

# Remuneration report **2023**





## Remuneration report

The remuneration report presents the basic features, structure and amounts of Executive Board and Supervisory Board remuneration at Kronen AG. It covers the disclosures required under Section 162 of the German Stock Corporation Act (AktG) and the relevant financial reporting standards.

### Executive Board remuneration

#### Basic principles of Executive Board remuneration

The structure of the remuneration system complies with the requirements of the German Stock Corporation Act (AktG) and the recommendations and suggestions contained in the German Corporate Governance Code (the “Code”) insofar as there are no stated departures from those recommendations and suggestions. In structuring the remuneration system for the Executive Board, the Supervisory Board was guided in particular by the following principles:

#### ■ Advancement of corporate strategy

The remuneration system for the Executive Board and in particular the performance criteria for variable remuneration are closely aligned with the corporate strategy to create a target-oriented incentive structure.

#### ■ Clarity and understandability

The remuneration system is formulated clearly and understandably, thus enabling transparent communication both internally and externally.

#### ■ Focus on the company’s long-term and sustainable development

Most of the variable remuneration consists of long-term variable remuneration components directed at increasing enterprise value and the achievement of important sustainability goals.

#### ■ Pay for Performance

A significant proportion of Executive Board remuneration is variable and tied to the achievement of ambitious targets in order to ensure performance-based remuneration.

#### ■ Alignment with shareholder interests

The variable remuneration provides a strong incentive for increasing enterprise value over the long term, thus linking the interests of Kronen’s Executive Board with those of shareholders.

#### ■ Appropriateness

Executive Board members’ remuneration is commensurate with their duties, responsibilities and personal performance and experience, as well as with the company’s financial situation, success and future prospects.

#### ■ Consistency

Executive Board, managerial and employee remuneration and incentives are logically consistent, ensuring that the corporate strategy and the goals derived from it are pursued throughout the company.

Determining the total remuneration of the individual Executive Board members is the responsibility of the Supervisory Board’s plenary meetings. The Standing Committee prepares the Supervisory Board resolutions relating to remuneration and makes recommendations.



The criteria for determining the appropriateness of remuneration include but are not limited to the tasks, responsibilities, personal performance and experience of each member of the Executive Board and the economic position, performance and expected development of the enterprise, taking into account its peer companies.

The Supervisory Board reviews the appropriateness of the system on a regular basis using external benchmarks and comparisons with senior management and the entire workforce. Firstly, the Supervisory Board reviews the appropriateness of the remuneration in a horizontal comparison using external benchmarks in comparison to executive board remuneration in other companies of similar size. The companies listed in the SDAX and the MDAX indices serve as the peer group for this purpose. Secondly, a vertical, internal comparison is applied, taking into account the relationship between Executive Board remuneration and the remuneration of senior managers and the workforce (based on a typical base wage group for a skilled worker).

The currently applicable remuneration system, which forms the basis for the remuneration of Executive Board members in 2023, was adopted by the Supervisory Board of Kronos AG – based on the recommendation of its Standing Committee – at its meeting of 24 March 2021. The remuneration system for the members of the Executive Board was restructured on the basis of the Act Implementing the Second Shareholder Rights Directive (ARUG II). It was approved by shareholders at the annual general meeting on 17 May 2021 and applies from 1 January 2022.

The annual general meeting on 23 May 2023 approved the remuneration report 2022 as submitted.

## Overview of the Executive Board remuneration system

### Remuneration components

The Executive Board remuneration system consists of fixed and variable remuneration components that sum up to the total remuneration for Executive Board members. Fixed remuneration components include base salaries, fringe benefits and post-employment benefits. The variable remuneration components are divided into short-term and long-term elements, each of which is tied to the achievement of various targets. The short-term remuneration element is the short-term incentive with a one-year performance period. The long-term incentive – the long-term remuneration element – has a performance period of three years.

The table below provides an overview of the structure of the various remuneration components and other provisions of the Executive Board remuneration system:



