

**KHD Humboldt Wedag  
International AG, Köln**



**Compensation Report  
for the 2024 Financial Year**

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## COMPENSATION REPORT OF KHD HUMBOLDT WEDAG INTERNATIONAL AG FOR THE 2024 FINANCIAL YEAR

This compensation report of KHD Humboldt Wedag International AG ("KHD AG") describes the compensation granted and owed individually to current and former members of the Management Board and Supervisory Board in the 2024 financial year. In this context, the report explains in detail and on an individualized basis the structure and amount of the individual components of Management Board and Supervisory Board compensation.

The compensation report was prepared jointly by the Management Board and the Supervisory Board and complies with the requirements of Section 162 of the German Stock Corporation Act ("AktG"). For KHD AG, a transparent and comprehensible presentation of Management Board and Supervisory Board compensation is an element of good corporate governance. This compensation report will be submitted for approval to the Annual General Meeting on May 23, 2025.

Cologne, March 7, 2025

For the Management Board

For the Supervisory Board

Jianlong Shen  
(Chief Executive Officer)

Jürgen Luckas  
(Chief Financial Officer)

Jiayan Gong  
(Chairman)

Dr. Matthias Jochem  
(Chief Operating Officer)

Matthias Mersmann  
(Chief Technology Officer)

*Mr. Mersmann is unable to provide his signature for the foreseeable future due to force majeure.*

## **Approval of the compensation report for the previous financial year 2023**

The compensation report for the 2023 financial year prepared by the Management Board and Supervisory Board of KHD AG in accordance with the requirements of Section 162 AktG was approved by the Annual General Meeting on May 24, 2024 in accordance with Section 120a (4) AktG with a result of 99.98%.

The compensation report for the financial year 2023, including the independent auditor's report on the audit pursuant to Section 162 (3) AktG, was made publicly available on the Company's website at [www.khd.com/ir/news-reports/#compensation-reports](http://www.khd.com/ir/news-reports/#compensation-reports).

## **Composition of the Management Board and the Supervisory Board**

In the 2024 financial year, the Management Board of KHD AG was composed of the following members:

- Mr. Jianlong Shen – Chief Executive Officer (CEO)
- Mr. Jürgen Luckas – Chief Financial Officer (CFO)
- Mr. Dr. Matthias Jochem – Chief Operating Officer (COO)
- Mr. Matthias Mersmann – Chief Technology Officer (CTO)

In the 2024 financial year, the Supervisory Board of KHD AG consisted of the following four members:

- Mr. Jiayan Gong – Chairman
- Mr. Gerhard Beinhauer – Vice Chairman
- Mr. Xiaodong Wu
- Mr. Jingnan Yang

## **1. COMPENSATION OF THE MEMBERS OF THE MANAGEMENT BOARD OF KHD HUMBOLDT WEDAG INTERNATIONAL AG**

### **a) Compensation System for the Management Board**

The compensation of the Management Board members of KHD AG for the 2024 financial year described below is based on the compensation system in place since January 1, 2021. It complies with the requirements of Section 87a AktG introduced by the ARUG II and largely complies with the recommendations of the German Corporate Governance Code as amended on April 28, 2022 (hereinafter "GCGC"). The compensation system was presented to the Annual General Meeting on May 20, 2021 for the first-time adoption in accordance with Section 120a AktG; it was approved by a majority of 99.64%. A full description of the Management Board compensation system is publicly available as part of the invitation to the Annual General Meeting held in the 2021 financial year at [www.khd.com/ir/annual-general-meeting/#2021](http://www.khd.com/ir/annual-general-meeting/#2021).

The compensation system was applied in the 2024 financial year to all active Management Board members who have a Management Service Agreement. In accordance with Section 120a (1) Sentence 1 AktG, the Annual General Meeting has to resolve on the approval of each significant change to the compensation system, but at least every four years. The compensation system will therefore have to be approved again at the Annual General Meeting in 2025.

The Management Board member Dr. Matthias Jochem does not have a Management Service Agreement and does not receive Management Board compensation. In the 2019 financial year, KHD entered into a consulting agreement (last amended on May 15, 2024) with 4-stream consulting GmbH, Roetgen, a company that is considered a related party with regard to Dr. Jochem. In accordance with this contractual agreement, KHD AG recognizes the remuneration for the consulting services rendered as other operating expenses.

