

Remuneration report

Pursuant to Article 162 of the German Stock Corporation Act (AktG), this report discloses the remuneration paid and owed by the company to all current and former members of the Executive and Supervisory Board in the 2022 fiscal year.

Executive Board remuneration

The remuneration paid and owed to the members of the Executive Board in the 2022 fiscal year is based on the remuneration system that has been in force since January 1, 2021 and was approved by the Annual General Meeting on May 19, 2021 (the „remuneration system“). The remuneration system was applied to the remuneration of all applicable Executive Board members in the 2022 fiscal year without exception. The remuneration system does not apply to the employment contract of the CEO, which was concluded in 2019. However, certain components of the remuneration system apply to the employment relationship between the company and the CEO.

Remuneration system
and principles of
remuneration

The remuneration for Executive Board members of Vossloh AG consists of fixed and variable components.

The fixed, non-performance-related remuneration component consists of the **basic remuneration** and **fringe benefits** (such as, in particular, the provision of a company car and allowances for health, accident and luggage insurance) and – for the current CEO only – retirement benefit commitments in the form of pension payments upon reaching the retirement age of 63.

The performance-related component includes short-term variable remuneration (“annual bonus”) and long-term variable remuneration (“multiyear bonus”). The **annual bonus** paid is dependent on the extent to which short-term performance targets are achieved. The relevant performance targets in the 2022 fiscal year were Group EBIT, Group sales and the average capital employed. The **multiyear bonus** is contingent on long-term performance targets being achieved over an assessment period of three years (or two years for the incumbent CEO due to the previous contract which is not subject to the current remuneration system). The performance targets for the multiyear bonus for the 2022 fiscal year are the return on capital employed (ROCE) and the absolute and the relative performance of the Vossloh share in comparison to the weighted average performance of the DAX, MDAX and SDAX over the assessment period of fiscal years 2022 to 2024 (or 2022 to 2023 for the current CEO). The performance criteria for the remuneration paid and owed in the 2022 fiscal year are broken down into performance targets, target values, weightings and target achievement levels and disclosed below for each Executive Board member in the „Executive Board remuneration in the 2022 fiscal year“ section.

In the event that the employment contract of an Executive Board member is subject to the remuneration system, the total remuneration of that Executive Board member will be limited to the **maximum remuneration** stipulated in their individual contract. The maximum remuneration specified by the Supervisory Board is €2,923,000 gross per annum for the CEO and €1,812,800 gross per annum for the other members of the Executive Board.

No use was made of the option provided for in the remuneration system to grant extra bonuses to members of the Executive Board in the 2022 fiscal year.

During the 2022 fiscal year, the Supervisory Board had no reason to make use of its power to withhold or reclaim variable remuneration components in certain justified cases („malus and clawback provisions“), in particular in the case of certain material breaches of duty or in the event of the consolidated financial statements containing incorrect information.

Executive Board
remuneration in the
2022 fiscal year

Due to the fact that the remuneration report for the 2021 fiscal year was approved by the Annual General Meeting on May 18, 2022, there was no reason to question the implementation of the remuneration system or the reporting. As described below, the presentation of the remuneration paid and owed in the year under review should be aligned with the now established definition of the term.

The table below is based on the Draft Guidelines on the Standardized Presentation of the Remuneration Report and provides information about the benefits owed and granted to the members of the Executive Board in the 2022 fiscal year within the meaning of Section 162 (1) Sentence 1 AktG.

Remuneration paid and owed is shown in the remuneration report with regard to the annual and the multiyear bonuses for which the assessment period expired at the end of the year under review and which are due to be paid out in spring 2023 on the basis of the degree to which the relevant targets have been achieved. Variable remuneration components which have been earned but not yet paid out by the end of the year under review are recognized as remuneration owed. All remuneration components which were actually paid out during the year under review are recognized as remuneration paid, provided the same remuneration has not been recognized as remuneration owed in an earlier remuneration report – as is the case for the annual and multiyear bonuses. In the 2021 remuneration report, the company applied a different understanding of the term when determining the multiyear bonus and reported the contractually agreed multiyear bonus for the reporting year on the basis of preliminary estimates. This change was made to bring the company in line with now widespread market practice and make Vossloh more comparable with other companies. In addition, this prevents us from making disclosures on the basis of budget-based estimates which may be out of line with actual figures. For the sake of comparability, we have also determined the values for the previous year based on our current understanding of the term and disclosed them in the line item „2021 (new)“.