	Remuneration	Structure		
Fixed remuneration components	Base salary	Fixed contractual remuneration paid out as a salary in equal monthly amounts		
	Fringe benefits	Usual insurance benefits, housing costs, school fees, long service awards and provision of company car		
	Post-employment benefits	<p>First appointed before 2012 (former package, Christoph Klenk):</p> <ul style="list-style-type: none"> <li>Type: Defined-benefit</li> <li>Amount: 30% of last base salary</li> <li>Frozen at 2013 base salary level on introduction of new package</li> </ul> <p>Current package:</p> <ul style="list-style-type: none"> <li>Type: Defined-contribution</li> <li>Amount: Annual contribution 40% of base salary</li> </ul>		
Variable remuneration components	Short-term variable remuneration – Short term incentive	<ul style="list-style-type: none"> <li>Plan type: Target bonus model</li> <li>Performance period: 1 year</li> <li>Performance criteria: EBT margin (weighting 60%) and revenue (weighting: 40%)</li> <li>Cap: 200% of target amount</li> <li>Minimum requirement: Payout only if EBT positive</li> </ul>		
	Long-term variable remuneration – Long Term Incentive	<table border="0"> <tr> <td style="vertical-align: top;"> <p>Up to ITR 2021</p> <ul style="list-style-type: none"> <li>Plan type: Performance cash plan</li> <li>Performance period: 3 years</li> <li>Performance criteria: Enterprise value on three-year average (EBT times 9, EBITDA times 7, revenue times 1) for start and end value plus net cash and minus pension provisions</li> <li>Cap: 250% of target amount</li> <li>Minimum requirement: Payout only if 100% initial enterprise value</li> </ul> </td> <td style="vertical-align: top;"> <p>From ITR 2022</p> <ul style="list-style-type: none"> <li>Plan type: Performance cash plan</li> <li>Performance period: 3 years</li> <li>Performance criteria</li> <li><i>Component 1 (90%)</i></li> <li>Enterprise value on three-year average (EBT times nine, EBITDA times seven, revenue times one) for start and end value plus net cash and minus pension provisions</li> <li><i>Component 2 (10%)</i></li> <li>Environmental, social and governance (ESG) target: Carbon target (in tonnes)</li> <li>Cap: 250% of target amount</li> <li>Minimum requirement: Payout only if 100% initial enterprise value</li> </ul> </td> <td style="vertical-align: top;"> <p>From ITR 2023</p> <ul style="list-style-type: none"> <li>Plan type: Performance cash plan</li> <li>Performance period: 3 years</li> <li>Performance criteria</li> <li><i>Component 1 (85%)</i></li> <li>Enterprise value on three-year average (EBT times nine, EBITDA times seven, revenue times one) for start and end value plus net cash and minus pension provisions</li> <li><i>Component 2 (15%)</i></li> <li>Environmental, social and governance (ESG) target: Carbon target (in tonnes) and percentage of women in management positions (in %)</li> <li>Cap: 250% of target amount</li> <li>Minimum requirement: Payout only if 100% initial enterprise value</li> </ul> </td> </tr> </table>	<p>Up to ITR 2021</p> <ul style="list-style-type: none"> <li>Plan type: Performance cash plan</li> <li>Performance period: 3 years</li> <li>Performance criteria: Enterprise value on three-year average (EBT times 9, EBITDA times 7, revenue times 1) for start and end value plus net cash and minus pension provisions</li> <li>Cap: 250% of target amount</li> <li>Minimum requirement: Payout only if 100% initial enterprise value</li> </ul>	<p>From ITR 2022</p> <ul style="list-style-type: none"> <li>Plan type: Performance cash plan</li> <li>Performance period: 3 years</li> <li>Performance criteria</li> <li><i>Component 1 (90%)</i></li> <li>Enterprise value on three-year average (EBT times nine, EBITDA times seven, revenue times one) for start and end value plus net cash and minus pension provisions</li> <li><i>Component 2 (10%)</i></li> <li>Environmental, social and governance (ESG) target: Carbon target (in tonnes)</li> <li>Cap: 250% of target amount</li> <li>Minimum requirement: Payout only if 100% initial enterprise value</li> </ul>
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Other contractual provisions	Maximum remuneration pursuant to section 87a AktG	<p>Chief Executive Officer €2,500,000</p> <p>Ordinary members of the Executive Board €2,200,000</p>		
	Negative bonus and clawback provisions	<p>In the following instances, the Supervisory Board may reduce and reclaim variable remuneration in part or in full:</p> <ul style="list-style-type: none"> <li>Wilful breach of a material duty of care pursuant to Section 93 of the German Stock Corporation Act (AktG), of a material contractual duty or of other material company principles – such as principles under the Code of Conduct or compliance guidelines</li> <li>Variable remuneration paid out on the basis of incorrect consolidated financial statements</li> </ul>		



### Remuneration structure

When determining the remuneration structure, the Supervisory Board ensures that the variable remuneration components account for a significant proportion of total remuneration in order to provide a strong incentive structure and performance-based remuneration for the members of the Executive Board. In addition, the Supervisory Board ensures that the share of long-term variable remuneration exceeds the share of short-term variable remuneration, thus maintaining the focus on Krones' long-term and sustainable development.

For each of the variable remuneration components – for the short-term incentive and the long-term incentive – the Supervisory Board has set a target amount that is paid out at 100% target achievement. The target amount for the short-term incentive equals three months' base salary. For the long-term incentive, it equals 5.4 months' base salary. Assuming 100% target achievement, the remuneration structure for one financial year is therefore as follows:

	Financial year n	Financial year n + 1	Financial year n + 2
c. 59%	Base salary		
c. 15%	Short-term incentive		
c. 26%	Long-term incentive		

The sum total of fixed remuneration components – base salaries plus fringe benefits and post-employment benefit expense – and the target amounts for variable remuneration components is the total target remuneration for members of the Executive Board. Fringe benefits generally account for between 1% and 4% of total target remuneration, while the post-employment benefit expense usually accounts for 17% to 21%.

### Fixed remuneration components (base salary, fringe benefits and post-employment benefits)

The fixed remuneration is the base salary stipulated in members' contracts and is paid out in equal monthly amounts. The base salary for each member of the Executive Board is set according to the Executive Board member's responsibility portfolio and is regularly reviewed. For the 2023 financial year, the base salaries of the five members of the Executive Board who were active in 2023 totalled €3,170 thousand (previous year: €3,230 thousand).

In addition, the members receive fringe benefits, which are essentially the cost or non-cash benefit of customary insurance premiums and the use of a company car. For the 2023 financial year, the members of the Executive Board received fringe benefits totalling €85 thousand (previous year: €86 thousand).

In addition, the Supervisory Board has the right to grant new Executive Board members special payments under their individual contracts to make up any loss of salary from a previous position or to cover relocation costs. No such payments were granted in 2023.

The company has made post-employment benefit commitments to the members of the Executive Board.