#### **i. Principles of the Compensation System**

The compensation system for members of the Management Board of KHD AG makes an important contribution to promoting the business strategy. By the structure of the compensation system, the members of the Management Board are motivated to achieve key strategic Group objectives, in particular increasing the value of the Group and improving the market position in the areas of customer orientation, technology leadership, and value creation. In determining Management Board compensation, the Supervisory Board is guided by the following principles:

- Promotion of the Group strategy

The compensation system as a whole makes a significant contribution to promoting and implementing the business strategy by defining performance criteria based on the long-term success and sustainability of the Group.

- Appropriateness of compensation

The compensation of the members of the Management Board is commensurate with their duties and performance. It takes into account the complexity and the economic situation of the Group. Compared with similar companies, the compensation is in line with the market and at the same time competitive.

- Linking performance and compensation

The compensation of Management Board members is linked to their performance by making the variable compensation components dependent on the achievement of certain targets. This ensures that special performance is rewarded appropriately, while failure to meet the specified targets leads to a significant reduction in compensation.

- Focus on sustainable and long-term corporate development

The compensation of Management Board members is geared to the long-term and sustainable development of the Group. The variable compensation therefore mainly has a multi-year assessment basis. Sustainability/ ESG (environment, social, governance) targets are also explicitly defined for the bonus for individual targets (short-term performance bonus).

- Harmonization with shareholder and stakeholder interests

The compensation system makes a key contribution to linking the interests of the Management Board with those of shareholders and other stakeholders. The majority of the variable compensation is linked to the economic success of the KHD Group.

- Consistency of the compensation system

The compensation system for the members of the Management Board is in line with the compensation for other leaders / managers in the Group, sets comparable incentives, and specifies comparable targets.

## **ii. Components of the Compensation System**

In the financial year 2023, the compensation of the members of the Management Board who have a Management Service Agreement consisted of fixed non-performance-related compensation components (1) fixed compensation and (2) fringe benefits, and variable performance-related compensation components (3) bonus for individual targets (short-term) and (4) bonus for financial targets (long-term). In addition, the Supervisory Board may grant a (5) discretionary bonus.

### **(1) Fixed compensation**

#### Design

- The fixed annual salary is a fixed payment based on a full year, paid out in twelve equal monthly installments, if no adjustment is made during the year.

#### Reference to strategy

- Forms the basis for attracting and retaining the highly qualified members of the Management Board, who are required for the development and implementation of the corporate strategy.
- Reflects the role, experience and area of responsibility of the individual Management Board member.

### **(2) Fringe benefits**

#### Design

- Provision of a company car, which may also be used privately, relocation costs and expenses for a double household for operational reasons, costs of a health check, accident insurance, as well as contributions to a private pension plan and health and long-term care insurance contributions in accordance with § 257 SGB V and § 61 SGB XI.

#### Reference to strategy

- The fringe benefits should be customary / competitive on the market for highly qualified members of the Management Board.

### **(3) Bonus for individual targets (short-term performance bonus) / one-year variable compensation**

#### Design

- In the respective Management Service Agreement, the Supervisory Board has defined a target amount for the bonus for individual targets for each Management Board member, which is granted if the targets are achieved by 100%.
- The target achievement corridor is between 0% and 100%, i.e. the maximum amount of the short-term incentive bonus is limited to 100% of the target amount.
- Determination of target achievement is done by the Supervisory Board after the end of each individual financial year.

#### Reference to strategy

- The performance criteria are intended to motivate the Management Board members to create value and to achieve or outperform the short-term economic targets as well as operational excellence.
- The short-term performance bonus additionally gives the Supervisory Board the opportunity to consider individual or collective performance of the Management Board based on non-financial performance criteria and targets (including targets from the area of sustainability / ESG (environment, social, governance)) that are relevant for the operational implementation of the corporate strategy.
- The short-term performance bonus is intended on the one hand to reflect the overall responsibility of the Management Board members for the Group and to promote cooperation among the business areas, and on the other hand to reflect the independent management of the respective area of

responsibility. Therefore, when setting the targets and calculating the short-term performance bonus for each Management Board member, the respective business responsibility is taken into account.