In accordance with this understanding of the term, the 2022 annual bonus of all members of the Executive Board and the 2021 multiyear bonus of the current CEO (whose old contract still provides for a two-year assessment period for the multiyear bonus, while the assessment period for the 2021 multiyear bonus is still ongoing for the other members of the Executive Board) have been allocated to „remuneration paid and owed“ in the 2022 fiscal year. These remuneration components will be paid out after the annual financial statements have been approved.

Provisions for pension benefits are shown separately in „Retirement Benefits“ rather than as paid and owed as no additions were made and none came due.

€		Fixed remuneration	Payments in kind	Total basic remuneration	Annual bonus	Multiyear bonus ¹	Total variable remuneration	Total remuneration	Remuneration in relation to total remuneration	
Remuneration paid and owed									Proportion basic remuneration	Proportion variable remuneration
Oliver Schuster CEO since 10/1/2019, member of the Executive Board since 3/1/2014	2021 (old)	550,000	26,149	576,149	638,314	649,404	1,287,718	1,863,867	31 %	69 %
	2021 (new)	550,000	26,149	576,149	638,314	589,508	1,227,822	1,803,971	32 %	68 %
	2022	550,000	25,943	575,943	678,324	714,000	1,392,324	1,968,267	29 %	71 %
Dr. Thomas Triska member of the Executive Board since 11/1/2020	2021 (old)	350,000	19,490	369,490	446,820	537,600	984,420	1,353,910	27 %	73 %
	2021 (new)	350,000	19,490	369,490	446,820	0	446,820	816,310	45 %	55 %
	2022	350,000	17,818	367,818	474,827	0	474,827	842,645	44 %	56 %
Jan Furnivall member of the Executive Board since 11/1/2020	2021 (old)	350,000	8,272	358,272	446,820	537,600	984,420	1,342,692	27 %	73 %
	2021 (new)	350,000	8,272	358,272	446,820	0	446,820	805,092	45 %	55 %
	2022	350,000	6,032	356,032	474,827	0	474,827	830,859	43 %	57 %

¹The 2021 multiyear bonus is shown in the 2021 (old) lines of this column. In cases where the assessment periods are yet to finish, the figures are preliminary figures, which could change based on the extent to which targets are achieved by the end of the assessment period in question.

The remuneration of the Executive Board in the table above meets the aims of the remuneration system. The remuneration promotes the long-term development of the company by providing incentive for long-term and sustainable growth. The members of the Executive Board participate in the success of the company through the use of appropriate performance criteria and ambitious targets. The multiyear bonus makes up the majority of the variable remuneration if targets are achieved in full. The majority of the performance criteria for the multiyear bonus are tied to the performance of the Vossloh share, ensuring that the interests of Vossloh AG's shareholders are represented.

The performance targets, their weightings and the target values for any share price-oriented performance targets of the multiyear bonus are agreed in the employment contract of each Executive Board member. The other values for the performance targets of the annual bonus and the multiyear bonus for the 2022 fiscal year were defined before the beginning of the fiscal year.

The target and threshold values as well as the extent to which targets were achieved in relation to the individual performance targets are provided in the following overview. With regard to the annual bonus for the 2022 fiscal year, the Supervisory Board made use of the option provided in the remuneration system and employment contracts to reduce or increase the target bonus for achieving all of the targets in full for the annual bonus under certain conditions. The target values set before the beginning of the fiscal year were not (subsequently) changed as part of this process. In the opinion of the Supervisory Board, the Executive Board guided the company brilliantly through an extraordinary set of circumstances and challenges in the previous fiscal year. Despite the challenging conditions, in particular the unforeseeable geopolitical developments and significant upheaval in the material, energy and logistics markets, the members of the Executive Board achieved all of their objectives and, in some cases, thoroughly exceeded them. The Supervisory Board exercised its discretion and recognized this achievement by multiplying the target bonus for the members of the Executive Board by a factor of 1.2.