For Executive Board members who joined the board in 2012 or later, the post-employment benefits are contribution-based. Annual contributions in the amount of 40% of the respective member's annual base salary are paid into an external pension liability insurance policy, the benefits of which are pledged to the beneficiary. There they accrue annual interest until the benefits fall due, at the rate guaranteed when the policy was established plus any annual investment returns. Post-employment pension benefits are granted when a member



reaches the age of 62 and only after the member leaves the Executive Board. Executive Board members can choose to receive a lump-sum payout of the post-employment benefits instead of annuity-based payments. Executive Board members' entitlements to post-employment benefits based on contributions from Kronos AG become vested immediately. Executive Board members may elect to receive supplemental monthly benefits for permanent disability and/or a monthly widow(er)'s pension.

Members of the Executive Board who entered the board before 2012 received benefit commitments under a defined benefit plan.

The benefit commitment normally equals 30% of the last base salary received (average of the last 12 months of employment).

The commitments include post-employment, permanent disability and surviving dependant benefits. Here, too, post-employment benefits are granted after the member reaches the age of 62 and leaves the Executive Board. If a member of the Executive Board leaves the company before reaching the age of 62 for reasons of permanent disability or because the employment contract is terminated or not renewed, the amount of the pension entitlement in relation to the company is reduced by a certain percentage for each calendar year up to age 62; the percentage is determined in the individual's contract. If an Executive Board member dies, the member's spouse receives the full amount of the annuity that would have been owed to the Executive Board member for the first six months following the member's death. Thereafter, the widow(er)'s annuity is reduced to 70% of that benefit amount. Vesting of benefits is determined based on the provisions of the laws applicable at the inception of each contract.

In the case of both contribution-based plans and defined benefit plans, the individual employment contracts contain provisions that govern discontinuation, reduction or cancellation of benefits (including widow(er)'s benefits) in the event of particularly substantial changes in accordance with the provisions of the German Stock Corporation Act.

IFRS pension provisions of €417 thousand (previous year: €367 thousand) were recognised for active members of the Executive Board.

At the end of the 2023 financial year, following changes in the actuarial discount rate, the corresponding defined benefit obligation (DBO) amounted to the following: for Mr. Klenk €3,450 thousand, for Mr. Ricker €35 thousand, for Mr. Tischer €38 thousand, and for Mr. Goldbrunner €25 thousand.

In addition, €1,268 thousand (previous year: €1,292 thousand) was paid into the contribution-based post-employment benefits plan in 2023. Contributions into the post-employment benefits plan were as follows in the 2023 financial year: for Mr. Klenk €352 thousand, for Ms. Anders €236 thousand, for Mr. Ricker €236 thousand, for Mr. Tischer €236 thousand, and for Mr. Goldbrunner €208 thousand.

#### Variable components

The variable remuneration contains risk elements and is thus not guaranteed.

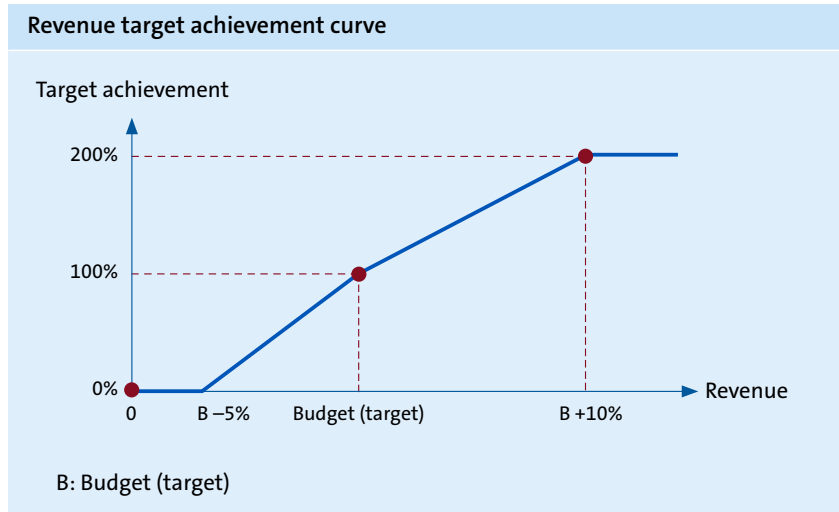
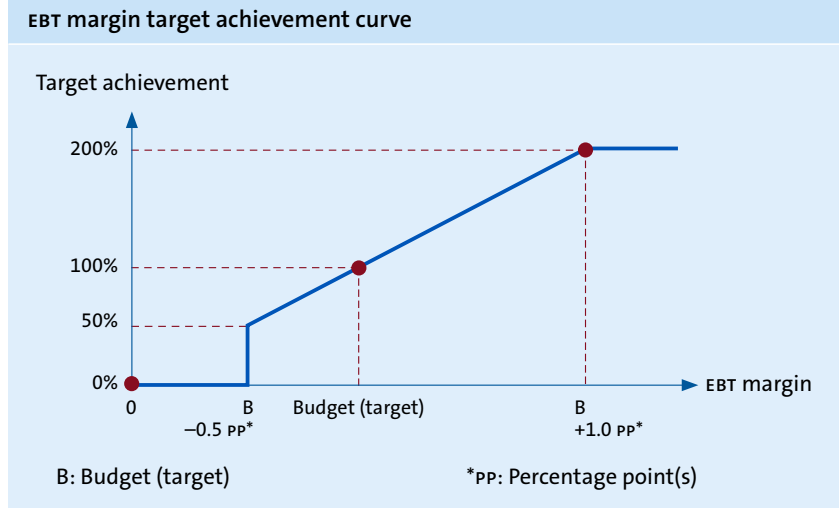
The incentive package for the Executive Board has consisted of the following since 2017:

Short-term Incentive

The short-term incentive is structured as a target bonus model. The target amount – the amount paid out at 100% target achievement – equals three months’ base salary. As performance criteria for Executive Board remuneration, the Supervisory Board has selected the EBT margin with a weighting of 60% and revenue with a weighting of 40%.

