home at the place of employment or in its immediate vicinity up to an appropriate maximum amount to be determined individually in the contract.

### Termination of activity

In the event of early termination of the service as member of the Board of Directors without a reason for which the member of the Board of Directors is responsible, the members of the Board of Directors are entitled to the agreed remuneration until the expiry of the contract, but this entitlement is limited to the value of two total annual remunerations (base remuneration, fringe benefits, pension commitment and variable target remuneration). In the event of termination of the activities of the member of the Board of Directors due to a change of control, the members of the Board of Directors are entitled to severance pay in the amount of the total remuneration for the term of their employment contract that has not yet expired, whereby this entitlement is limited to the value of two (in the case of member of the Board of Directors Burkhard Becker, who is retiring on March 31, 2024, for historical reasons, still three) total annual remunerations (in this case, base pay and variable target remuneration).

A change of control within the meaning of this provision shall be deemed to exist in particular, but not exclusively, if one or more shareholders of the Company acting jointly or a third party:

- have acquired control of the Company in accordance with section 29 (2) of the WpÜG,
- notify the Company that they reach or exceed 50% or 75% of the voting rights in the Company, or
- conclude an intercompany agreement with the Company as a dependent company within the meaning of Section 291 of the German Stock Corporation Act and this will result in a significant change in the position of the member of the Board of Directors, or
- the Company is merged into another company or the Company is integrated into another company and this will result in a significant change in the position of the member of the Board of Directors.

This does not affect the special provisions of the Coal and Steel Codetermination Supplement Act applicable to the Company for the composition of the Supervisory Board and its competences.

### Dealing with variable remuneration in the event of entry and departure of the member of the Board of Directors during the year

If the employment relationship of the member of the Board of Directors begins in the course of a financial year, the target bonus and the target amount of the tranche of the Performance Cash Award allocated for that financial year will be reduced on a pro rata basis.

If the employment relationship of the member of the Board of Directors ends before the end of the performance period or if the appointment as a member of the Board of Directors is revoked by the Supervisory Board before the end of the performance period, the outstanding payout amounts at that time are to be determined in accordance with the general plan regulations, subject to forfeiture in accordance with the following section; there will be no early calculation and payment of the payout amounts. The same applies to share deferrals whose lock-up period has not yet expired at the time of termination of the employment relationship. The target bonus as well as the tranche of the Performance Cash Award for the year in which the employment relationship of the member of the Board of Directors ends or the appointment as a member of the Board of Directors is revoked will be reduced on a pro rata basis.

If the employment relationship of the member of the Board of Directors is terminated in the course of a financial year or before the end of the performance period by an extraordinary termination by the Company for good cause within the meaning of Section 626 (1) of the German Civil Code or is terminated prematurely at the instigation of the member of the Board of Directors without the Company having set an important reason for such early termination within the meaning of Section 626 (1) of the German Civil Code and without a change of control within the meaning of the

employment contract of the member of the Board of Directors, the entitlement to the annual bonus as well as all claims arising from ongoing share deferrals whose blocking periods have not yet expired at the time of the notice of termination shall cease to apply without replacement or compensation. As part of the Performance Cash Award, all tranches whose performance period has not yet ended at the time of the early termination of the employment relationship will forfeit without replacement or compensation.

If the employment relationship of the member of the Board of Directors ends prematurely due to his or her death or permanent incapacity for service within the meaning of the employment contract of the member of the Board of Directors, the annual bonus is calculated on a pro rata basis for the current financial year. In this case, the calculation of the annual bonus assumes an overall target achievement of 100% and the entire resulting annual bonus is paid within two months of the termination of the employment relationship. In addition, all share deferrals whose lock-up period has not yet expired at the time of termination of the employment relationship will be paid out within two months of the termination of the employment relationship. The payout amount corresponds to the cumulative number of virtual shares of the outstanding share deferrals multiplied by the arithmetic average of the XETRA closing price of the Company's shares on the Frankfurt Stock Exchange over the last 30 trading days prior to the date of early termination of the employment relationship plus the dividend payments attributable to the virtual shares during the respective lock-up periods up to the date of early termination. As part of the Performance Cash Awards, all tranches whose performance period has not yet ended at the time of early termination will be paid out within two months of termination of employment. The payout amounts correspond to the cumulative target values, whereby the tranche of the allocation year in which the employment relationship of the member of the Board of Directors ended is reduced on a pro rata temporis basis.