		Applied performance criteria and type of remuneration required	Relative weighting of performance criteria in %	Thresholds for target achievement		Determined performance	Extent to which target has been achieved in %	
				0 % target achievement, target missed by (in %)	170 % target achievement, target exceeded by (in %)			
Performance criteria incl. target range for variable remuneration in 2022								
Oliver Schuster	Annual bonus	Group EBIT (€ million)	65 %	(26.3)	6,6	78,1	129	
		Group sales (€ million)	20 %	(11.2)	4.5	1,046.1	245	
		Average working capital (€ million)	15 %	19.9	(4.5)	218.1	55	
	Multiyear bonus	Average ROCE (Return on Capital Employed) (%)	48 %	(22.3)	+ 13.4	8.2	120	
		Absolute performance of the Vossloh share (€)	26 %	(6.9)	+ 4.7	41.7	14	
		Relative performance of the Vossloh share (€)	26 %	(0.2)	0.2	41.7	3,476	
	Dr. Thomas Triska	Annual bonus	Group EBIT (€ million)	65 %	(26.3)	6.6	78.1	129
			Group sales (€ million)	20 %	(11.2)	4.5	1,046.1	245
			Average working capital (€ million)	15 %	19.9	(4.5)	218.1	55
Multiyear bonus		Average ROCE (Return on Capital Employed) (%)	31 %					
		Absolute performance of the Vossloh share (€)	34 %					
		Relative performance of the Vossloh share (€)	34 %					
Jan Furnivall		Annual bonus	Group EBIT (€ million)	65 %	(26.3)	6.6	78.1	129
			Group sales (€ million)	20 %	(11.2)	4.5	1,046.1	245
			Average working capital (€ million)	15 %	19.9	(4.5)	218.1	55
	Multiyear bonus	Average ROCE (Return on Capital Employed) (%)	31 %					
		Absolute performance of the Vossloh share (€)	34 %					
		Relative performance of the Vossloh share (€)	34 %					

Former members of the Executive Board

Former member of the Executive Board of Vossloh AG Mr. Werner Andree received remuneration paid and owed in the 2022 fiscal year and in the previous year in accordance with Section 162 (1) Sentence 1 AktG in the form of a pension in the amount of €258,135 each year. As his remuneration is not dependent on the results of company operations, it is not included in the comparative presentation of changes in board compensation, the results of operations and remuneration for employees.

The old contract for the current CEO includes an entitlement to receive pension payments upon reaching 63 years of age. Depending on the years of service on the Executive Board, annual pension benefits after a minimum three-year Executive Board membership amount to 1 percent, or in the case of a first-time contract renewal 2 percent, up to a maximum of 40 percent of the pensionable annual basic remuneration. Upon the death of an active or former member of the Executive Board, the pension entitlement or the most recent pension paid to the surviving spouse is reduced to 60 percent.

Pension expenses

The present value of the pension entitlement and the addition in accordance with the requirements of German commercial law and the pension expense in accordance with IFRS are provided in the following table:

€		Pension entitlements in accordance with the requirements of German commercial law		Service costs in accordance with IFRS	
		Amount paid in for the fiscal year	Present value of pension obligation		
Entitlements to defined retirement benefits					
	Oliver Schuster	2021	419,735	2,063,518	313,555
	Chairman of the Executive Board since 10/1/2019	2022	446,526	2,510,044	194,782

In the event of an agreed premature termination of the employment contract, the Executive Board contracts contain commitments to pay out their expected remuneration for the regular remaining term of the contract, unless the termination is based on a unilateral resignation by the Executive Board member without good cause or on a revocation of the appointment for a reason that also constitutes good cause for the termination of the employment relationship. However, the commitments are in any case limited to a maximum of two years' remuneration (severance payment cap). Variable remuneration already earned is paid out under the remuneration system in accordance with the originally agreed targets and comparison parameters and according to the due dates specified in the contract. No payment obligations are made in the event of an early termination of Executive Board duties due to a change of control.