<b>EBT margin</b> 60%	Earnings before taxes (EBT) are an important earnings indicator. Profitability, measured as the EBT margin, is among Krones' key performance indicators. The EBT margin indicates the company's profitability in relation to revenue.
<b>Revenue</b> 40%	In order to strengthen its market position and utilise economies of scale, Krones aims in the medium-term to achieve revenue growth above the market average. Revenue is therefore one of the key performance indicators in the management system.

For the purposes of performance measurement, a target amount corresponding to the budgeted figure is set at the beginning of the financial year for each performance criterion. If the target amount is reached, target achievement is 100%. For each performance criterion, target achievement can range between 0% and 200% and is determined based on the difference between the final figures in the company’s audited annual financial statements and the target amount, using the following target achievement curves.





A threshold and a maximum are set based on the targets for each of the performance criteria. If performance falls significantly short of the targets so that the specified minimum threshold is not achieved, target achievement is 0%. Should this be the case for all performance criteria, it becomes possible that the short-term incentive is not granted at all. Targets can also be exceeded up to a maximum of 200% target achievement. Between the threshold, target and maximum figures, target achievement rises on a straight-line basis as shown in the tables.

Overall target achievement equals the sum of the weighted target achievements of the various performance criteria and can likewise range from 0% to 200%. The amount paid out for the short-term incentive is found by multiplying the target amount by the overall target achievement and is capped at 200% of the

target amount. To reinforce the pay-for-performance aspect, payment under the short-term incentive is subject to the condition that EBT has been positive for the relevant financial year. No payment is therefore made for a financial year with negative EBT. Payment is made in cash as of the next payroll date following presentation of the audited consolidated financial statements of Krones AG.

Short-term incentive			
Target amount (€) (3 months' salary)	Overall target achievement (0%–200%)		Final cash payment (cap: 200% of target amount)
	EBT margin (0%–200%)	Revenue (0%–200%)	
	Weighting: 60%	Weighting: 40%	

The table shows the target amounts of the performance criteria for the 2023 short-term incentive together with the actual figures achieved and the resulting target achievement percentages for 2023.

Performance criteria	Weighting	0% target value	50% target value	100% target value	150% target value	200% target value	2023 actual	Target achievement 2023
EBT margin in %	60%	<6,00%	≥6,00% straight line	6.50%	straight line	7.50%	6.58%	107.70%
Revenue (€ million)	40%	<4,275	straight line	4,500	straight line	4,950	4,721	149.04%

On the basis of 124.24% overall target achievement, the STI owed in 2024 for the 2023 financial year amounts to €985 thousand in cash (previous year: €1,427 thousand).





Long-term incentive

Long-term variable remuneration consists of the long-term incentive. This incentivises a long-term increase in Kronos' enterprise value and Kronos' sustainable development and has a three-year performance period. In total, the Supervisory Board has set a total target amount for long-term variable remuneration of 5.4 months' base salary, divided between various performance criteria.

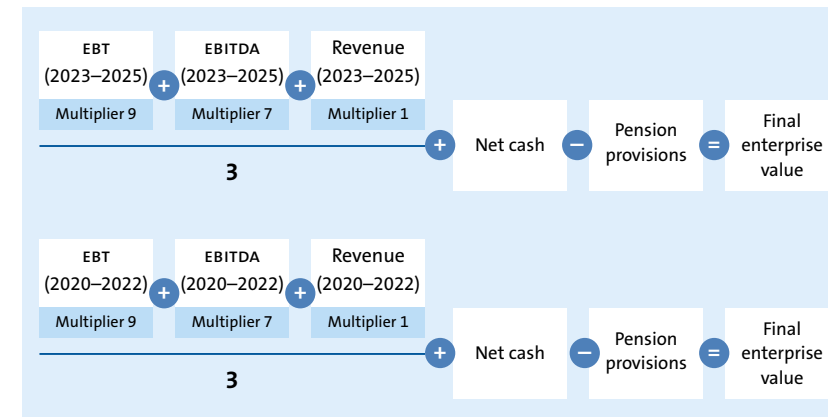
Long-term incentive (up to LT1 2021–2023)		
Target amount (€) (5.4 months' salary)	Overall target achievement (0%–250%)	Final cash payment (cap: 250% of target amount)
	Enterprise value (0%–250%)	
	Weighting: 100%	

Long-term incentive (up to LT1 2022–2024)		
Target amount (€) (5.4 months' salary)	Overall target achievement (0%–250%)	Final cash payment (cap: 250% of target amount)
	Enterprise value (0%–250%)	
	ESG targets (0%–250%)	
	Weighting: 90%	Weighting: 10%

Long-term incentive (up to LT1 2023–2025)		
Target amount (€) (5.4 months' salary)	Overall target achievement (0%–250%)	Final cash payment (cap: 250% of target amount)
	Enterprise value (0%–250%)	
	ESG targets (0%–250%)	
	Weighting: 85%	Weighting: 15%

In order to incentivise the company's long-term development, the Supervisory Board has selected growth in enterprise value as a long-term incentive target. Enterprise value is therefore the key performance criterion. It is calculated on the basis of the annual averages of EBT (multiplier 9), earnings before interest, taxes, depreciation and amortisation, or EBITDA (multiplier 7), and revenue (multiplier 1), plus net cash and minus pension provisions (reported figure less other comprehensive income and deferred taxes). Enterprise value also incentivises the sustainable increase in enterprise value targeted as part of the corporate strategy.