#### **F. Procedures for the determination, implementation and review of the remuneration system**

The Presidium of the Supervisory Board had already designed the basic structure of this remuneration system for the Board of Directors in several meetings in 2017 with the support of an independent external consultant. Subsequently, after deliberations between the employee representatives and the shareholder representatives on the Supervisory Board, it was discussed intensively in the plenary session of the Supervisory Board in the absence of the Board of Directors. The system, which was subsequently further developed taking into account the further suggestions resulting from the discussion, was finally approved by the Supervisory Board in March 2018.

On behalf of the Supervisory Board, the independent external consultant then subjected the remuneration system to a new horizontal comparison with other SDAX companies in terms of amount and structure in 2022. The results of the investigation were presented to the Supervisory Board at its meeting in September 2022. Furthermore, on behalf of the Supervisory Board, the independent external consultant developed further proposals for the revision of the remuneration system in 2023, which were repeatedly discussed by the Presidium of the Supervisory Board. The results of these discussions were presented to the Supervisory Board at its meetings in September and December 2023. In view of the continued alignment with the business strategy, no changes have been made to the remuneration system in the interests of continuity. The revised and editorially adjusted remuneration system was finally approved by the Supervisory Board at its meeting on March 14, 2024.

It is not necessary to amend the current employment contracts of members of the Board of Directors for the implementation of this remuneration system, as they already comply with it. Individual arrangements have been made with regard to the previously existing pension commitments (see section Pension commitments in D. a)).

It is envisaged that the Supervisory Board will review the structure of the remuneration system for the Board of Directors from time to time, in particular in the case of new contracts for the employment of members of the Board of Directors and on an ad hoc basis. In the event of significant changes to the system and at least every four years, it will submit the remuneration system to the Shareholders' Meeting for approval. At the same time, it regularly reviews the amount of the individual elements of the remuneration system to determine whether there is a need for adjustment. In particular, it compares the adequacy in the horizontal external and vertical internal comparisons and makes adjustments if necessary.

Conflicts of interest are avoided by requiring Supervisory Board members to disclose them to the Supervisory Board. How to deal with an existing conflict of interest is decided on a case-by-case basis. In particular, a member of the Supervisory Board who is affected by a conflict of interest may not participate in a meeting or individual deliberations and decisions of the Supervisory Board or the Presidium.

## **G. Determination of the specific target total remuneration and determination of the amount of remuneration**

### Vertical internal comparison

In order to take into account the remuneration and employment conditions of employees in the Salzgitter Group when determining the remuneration system presented here, the Supervisory Board drew a comparison with the remuneration of senior management and the workforce in the Group in Germany – as it had done in the past in every review and, if necessary, redetermination of the amount of individual remuneration elements within the framework of the former remuneration system. Both the current level of remuneration and the level of remuneration in the development of the last five years were compared. According to the determination of the Supervisory Board, the senior management group included the group of managing directors of the larger Group companies on the one hand and the group of managing directors of the smaller Group companies on the other. With regard to the workforce, a distinction was made between employees covered by collective bargaining agreements and employees not covered by collective bargaining agreements. In view of the different qualifications, tasks, performance requirements and responsibilities as well as the terms and conditions of employment between members of the Board of Directors on the one hand and the included groups of employees on the other, the Supervisory Board assessed the differences in remuneration as appropriate.

### Horizontal external comparison

The Supervisory Board has ensured that the total remuneration of the Company's members of the Board of Directors is at a standard market level in terms of structure and amount and is competitive at the same time. In 2022 and 2023, the Supervisory Board, with the support of an independent external consultant, used the remuneration data – as far as available – of the companies represented in the German Small-Cap Stock Index (SDAX) of Deutsche Börse AG, to which Salzgitter AG belongs, to assess market practice. The index aggregates smaller publicly traded companies with roughly similar market capitalization and exchange turnover sizes. Taking into account relevant company data such as sales, number of employees and market capitalization, the Supervisory Board came to the conclusion that the elements of the compensation system and their level are in line with market practice.

## **H. Temporary deviation from the remuneration system**

If it is necessary in the interest of the long-term well-being of the Company, the Supervisory Board may temporarily deviate from the remuneration system submitted to the Shareholders' Meeting in accordance with Section 87a (2) sentence 2 of the German Stock Corporation Act. Whether such a case exists and how specifically deviations are to be made is determined by the Supervisory Board by resolution after prior involvement and on the recommendation of its Presidium and after consultation. The components of the remuneration system from which it is possible to deviate are the performance criteria for the annual bonus and the Performance Cash Award, the proportions of the individual elements of the remuneration, the maximum remuneration and temporary expenses for extraordinary fringe benefits.