Commitments in the event of premature termination of duties

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board is based on Article 17 of the company's Articles of Association and the remuneration system for the members of the Supervisory Board which was approved by the Annual General Meeting on May 19, 2021, which was applied without restriction in the 2022 fiscal year.

Remuneration of the Supervisory Board in 2022

In addition to reimbursement for their expenses and in line with recommendation G.18 of the GCGC, Supervisory Board members receive a fixed annual remuneration for duties performed of €40,000 (gross) to be paid after the conclusion of the fiscal year. The Supervisory Board Chairman receives three times and the vice-chairman one-and-a-half times the above fee. Membership in a committee is compensated by a premium of one quarter of the aforementioned remuneration amounts. The Audit Committee Chairman receives three times the additional Audit Committee membership fee. If the Supervisory Board Chairman is also a committee member, no additional fee is to be paid for his activities on the committee.

Due to the fact that the remuneration report for the 2021 fiscal year was approved by the Annual General Meeting on May 18, 2022, there was no reason to question the reporting.

The table below provides information about the remuneration owed and paid to the members of the Supervisory Board in the 2022 fiscal year within the meaning of Section 162 AktG.

	2022					2021				
	Fixed remuneration		Remuneration for activities on committees		Total	Fixed remuneration		Remuneration for activities on committees		Total
	€	%	€	%	€	€	%	€	%	€
Prof. Dr. Rüdiger Grube, Chairman	120,000	100	0	0	120,000	120,000	100	0	0	120,000
Ulrich M. Harnacke, Deputy Chairman	60,000	60	40,000	40	100,000	60,000	60	40,000	40	100,000
Dr. Roland Bosch	40,000	80	10,000	20	50,000	40,000	80	10,000	20	50,000
Dr. Bettina Volkens	40,000	80	10,000	20	50,000	40,000	80	10,000	20	50,000
Andreas Kretschmann	40,000	67	20,000	33	60,000	40,000	67	20,000	33	60,000
Marcel Knüpfer	40,000	100		0	40,000	40,000	100		0	40,000
Total	340,000		80,000		420,000	340,000		80,000		420,000

Comparative view of changes in board compensation, the results of operations and remuneration for employees

The table below provides a comparison between the change in the remuneration provided for the members of the Executive Board and Supervisory Board on the one hand and the change in the results of operations of Vossloh AG and the Vossloh Group and the average remuneration for employees.

%	2019 compared to 2018	2020 compared to 2019	2021 compared to 2020	2022 compared to 2021
Executive Board remuneration¹				
Oliver Schuster (CEO)	27 %	42 %	13 %	9 %
Dr. Thomas Triska (CFO)			7 %	3 %
Jan Furnivall (COO)			7 %	3 %
Supervisory Board remuneration²				
Prof. Dr. Rüdiger Grube, Chairman of the Supervisory Board			0 %	0 %
Ulrich M. Harnacke, Deputy Chairman of the Supervisory Board	7 %	-8 %	-8 %	0 %
Dr. Roland Bosch			-17 %	0 %
Marcel Knüpfer			0 %	0 %
Andreas Kretschmann	0 %	29 %	16 %	0 %
Dr. Bettina Volkens			-17 %	0 %
Earnings development				
Net income/net loss for the financial year in accordance with HGB (Vossloh AG)	-1,689 %	16 %	115 %	-928 %
EBIT in accordance with IFRS (Vossloh Group) ³	3 %	31 %	-1 %	8 %
Average remuneration for employees on an FTE basis				
Remuneration for employees ⁴	26 %	-16 %	-1 %	2 %

¹ Determined on a pro rata basis in previous years when required.

² Determined on a pro rata basis in previous years when required.

³ Includes adjusted figure for 2019. If the adjusted EBIT had been used, the change between 2019 and 2018 would have been (170 %) and 294 % when comparing 2020 to 2019.

⁴ Wages and salaries in accordance with IFRS (excluding discontinued operations); number of employees on an FTE basis excluding the members of the Vossloh AG Executive Board.