To determine target achievement, the three-year average enterprise value at the end of the performance period (final enterprise value) is set in relation to the three-year average at the start of the performance period (initial enterprise value). For the 2023 tranche, for example, the final and initial enterprise values are as follows:





The long-term success of Krones depends to a decisive extent not only on its financial performance, but also on its sustainable non-financial performance. The sustainability goals derived from Krones' corporate strategy are incorporated into the Executive Board remuneration system by gradually adding environmental, social and governance (ESG) targets to the long-term incentive starting in the 2022 financial year. For the ESG target, the Supervisory Board set a weighting of 10% for the 2022 financial year and a weighting of 15% for the 2023 financial year. In addition to the existing carbon target (Scope 1 and 2) from 2022, the Supervisory Board specified the percentage of women in leadership positions (Krones AG and Krones Group) as a further ESG target for the 2023 financial year. Carbon emissions have a weighting of 70%, the percentage of women in leadership positions in the Krones Group is weighted at 20% and the weighting for the percentage of women in leadership positions at Krones AG is 10%.

Target and threshold levels are specified for the performance criteria before the start of each tranche, on the basis of which target achievement is calculated at the end of the performance period. Target achievement can range from 0% to 250%. The target and threshold levels for the performance criteria are quantified and disclosed in the year of payment.

The amount finally paid out for the long-term incentive after the three-year performance period is found by multiplying the overall target achievement by the target amount and is capped at 250% of the target amount. As an additional minimum requirement for payout, the final enterprise value must be at least 100% of the initial enterprise value, or no long-term incentive payment is made.

The table shows the final figures for the performance criteria for the 2021–2023 long-term incentive together with the actual figures achieved and the resulting target achievement for 2023.

Initial enterprise value (LTI 2021–2023)	2,048.4
	2023 actual
Consolidated revenue	4,720.7
EBT	310.5
EBITDA	457.3
3-year average	3,015.0
+ Net cash 31 Dec.	444.6
– Pension provision 31 Dec.	101.0
Final enterprise value (LTI 2021–2023)	3,358.6
LTI calculation factor	1.640
Overall target achievement	164.0%
Number of months' salary	8.86
<b>Total payout:</b>	<b>€2,037 thousand</b>

#### Special bonuses

There are and have been no stock-option plans or comparable share-based long-term incentive components of remuneration for Executive Board members at Krones AG.

#### Remuneration caps (variable remuneration cap and maximum remuneration cap)

Total remuneration of the Executive Board members is capped in two respects. The short-term incentive is capped at 200% of the target amount and the long-term incentive at 250% of the target amount. In accordance with Section 87a (1) sentence 2 no. 1 of the German Stock Corporation Act (AktG), the Supervisory Board has also set maximum remuneration for the members of the Executive Board. This is €2.5 million for the Chief Executive Officer and €2.2 million for ordinary members of the Executive Board. The maximum remuneration limits



the total amount paid out under all fixed (including post-employment benefit expense and fringe benefits) and variable remuneration components granted for any one financial year, irrespective of the time of payment. In the event that the maximum remuneration is exceeded, the payments under the long-term incentive – this being the last remuneration component to fall due – are reduced accordingly. These amounts do not represent the total target remuneration that the Supervisory Board deems appropriate, but merely the absolute maximum amount that a member of the Executive Board could reach at full target achievement (on reaching the cap amounts). The stipulations on maximum remuneration for the Executive Board did not have to be applied for the 2023 financial year.

#### Negative bonus and clawback provisions

Under certain circumstances, the Supervisory Board has the option of withholding remuneration not yet paid out under the variable remuneration components (“negative bonus”) or reclaiming compensation already paid out under the variable remuneration components (“clawback”). In the event of wilful breaches of a material duty of care pursuant to Section 93 of the German Stock Corporation Act (AktG), of material contractual duties or of other company principles – such as principles under the Code of Conduct or compliance guidelines – the Supervisory Board may, at its reasonable discretion, reduce variable remuneration that has not yet been paid out to a lower amount or to zero (“negative bonus”). In such cases, the Supervisory Board may also demand partial or full repayment of variable remuneration components that have already been paid out (“compliance clawback”). In addition, variable remuneration that has already been paid out is to be repaid in the event that the audited and approved consolidated financial statements of the company, on which the calculation of the amount paid out was based, were incorrect and the corrected consolidated financial statements result in a lower payment amount (“performance claw-

back”). These provisions do not prejudice any claims that the company may have for damages, including under section 93 (2) AktG, the company’s right under section 84 (3) AktG to revoke appointment or the company’s right to terminate an Executive Board member’s contract without notice. No use was made of these provisions in the past financial year.

#### Sickness and death benefits

In the event of temporary incapacity to serve due to illness, or due to other causes beyond an Executive Board member’s control, the difference between the sickness benefit paid by health insurance and the Executive Board member’s base salary continues to be paid for a period of twelve months (or to the end of the Executive Board member’s contract, if earlier). Variable remuneration is unaffected if the period of incapacity does not exceed six months in the financial year concerned. If the incapacity lasts for longer than six months in the financial year concerned, the variable remuneration for that financial year is reduced pro rata temporis.

In the event of the death of a member of the Executive Board during the term of their contract, their widow or widower is entitled to continued payment of their base salary for the month of the death and the six months following.