#### **(4) Bonus for financial targets (long-term performance bonus) / multi-year variable compensation**

##### **Design**

- In the respective Management Service Agreement, the Supervisory Board has agreed a target amount for the bonus for financial targets for each Management Board member, which is granted if the targets are achieved by 100%.
- The long-term performance bonus is determined on the basis of four fixed levels (0% / 25% / 50% / 100%), i.e. the maximum amount of the long-term performance bonus is limited to 100% of the target amount.
- Determination of target achievement is done by the Supervisory Board at the end of the two-year assessment period.

##### **Reference to strategy**

- With regard to the financial targets, key figures of the KHD Group based on a two-year assessment period are used.
- The financial targets are closely linked to the continuous and sustainable development of the KHD Group.
- There is congruence between shareholders' interests and expectations and Management Board compensation.

#### **(5) Discretionary bonus**

##### **Design**

- can be granted in case of special performance of a Management Board member and / or in case of corresponding special economic success of the KHD Group;
- additional voluntary bonus (discretionary bonus) for each member of the Management Board of up to € 0.10 million per year.

##### **Reference to strategy**

- Consideration of the particular performance of the individual Management Board member, especially with regard to the long-term sustainable success of the Group, the interests of shareholders and employees, environmental and social responsibility, and the compliance culture.

In accordance with Section 87a (1) Sentence 2 No. 1 AktG, the Supervisory Board has set a maximum amount for the total of all compensation components including fringe benefits for each member of the Management Board (hereinafter "maximum compensation"). The maximum compensation is intended to avoid unreasonably high Management Board compensation. It amounts to € 0.563 million for the Chairman of the Management Board (CEO), Mr. Shen, to € 0.525 million for Mr. Luckas and to € 0.50 million for Mr. Mersmann. These maximum limits relate in each case to the total of all payments resulting from the compensation arrangements for a financial year.

In the event of premature termination of a Management Board member's service contract without good cause, any payments to the Management Board member to be agreed, including fringe benefits, must not exceed the value of two years' compensation (severance cap) or the value of the compensation for the remaining term of the contract. The severance payment cap is intended to prevent inappropriately high compensation in the event of premature termination of a Management Board member's service contract. The severance payment cap is calculated on the basis of the total compensation for the past financial year and, if applicable, also the expected total compensation for the current financial year. None of the

Management Service Agreements of the current members of the Management Board, i.e. the Management Service Agreements of Messrs. Shen, Luckas and Mersmann, provide for benefits in the event of premature or regular termination of service.

If a member of the Management Board in his function as a member of the Management Board demonstrably and knowingly commits a gross violation of one of his duties of care within the meaning of Section 93 AktG, a material principle of the internal Code of Conduct and Code of Ethics issued by the Company, or one of his other duties under his service contract, the Supervisory Board may, at its due discretion, partially or fully reduce to zero the variable compensation that is to be granted for the financial year in which the gross violation occurred. If the variable compensation has already been paid out at the time of the reduction decision, the Management Board member must repay the excess payments received in accordance with the reduction decision ("clawback provision"). In this case the Company is also entitled to offset any other compensation claims by the Management Board member. Any claims for damages by the Company against the Management Board member, in particular under Section 93 (2) AktG, shall remain unaffected. In the financial year 2023, there was no reason to apply the clawback rule, i.e. no variable compensation components were reclaimed.

## b) Determination of compensation for the 2024 financial year

### i. Target Compensation

The total target compensation represents an appropriate level of compensation that takes effect if all predefined targets are achieved and is thus intended to provide incentives for strong corporate performance as well as collective and individual achievements. Due to the high proportion of variable compensation, failure to achieve the set targets leads to a significant reduction in total compensation. However, overachievement of targets does not lead to an increase in compensation. The share of long-term variable compensation exceeds that of short-term variable compensation. As a result, the compensation of the Management Board is geared towards the long-term, viable, and sustainable development of the KHD Group.