The remuneration specified for the members of the Executive Board and Supervisory Board is equivalent to the remuneration paid and owed in the 2022 fiscal year within the meaning of Section 162 of the German Stock Corporation Act (AktG) and in line with how the company defines the term. The results of operations is based on the company's net income disclosed in the separate financial statements of Vossloh AG in accordance with Section 275 (2) No. 17 HGB and the EBIT of the Vossloh Group. Remuneration for employees is based on the average remuneration excluding incidentals for all employees of the Vossloh Group on an FTE basis, including managers/executives within the meaning of Section 5 (3) of the Works Constitution Act and temporary staff. Any remuneration received by an employee who is also a member of the Supervisory Board of Vossloh AG is not included. In order to ensure the comparability of disclosures related to the earnings trend and remuneration for employees, all employees working for a subsidiary reported as a discontinued operation in the consolidated financial statements for the relevant fiscal year are excluded.

Werdohl, March 7, 2023

Vossloh AG

The Executive Board

Oliver Schuster, Dr. Thomas Triska, Jan Furnivall

The Supervisory Board

Prof. Dr. Rüdiger Grube

Report of the independent auditor

To Vossloh Aktiengesellschaft, Werdohl/Germany

We have audited the accompanying remuneration report of Vossloh Aktiengesellschaft, Werdohl/Germany, ("the Company") for the financial year from 1 January to 31 December 2022, including the related disclosures, which has been prepared to comply with Section 162 German Stock Corporation Act (AktG).

Responsibilities of the Executive Directors and of the Supervisory Board

The executive directors and the supervisory board of Vossloh Aktiengesellschaft, Werdohl/Germany, are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of Section 162 AktG. The executive directors and the supervisory board are also responsible for such internal control as they consider necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on this remuneration report, including the related disclosures, based on our audit. We conducted our audit in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). These Standards require that we fulfil the professional responsibilities and that we plan and perform the audit so that we obtain reasonable assurance as to whether the remuneration report, including the related disclosures, is free from material misstatements.

An audit involves performing audit procedures in order to obtain audit evidence for the amounts stated in the remuneration report, including the related disclosures. The choice of the audit procedures is subject to the auditor's professional judgement. This includes assessing the risk of material misstatements, whether due to fraud or error, in the remuneration report, including the related disclosures. In assessing these risks, the auditor considers the system of internal control, which is relevant to preparing the remuneration report, including the related disclosures. Our objective is to plan and perform audit procedures that are appropriate in the circumstances, but not to express an audit opinion on the effectiveness of the Company's system of internal control. An audit also comprises an evaluation of the accounting policies used, of the reasonableness of accounting estimates made by the executive directors and the supervisory board as well as an evaluation of the overall presentation of the remuneration report, including the related disclosures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, on the basis of the knowledge obtained in the audit, the remuneration report for the financial year from 1 January to 31 December 2022, including the related disclosures, complies, in all material respects, with the accounting principles of Section 162 AktG.

Other Matter – Formal Audit of the Remuneration Report

The content audit of the remuneration report described in this report comprises the formal audit required under Section 162 (3) AktG including the issuance of a report on this audit. Since our audit opinion on the content audit is unmodified, this audit opinion includes that the disclosures required under Section 162 (1) and (2) AktG are contained, in all material respects, in the remuneration report.

Intended Use of the Report

We issue this report as stipulated in the engagement letter agreed with the Company. The audit has been performed for the purposes of the Company and the report is solely intended to inform the Company about the result of the audit.

Liability

This report is not intended to be used by third parties as a basis for any (asset) decision. We are liable solely to Vossloh Aktiengesellschaft, Werdohl/Germany, and our liability is also governed by the engagement letter dated 12 September 2022 agreed with the Company as well as the "General Engagement Terms for Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms)" promulgated by the Institut der Wirtschaftsprüfer (IDW) in the version dated 1 January 2017 (IDW-AAB). However, we do not accept or assume liability to third parties.

Düsseldorf/Germany, 7 March 2023

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

Signed: René Kadlubowski
Wirtschaftsprüfer
(German Public Auditor)

Signed: Christian Siepe
Wirtschaftsprüfer
(German Public Auditor)