#### Termination benefits

No severance payment is made if an Executive Board member’s contract is terminated by the company for cause at the fault of the Executive Board member (section 626 (1) of the German Civil Code).

In the event of early termination of contract by mutual agreement other than for cause, any severance payment is limited to a maximum of two years’ total remuneration or, if lower, the remuneration for the remaining term of the con-



tract (severance cap). The severance cap is calculated on the basis of the total remuneration for the past financial year and, if applicable, the expected total remuneration for the current financial year. Any severance payment is deducted from any non-compete compensation on account of a post-contractual non-compete covenant.

#### Post-contractual non-compete covenant

A twelve-month post-contractual non-compete covenant has been agreed with the members of the Executive Board.

For the duration of the non-compete covenant, the company undertakes to pay members of the Executive Board compensation in the amount of 50% of their last contractual base salary. The company may waive the non-competition covenant by written declaration at any time prior to termination of contract. If the company waives the non-compete covenant, the company is released from the obligation to pay the compensation from six months after the written declaration.

#### Change of control

There is no special right of termination in the event of a change of control and no clause committing to benefits in the case of early termination of an Executive Board member's contract due to a change of control.

#### Assumption of supervisory board offices or similar offices

Remuneration for the assumption by Executive Board members of supervisory board offices or similar offices within the group is covered by their remuneration as members of the company's Executive Board. If supervisory board memberships are assumed at non-group entities, the Supervisory Board decides whether and to what extent the remuneration from such memberships is taken into account.

#### Total remuneration for members of the Executive Board in the 2022/2023 financial year

Total Executive Board remuneration for the 2023 financial year amounted to €7,204 thousand (previous year: €8,228 thousand).

#### Remuneration granted and owed

The table below shows the individual remuneration components for members of the Executive Board in active service each year for the financial years 2022 and 2023 for which remuneration has been granted or is owed. Remuneration granted is defined as remuneration actually paid to the remuneration recipient in the financial year (such as fixed remuneration and fringe benefits). Remuneration owed is remuneration rendered in the financial year but not yet paid (the short-term incentive 2023 and the long-term incentives as described). Service cost does not represent an actual payment to members of the Executive Board.



	Christoph Klenk CEO		Uta Anders CFO (from 1 January 2023)		Norbert Broger CFO (to 31 December 2022)		Thomas Ricker Sales and Marketing		Markus Tischer International Operations and Services		Ralf Goldbrunner Filling and Packaging Technology	
Base salary	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Fixed remuneration	880	880	590			690	590	590	590	550	520	520
Fringe benefits	18	18	20			22	24	23	19	19	4	4
<b>Total</b>	<b>898</b>	<b>898</b>	<b>610</b>			<b>712</b>	<b>614</b>	<b>613</b>	<b>609</b>	<b>569</b>	<b>524</b>	<b>524</b>
Short-term variable remuneration												
Short-term incentive 2023	273		183				183		183		162	
Short-term incentive 2022		389				305		261		243		230
Long-term variable remuneration												
Long-term incentive 2021 – 2023	590						399		354		354	
Long-term incentive 2020 – 2022		424				366		286		255		255
Long-term incentive 2013 – 2022		106										
Other						500						
<b>Total</b>	<b>1,761</b>	<b>1,817</b>	<b>793</b>			<b>1,883</b>	<b>1,196</b>	<b>1,160</b>	<b>1,146</b>	<b>1,067</b>	<b>1,040</b>	<b>1,009</b>
Service cost	352	352	236			276	236	236	236	220	208	208
<b>Total remuneration</b>	<b>2,113</b>	<b>2,169</b>	<b>1,029</b>			<b>2,159</b>	<b>1,432</b>	<b>1,396</b>	<b>1,382</b>	<b>1,287</b>	<b>1,248</b>	<b>1,217</b>

**Further development of Executive Board remuneration from 2024**

For the long-term incentive, environmental, social and governance (ESG) targets are being gradually added starting with the 2022 financial year. From fiscal year 2024, 20% of the target amount is accounted for by the ESG targets. Due to the increase in the weighting of the ESG targets from 15% to 20%, it was necessary to respecify the individual weighting of the two ESG targets (carbon target Scope 1 and 2 and percentage of women). The individual weightings continue to be carbon emissions (Scope 1 and 2) 70%, percentage of women (Group) 20% and percentage of women (Krones AG) 10%.

**Remuneration granted and owed to former members of the Executive Board**

Benefits granted to former members of the Executive Board and their surviving dependants amounted to €1,753 thousand (previous year: €1,708 thousand). The benefits for the 2023 financial year consist entirely of pension benefits. IFRS pension provisions have been recognised in the amount of €4,583 thousand (previous year: €4,198 thousand). In the 2023 financial year, non-competition compensation of €144 thousand was additionally paid to the former Executive Board member Mr. Broger due to the post-contractual non-compete covenant. In addition, Mr. Broger is owed pro rata temporis remuneration of €339 thousand for LTI 2021–2023.

**Comparative presentation of remuneration and earnings development**

The table shows the development of remuneration for the members of the Executive Board, the members of the Supervisory Board and the overall workforce together with the company's earnings development.