In the 2024 financial year, the total target compensation is composed as follows:

			Fixed Compensation			Variable Compensation			Total Target Compensation
Current Members of the Management Board			Basic Compensation	Fringe Benefits	Total	One-Year Variable Compensation	Multi-Year Variable Compensation	Total	
Jianlong Shen	2024	in € thousand	263	57	320	45	105	150	470
Chief Executive Officer		Share	56%	12%	68%	10%	22%	32%	100%
(Member of MB since October 1, 2020)	2023	in € thousand	250	61	311	45	105	150	461
		Share	54%	13%	67%	10%	23%	33%	100%
Jürgen Luckas	2024	in € thousand	241	25	266	55	105	160	426
Chief Financial Officer		Share	57%	6%	62%	13%	25%	38%	100%
(Member of MB since April 10, 2015)	2023	in € thousand	230	25	255	45	105	150	405
		Share	57%	6%	63%	11%	26%	37%	100%
Matthias Mersmann	2024	in € thousand	245	16	261	45	105	150	411
Chief Technology Officer		Share	60%	4%	64%	11%	26%	36%	100%
(Member of MB since February 1, 2020)	2023	in € thousand	220	14	234	45	105	150	384
		Share	57%	4%	61%	12%	27%	39%	100%
<b>Former Members of the Management Board</b>									
Tao Xing	2024	in € thousand	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Executive Vice President		Share							
(Member of MB from December 2, 2018 to November 30, 2023)	2023	in € thousand	253	57	310	41	96	137	447
		Share	57%	13%	69%	9%	21%	31%	100%



The above table shows the contractually agreed target compensation (without considering any discretionary bonus) and the compensation structure as a percentage of the total target compensation. The stated target values for variable compensation correspond to the values for the respective financial year, i.e. the financial year in which the corresponding bonus is to be earned. However, the Supervisory Board does not determine the one-year or multi-year variable compensation on the basis of actual target achievement until the next financial year or the year after. When disclosing the compensation granted and owed, the actual bonus for a given financial year is therefore not shown until the next financial year or the year after that. The compensation structure of the total target compensation for the financial year 2024 shown, corresponds to the compensation structure specified in the valid compensation system pursuant to Section 87a (1) No. 3 AktG.

## **ii. Appropriateness of the Management Board Compensation**

As described above, the Supervisory Board determines the amount of the target total compensation for each Management Board member for the upcoming financial year in accordance with the compensation system. The guiding principle for this is that the respective compensation is in an appropriate relationship to the tasks and performance of the Management Board member as well as to the situation of the Group, does not exceed the standard market compensation without special reasons, and is geared towards the long-term and sustainable development of the KHD Group. For this purpose, both external and internal comparisons are made by the Supervisory Board at regular intervals.

### **(1) Horizontal (external) comparison**

In order to assess the appropriateness and customary nature of the specific total compensation of Management Board members in comparison to other companies, the Supervisory Board uses a suitable peer group (horizontal comparison). For this comparison, various compensation data from listed stock corporations below the SDAX are currently used.

### **(2) Vertical (internal) comparison**

The vertical comparison relates to the relationship between the Management Board compensation and the compensation of the workforce of the operating subsidiary Humboldt Wedag GmbH in Germany. Specifically, the workforce comprises the subsidiary's General Managers as well as the group of non-pay-scale employees and the group of pay-scale employees.

### **(3) Differentiation according to the respective requirement profile**

The compensation system allows the Supervisory Board to take into account the function and area of responsibility of the individual Management Board member when determining the amount of the total target compensation. At the due discretion of the Supervisory Board, function-specific differentiations are therefore possible, taking into account criteria such as the experience of the respective Management Board member and the Management Board area for which he is responsible.

### **(4) Conclusion**

The Supervisory Board carried out a review of Management Board compensation prior to the introduction of the compensation system. For the members of the Management Board in office, Management Board compensation in recent years has been at the lower end of the peer group. However, it should be noted that due to the loss situation of the KHD Group up to and including the 2020 financial year, the long-term variable compensation (bonus for financial targets) up to and including the 2021 financial year was zero. The Supervisory Board therefore came to the conclusion that the amount of Management Board compensation is appropriate from a legal perspective within the meaning of Section 87 (1) AktG.

### **c) Variable Compensation for the 2024 Financial Year**

The two variable performance-based compensation components (1) bonus for individual targets (short-term performance bonus) and (2) bonus for financial targets (long-term performance bonus) represent a significant part of the total target compensation. .