Development of remuneration	2023 € thousand	2022 € thousand	Percentage change	5-year average
<b>Executive Board</b>				
Christoph Klenk	2,113	2,169	-2.6%	
Uta Anders	1,029			
Norbert Broger		2,159		
Thomas Ricker	1,432	1,396	2.6%	
Markus Tischer	1,382	1,287	7.4%	
Ralf Goldbrunner	1,248	1,217	2.5%	
<b>Average</b>	<b>1,441</b>	<b>1,646</b>	<b>-12.4%</b>	<b>67.4%</b>
<b>Supervisory Board</b>				
Volker Kronseder	112.5	106.5	5.6%	
Josef Weitzer	77.5	73.0	6.2%	
Norbert Broger (new from 23 May 2023)	45.9			
Nora Diepold	41.0	45.5	-9.9%	
Robert Friedmann	44.0	41.0	7.3%	
Oliver Grober	47.0	45.5	3.3%	
Thomas Hiltl	47.0	45.5	3.3%	
Markus Hüttner	60.0	55.5	8.1%	
Prof. Dr. jur. Susanne Nonnast	57.0	55.5	2.7%	
Dr. phil. Verena Di Pasquale	47.0	45.5	3.3%	
Beate Eva Maria Pöpperl	47.0	45.5	3.3%	
Stefan Raith	47.0	45.5	3.3%	
Olga Redda (new from 23 May 2023)	41.5			
Norbert Samhammer (to 23 May 2023)	16.1	45.5	-64.6%	
Petra Schadeberg-Herrmann	47.0	45.5	3.3%	
Jürgen Scholz (to 23 May 2023)	20.5	55.5	-63.1%	
Stephan Seifert (new from 23 May 2023)	30.8			
Hans-Jürgen Thaus (to 23 May 2023)	23.4	62.5	-62.6%	
Matthias Winkler	62.3	55.5	12.3%	
<b>Average</b>	<b>57.2</b>	<b>54.3</b>	<b>5.3%</b>	<b>12.7%</b>
<b>Employees</b>				
Employees	84.9	81.9	3.7%	15.7%
<b>Earnings performance</b>				
Earnings before taxes (EBT) (consolidated) (€ million)	310.5	242.1	28.3%	
Earnings before taxes (EBT) (separate financial statements) (€ million)	136.3	114.1	19.5%	



The remuneration shown for the members of the Executive Board and Supervisory Board corresponds to the figures for remuneration granted and owed. For Executive Board members, the variable components from 2023 that will be paid out in 2024 are already included, as is the service cost, although this does not represent an actual payment to members of the Executive Board. On a five-year average, Executive Board remuneration shows an increase of 67.4% compared to 2019. The increase is the result of a reduced basis in the 2019 financial year, when the Executive Board voluntarily waived the STI and MTI remuneration for 2019.

The figures for the average remuneration of the overall workforce include all employees of Kronen AG covered by or not covered by collective agreements. The average remuneration of the overall workforce relates to the total gross amount actually paid together with the amounts of provisions for variable remuneration that is not paid out until the following year.

## Supervisory Board remuneration

Remuneration of the members of the Supervisory Board is governed by Section 15 of the articles of association and resolved by the annual general meeting. For the 2023 financial year, the articles of association apply as most recently amended at the annual general meeting on 17 May 2021.

The members of the Supervisory Board receive remuneration that is commensurate with their responsibilities and the company's position. Corresponding to the recommendations of the German Corporate Governance Code, the Chairperson and Deputy Chairperson of the Supervisory Board as well as the chairpersons and members of committees receive additional remuneration.

The Supervisory Board's remuneration consists of an annual fixed remuneration of €35,000. The Chairperson of the Supervisory Board receives two-and-a-half times the amount of the fixed remuneration and the Deputy Chairperson of the Supervisory Board receives one-and-a-half times the fixed remuneration amount. Moreover, the members of the Supervisory Board receive a flat €1,500 fee per meeting as reimbursement for their expenses unless they submit proof of having incurred higher expenses. For multiple meetings held on the same day, expenses are reimbursed once only.

Members of the Supervisory Board who belong to special committees within the Supervisory Board receive additional remuneration of €7,000 annually as well as a €1,500 flat-rate reimbursement for expenses per meeting. The additional remuneration for the Chairman of the Audit and Risk Management Committee is €14,000 per year.

Members of the Supervisory Board who belonged to the board for only a portion of the financial year receive pro-rated remuneration. Members of the Supervisory Board receive one-twelfth of the remuneration for each month of service or part thereof.

The total remuneration paid to members of the Supervisory Board for the financial year 2023 amounted to €914.5 thousand (previous year: €869.0 thousand) and is shown in the table below with individualised disclosure.



## Remuneration granted and owed to the Supervisory Board in the financial years 2023 and 2022

Remuneration granted and owed 2023 (€ thousand)					
Name	Position	Fixed remuneration	Committee remuneration	Attendance fees	Total remuneration
Volker Kronseder	Chairman of the Supervisory Board	87.5	7.0	18.0	112.5
Josef Weitzer *,**	Deputy Chairman of the Supervisory Board	52.5	7.0	18.0	77.5
Norbert Broger	Regular member from 23 May 2023	23.3	7.6	15.0	45.9
Nora Diepold	Regular member	35.0		6.0	41.0
Robert Friedmann	Regular member	35.0		9.0	44.0
Oliver Grober *,**	Regular member	35.0		12.0	47.0
Thomas Hiltl *,**	Regular member	35.0		12.0	47.0
Markus Hüttner *,**	Regular member	35.0	7.0	18.0	60.0
Prof. Dr. jur. Susanne Nonnast	Regular member	35.0	7.0	15.0	57.0
Dr. phil. Verena Di Pasquale *,**	Regular member	35.0		12.0	47.0
Beate Eva Maria Pöpperl *,**	Regular member	35.0		12.0	47.0
Stefan Raith *	Regular member	35.0		12.0	47.0
Olga Redda	Regular member from 23 May 2023	23.3	4.7	13.5	41.5
Norbert Samhammer	Regular member to 23 May 2023	14.6		1.5	16.1
Petra Schadeberg-Herrmann	Regular member	35.0		12.0	47.0
Jürgen Scholz *,**	Regular member to 23 May 2023	14.6	2.9	3.0	20.5
Stephan Seifert	Regular member from 23 May 2023	23.3		7.5	30.8
Hans-Jürgen Thaus	Regular member to 23 May 2023	14.6	5.8	3.0	23.4
Matthias Winkler	Regular member	35.0	9.3	18.0	62.3