#### **(1) Short-term performance bonus**

In the respective Management Service Agreement, the Supervisory Board has defined a target amount for the bonus for individual targets (hereinafter "short-term performance bonus") for each Management Board member, which is granted if the targets are achieved by 100%. The maximum amount of the short-term performance bonus is limited to 100% of the target amount.

The amount of the short-term performance bonus to be paid depends on the extent to which a Management Board member achieves the individual targets. At the beginning of the 2024 financial year the Supervisory Board determined the individual targets for the respective Management Board member from the list of the following financial and non-financial performance criteria within the meaning of Section 87a (1) sentence 2 no. 4 AktG:

- Achievement of key financial indicators (order intake, revenue, operating result, earnings before taxes) at subsidiaries within the direct area of responsibility of the respective Management Board member;
- Development and implementation of measures relating to the six strategy packages;
- Improvement of project execution and project-related risk management;
- Development and implementation of measures to optimize costs and increase efficiency (incl. improvements in engineering and product design);
- Specific operational and/or strategic goals that are highly relevant for the long-term and sustainable development of the Group (e.g. implementation of the R&D strategy / sales of products that contribute to CO<sub>2</sub> reduction / goals for digital products);
- Achieving target figures to improve the balance sheet structure;
- Optimization of cash flow and securing sufficient credit lines for bank guarantees;
- Promotion / improvement of cooperation with AVIC international Beijing Co., Limited;
- Introduction of an ESG system and preparation for reporting in accordance with CSRD;
- Coordination of the tender process for the selection of the auditor for the 2025 financial year;
- Social / employee matters (such as measures to prevent accidents, increase employer attractiveness and employee satisfaction, succession planning, measures for leadership development, diversity and equal opportunities).

Within the scope of its dutiful discretion, the Supervisory Board may extend or adjust the list of individual targets for each financial year. Each of the selected individual targets is weighted with a fixed percentage in relation to the maximum amount of the short-term incentive bonus. In principle, the assessment of the individual performance of a Management Board member is only meaningful if non-financial, qualitative performance criteria are included. Sustainability / ESG (environment, social, governance) criteria are already anchored in the short-term performance bonus, but are to be given greater weighting in future.

The performance criteria are intended to motivate the Management Board members to create value and to achieve or outperform short-term economic goals as well as operational excellence. The short-term performance bonus also gives the Supervisory Board the opportunity to consider individual or collective performance of the Management Board on the basis of non-financial performance criteria and targets that

are relevant for the operational implementation of the corporate strategy. The short-term performance bonus is intended on the one hand to reflect the overall responsibility of the Management Board members for the Group and to promote cooperation between the business areas, and on the other hand to reflect the independent management of the respective area of responsibility. Therefore, when setting the targets and calculating the short-term performance bonus for each Management Board member, the respective business responsibility is taken into account.

Each year after the end of the financial year, the Supervisory Board determines the values for actual target achievement (from 0% to 100%) for each individual target. For the individual targets of the members of the Management Board in the 2023 financial year, the determination of target achievement has not yet taken place. The resulting short-term performance bonus will only be owed once the target achievement has been determined, i.e. the short-term performance bonus for the 2024 financial year will not be determined until the 2025 financial year and will be disclosed in the compensation report 2025. The payment of the short-term performance bonus will be made in cash and is due after approval of the consolidated financial statements.

## **(2) Long-term performance bonus**

In the respective service contract, the Supervisory Board has agreed a target amount for the long-term performance bonus for each member of the Management Board, which is granted if the targets are achieved by 100%. The maximum amount of the long-term performance bonus is limited to 100% of the target amount. The long-term performance bonus is intended to promote the Management Board's long-term commitment to the Group and its sustainable growth. Therefore, the financial performance criteria are identical for all members of the Management Board and are based on a multi-year (currently: two-year) assessment period.

The amount of the long-term performance bonus to be paid depends on the extent to which the respective target has been achieved at the end of the two-year assessment period. At the beginning of the assessment period for the financial years 2023 and 2024, the Supervisory Board set the target values for the following financial performance criteria within the meaning of Section 87a (1) Sentence 2 No. 4 AktG:

- Order intake per segment
- Gross profit
- Earnings before interest and taxes (EBIT)

The long-term performance bonus is determined on the basis of four defined levels (0% / 25% / 50% / 100%). When measuring the long-term performance bonus, each financial performance criterion is considered separately, i.e. exceeding one target (target achievement > 100%) cannot be used to compensate for another financial performance criterion (target achievement < 100%). A lower limit has been set for each financial performance criterion. If the respective lower limit is achieved, the long-term performance bonus amounts to 25% of the corresponding bonus component; if targets are not met (failure to achieve the lower limit – cumulative for the multi-year assessment period), the corresponding part of the long-term performance bonus is forfeited in full.

In order to align the long-term performance bonus with sustainable corporate development and to provide a long-term incentive, the financial performance criteria are generally based on a two-year assessment period in relation to KHD Group key figures. Only after the end of the two-year assessment period, a final determination is made on the achievement of the targets set. The average degree of target achievement determined for the individual financial performance criterion over the entire assessment period is the relevant figure.

The current assessment period covers the 2023 and 2024 financial years. For the financial targets underlying the long-term performance bonus, the determination of target achievement in the 2023 and 2024 financial years has not yet taken place. At the beginning of the 2025 financial year, the (preliminary) target achievement for the two-year assessment period (financial years 2023 and 2024) was determined. 50% of this value is reported in the compensation report for the 2024 financial year as long-term performance bonus owed. After approval of the 2024 consolidated financial statements (expected in March 2025), the final values for the long-term performance bonus will be determined and granted (paid) to the members of the Management Board. The difference between the final values for the long-term performance bonus for the 2023 and 2024 financial years and the values reported in the 2024 compensation report will be disclosed in the compensation report for the 2025 financial year as long-term performance bonus owed.

In the event of premature termination of employment or if the Management Board member is not entitled to compensation for the entire assessment period, the Management Board member will receive a pro-rata payment amount determined at the end of the assessment period. Entitlement to the long-term performance bonus lapses completely if, at the time of the scheduled payment, the service contract is terminated either by the Management Board member without good cause or by the Company for good cause.

#### **d) Compensation granted and owed to the Members of the Management Board**

In accordance with Section 162 (1) Sentence 1, Sentence 2 No. 1 AktG, all fixed and variable compensation components "granted and owed" to the individual members of the Management Board in the 2024 financial year must be disclosed. The following table shows in the line "2024" for the one-year variable compensation (short-term performance bonus) the values for the 2023 financial year determined by the Supervisory Board and paid to the Management Board in the 2024 financial year. As explained above, in the line "2024" for the multi-year variable compensation, 50% of the value based on the provisionally determined target achievement of the financial performance criteria for the two-year assessment period (2023 and 2024 financial years) was shown as long-term performance bonus granted. In the line "2023", the difference between the final values and the values already reported for the 2022 financial year is reported as long-term performance bonus for the two-year assessment period (2021 and 2022 financial years). The discretionary bonus shown corresponds to the amount determined by the Supervisory Board in the respective financial year for the previous financial year.

			Fixed Compensation		Variable Compensation			
			Basic Compensation	Fringe Benefits	One-Year Variable Compensation	Multi-Year Variable Compensation	Discretionary Bonus	Total compensation granted and owed
Current Members of the Management Board								
Jianlong Shen	2024	in € thousand	263	57	43	75	48	486
Chief Executive Officer		Share	54%	12%	9%	15%	10%	100%
(Member of MB since October 1, 2020)	2023	in € thousand	250	61	44	33	16	404
		Share	62%	15%	11%	8%	4%	100%
Jürgen Luckas	2024	in € thousand	241	25	42	75	47	430
Chief Financial Officer		Share	56%	6%	10%	17%	11%	100%
(Member of MB since April 10, 2015)	2023	in € thousand	230	25	41	33	15	344
		Share	67%	7%	12%	10%	4%	100%
Matthias Mersmann	2024	in € thousand	237	16	42	75	47	417
Chief Technology Officer		Share	57%	4%	10%	18%	11%	100%
(Member of MB since February 1, 2020)	2023	in € thousand	220	14	36	33	13	316
		Share	70%	4%	11%	10%	4%	100%
Former Members of the Management Board								
Tao Xing	2024	in € thousand	0	0	41	96	26	163
Executive Vice President		Share	0%	0%	25%	59%	16%	100%
(Member of MB from December 2, 2018 to November 30, 2023)	2023	in € thousand	253	57	39	33	18	400
		Share	63%	14%	10%	8%	5%	100%