\* Employee representative \*\* A share of remuneration is donated in accordance with the current rules of the Hans-Böckler-Stiftung





Remuneration granted and owed 2023 (€ thousand)					
Name	Position	Fixed remuneration	Committee remuneration	Attendance fees	Total remuneration
Volker Kronseder	Chairman of the Supervisory Board	87.5	7.0	12.0	106.5
Josef Weitzer *,**	Deputy Chairman of the Supervisory Board	52.5	7.0	13.5	73.0
Nora Diepold	Regular member	35.0		10.5	45.5
Robert Friedmann	Regular member	35.0		6.0	41.0
Oliver Grober *,**	Regular member	35.0		10.5	45.5
Thomas Hiltl *,**	Regular member	35.0		10.5	45.5
Markus Hüttner *,**	Regular member	35.0	7.0	13.5	55.5
Prof. Dr. jur. Susanne Nonnast	Regular member	35.0	7.0	13.5	55.5
Dr. phil. Verena Di Pasquale *,**	Regular member	35.0		10.5	45.5
Beate Eva Maria Pöpperl *,**	Regular member	35.0		10.5	45.5
Stefan Raith *	Regular member from 1 January 2023	35.0		10.5	45.5
Norbert Samhammer	Regular member	35.0		10.5	45.5
Petra Schadeberg-Herrmann	Regular member	35.0		10.5	45.5
Jürgen Scholz *,**	Regular member	35.0	7.0	13.5	55.5
Hans-Jürgen Thaus	Regular member	35.0	14.0	13.5	62.5
Matthias Winkler	Regular member	35.0	7.0	13.5	55.5

\* Employee representative \*\* A share of remuneration is donated in accordance with the current rules of the Hans-Böckler-Stiftung



## Report of the independent auditor on the audit of the remuneration report pursuant to Sec. 162 (3) AktG

To **KRONES** Aktiengesellschaft

### Opinions

We have audited the formal aspects of the remuneration report of **KRONES** Aktiengesellschaft, Neutraubling, for the fiscal year from 1 January 2023 to 31 December 2023 to determine whether the disclosures required by Sec. 162 (1) and (2) AktG [“Aktengesetz”: German Stock Corporation Act] have been made therein. In accordance with Sec. 162 (3) AktG, we have not audited the content of the remuneration report.

In our opinion, the disclosures required by Sec. 162 (1) and (2) AktG have been made in the accompanying remuneration report in all material respects. Our opinion does not cover the content of the remuneration report.

### Basis for the opinion

We conducted our audit of the remuneration report in accordance with Sec. 162 (3) AktG and in compliance with the draft revision of IDW Auditing Standard: Audit of the Remuneration Report in Accordance with Sec. 162 (3) AktG (IDW AuS 870 (09.2023)). Our responsibilities under this provision and standard are further described in the “Responsibilities of the auditor” section of our report. As an audit firm, we applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1). We complied with the professional obligations pursuant to the WPO [“Wirtschaftsprüferord-

nung”: German Law Regulating the Profession of Wirtschaftsprüfer (German Public Auditor)] and the BS WP/vBP [“Berufssatzung für Wirtschaftsprüfer/vereidigte Buchprüfer”: Professional Charter for German Public Accountants/German Sworn Auditors] including the requirements regarding independence.

### Responsibilities of the Executive Board and Supervisory Board

The Executive Board and Supervisory Board are responsible for the preparation of the remuneration report and the related disclosures in compliance with the requirements of Sec. 162 AktG. In addition, they are responsible for such internal control as they determine necessary to enable the preparation of a remuneration report and the related disclosures that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

### Responsibilities of the auditor

Our objectives are to obtain reasonable assurance about whether the disclosures required by Sec. 162 (1) and (2) AktG are made in the remuneration report in all material respects and to express an opinion thereon in a report.

We planned and performed our audit so as to determine the formal completeness of the remuneration report by comparing the disclosures made in the remuneration report with the disclosures required by Sec. 162 (1) and (2) AktG. In accordance with Sec. 162 (3) AktG, we have not audited the accuracy of the disclosures, the completeness of the individual disclosures or the fair presentation of the remuneration report.



### Consideration of misrepresentations

In connection with our audit, our responsibility is to read the remuneration report considering the knowledge obtained in the audit of the financial statements and, in doing so, remain alert for indications of whether the remuneration report contains misrepresentations in relation to the accuracy of the disclosures, the completeness of the individual disclosures or the fair presentation of the remuneration report.

If, based on the work we have performed, we conclude that there is a misrepresentation, we are required to report that fact. We have nothing to report in this regard.

Nuremberg, 12 March 2024

EY GmbH & Co. KG  
Wirtschaftsprüfungsgesellschaft

Udo Schubert  
Wirtschaftsprüfer  
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RR

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