For the disclosure of the total compensation of the members of the Management Board of KHD AG in accordance with Section 314 (1) No. 6a of the German Commercial Code ("HGB") in the consolidated financial statements for the 2024 financial year, the amounts that were "granted and owed" in the 2024 financial year are not shown for the one-year and multi-year variable compensation. Instead, the values that were recognized as an expense for the 2024 financial year when the bonus accrual was formed are disclosed as part of total compensation.

## 2. COMPENSATION OF THE MEMBERS OF THE SUPERVISORY BOARD OF KHD HUMBOLDT WEDAG INTERNATIONAL AG

### a) Compensation System for the Supervisory Board

The compensation of the members of the Supervisory Board is set out in Section 13 of the Articles of Association. By resolution of the Annual General Meeting on May 20, 2021, the compensation arrangements for the Supervisory Board in Section 13 of the Articles of Association were confirmed in accordance with Section 113 (3) AktG by a majority of 99.66% of the valid votes cast.

The members of the Supervisory Board receive fixed compensation only. The Supervisory Board decides by resolution on the distribution of the total compensation of €180,000 among the individual members of the Supervisory Board. The distribution of Supervisory Board compensation takes appropriate account of the higher time commitment of the Chairman and Vice Chairman of the Supervisory Board. The structure of Supervisory Board compensation, which provides exclusively for fixed compensation, strengthens the independence of the Supervisory Board and is also to be seen as a counterweight to the structure of the Management Board compensation, which contains variable (success- and performance-related) components to a significant extent.

### b) Compensation of the Supervisory Board in the 2024 and 2023 Financial Year

The total compensation of each Supervisory Board member for the 2024 financial year is shown in the following table:

	<b>fixed compensation</b>	<b>thereof granted</b>	<b>thereof owed</b>	<b>paid out for previous years</b>
(in €)				
<b>Current Members of the Supervisory Board</b>				
Jiayan Gong (Chairman)	80,000	0	80,000	0
Gerhard Beinhauer (Deputy Chairman)	60,000	44,919	15,081	20,054
Xiaodong Wu	30,000	0	30,000	0
Jingnan Yang	0	0	0	0
not yet allocated <sup>1</sup>	10,000	0	10,000	0
<b>Total</b>	<b>180,000</b>	<b>44,919</b>	<b>135,081</b>	<b>20,054</b>

<sup>1</sup> In accordance with Section 13 (1) of the Articles of Association, the Supervisory Board decides by resolution on the distribution of the total compensation specified in the Articles of Association. No resolution has yet been passed on the distribution of the remaining amount of € 10,000.

The total compensation of each Supervisory Board member for the 2023 financial year is shown in the following table:

	<b>fixed compensation</b>	<b>thereof granted</b>	<b>thereof owed</b>	<b>paid out for previous years</b>
(in €)				
<b>Current Members of the Supervisory Board</b>				
Jiayan Gong (Chairman)	80,000	0	80,000	0
Gerhard Beinhauer (Deputy Chairman)	60,000	39,946	20,054	15,123
Xiaodong Wu	30,000	0	30,000	0
Jingnan Yang	0	0	0	0
not yet allocated <sup>1</sup>	10,000	0	10,000	0
<b>Total</b>	<b>180,000</b>	<b>39,946</b>	<b>140,054</b>	<b>15,123</b>

<sup>1</sup> In accordance with Section 13 (1) of the Articles of Association, the Supervisory Board decides by resolution on the distribution of the total compensation specified in the Articles of Association. No resolution has yet been passed on the distribution of the remaining amount of € 10,000.

### 3. COMPARATIVE PRESENTATION OF THE CHANGE OVER THE PAST YEARS

In accordance with Section 162 (2) Sentence 2 No. 2 AktG, the following overview provides a comparative presentation of the annual change in compensation of the members of the Management Board and Supervisory Board, the Company's earnings development, and the average compensation of employees considered on a full-time equivalent basis. In addition to the earnings development (net income or loss) of KHD Humboldt Wedag International AG as an individual company, the development of earnings before taxes (EBT) of the KHD Group is also stated, as this key figure and EBIT, respectively, have a significant influence on Management Board compensation. In the case of members joining or leaving the Management Board or Supervisory Board during the year, the annual change in compensation is generally determined on the basis of a value extrapolated to a full year.

<i>(in € thousand)</i>	2020	Change	2021	Change	2022	Change	2022	Change	2024
<b>Earnings Development</b>									
Net Profit / Net Loss of KHD AG	471	n/a	-1,263	56%	-553	102%	9	n/a	-865
EBT of KHD Group	-6,639	n/a	685	234%	2,286	182%	6,439	148%	15,944
<b>Employee Compensation</b>									
Employees of Humboldt Wedag GmbH	104	4%	108	2%	110	6%	117	1%	118
<b>Management Board Compensation</b>									
<b>Current Members of the Management Board</b>									
Jianlong Shen (since October 1, 2020)	63	15%	290	49%	432	-6%	404	20%	486
Jürgen Luckas (since April 10, 2015)	280	6%	297	23%	366	-6%	344	25%	430
Matthias Mersmann (since February 1, 2020)	242	19%	315	10%	378	-16%	316	32%	417
<b>Former Members of the Management Board</b>									
Tao Xing (until November 30, 2023)	317	3%	326	26%	412	6%	400	n/a	-
Yizhen Zhu (until September 30, 2020)	235	n/a	-	n/a	-	n/a	-	n/a	-
<b>Supervisory Board Compensation</b>									
<b>Current Members of the Supervisory Board</b>									
Jiayang Gong (since May 20, 2021)	-	n/a	49	0%	80	0%	80	0%	80
Gerhard Beinhauer (since May 28, 2015)	54	11%	60	0%	60	0%	60	0%	60
Xiaodong Wu (since May 20, 2021)	-	n/a	18	0%	30	0%	30	0%	30
Jingnan Yang (since June 22, 2021)	-	n/a	0	n/a	0	n/a	0	n/a	0
<b>Former Members of the Supervisory Board</b>									
Shaohua Jin (until May 20, 2021)	72	11%	31	n/a	-	n/a	-	n/a	-
Yiqiong Zhang (until May 20, 2021)	27	11%	12	n/a	-	n/a	-	n/a	-

The compensation of the members of the Management Board and Supervisory Board stated in the overview corresponds to the values stated in the table "Compensation granted and owed to the Members of the Management Board" and the values stated under "Compensation of the Supervisory Board in the 2024 and 2023 Financial Year".

For the vertical comparison, the average compensation of employees on a full-time equivalent basis of the operating subsidiary Humboldt Wedag GmbH in Cologne was used. The comparatively low gap between the average remuneration of the employees of the subsidiary Humboldt Wedag GmbH and the compensation of the Management Board members results, among other things, from the fact that a relatively small portion of the variable compensation of the Management Board members was "granted and owed". In particular, in the 2020 and 2021 financial years, the amount of multi-year variable compensation "granted and owed" to the members of the Management Board was set at zero in each case.

## **REPORT OF THE INDEPENDENT AUDITOR ON THE AUDIT OF THE COMPENSATION REPORT PURSUANT TO SEC. 162 (3) AKTG**

To KHD Humboldt Wedag International AG

### **Opinion**

We have audited the formal aspects of the remuneration report of [*Gesellschaft, Sitz*], for the fiscal year from 1. January 2024 to 31 December 2024 to determine whether the disclosures required by Sec. 162 (1) and (2) AktG [“Aktiengesetz”: 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) 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 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 QMS 1 (09.2022)). We complied with the professional obligations pursuant to the WPO [“Wirtschaftsprüferordnung”: 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 management board and supervisory board**

The management 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 is 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.

Cologne, 26. März 2025

EY GmbH & Co. KG

Wirtschaftsprüfungsgesellschaft

Galden  
Wirtschaftsprüfer  
[German Public Auditor]

Ormanns  
Wirtschaftsprüfer  
[German Public Auditor]