

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 2023 fiscal year.

Executive Board remuneration

The remuneration paid and owed to the members of the Executive Board in the 2023 financial year is based on the remuneration system (the "remuneration system") that has been in force since January 1, 2023 and was approved by the Annual General Meeting on May 24, 2023. The remuneration system was applied to the remuneration of all applicable Executive Board members in the 2023 fiscal year without exception. The remuneration system does not apply in part to the employment contract of the current CEO, which was concluded in 2019 and therefore before the remuneration system came into effect.

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 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 2023 fiscal year were Group EBIT, Group sales and the average working capital. 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 2023 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 the 2023 to 2025 fiscal years (or 2023 to 2024 for the incumbent CEO). The performance criteria for the remuneration paid and owed in the 2023 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 2023 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 €3,250,000 gross p.a. for the current CEO and €2,250,000 gross p.a. for each of the other members of the Executive Board.

During the 2023 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.

Due to the fact that the remuneration report for the 2022 fiscal year was approved by the Annual General Meeting on May 24, 2023, there was also no reason to question the implementation of the remuneration system or the reporting, which had already been adapted last year to the now widespread understanding of the remuneration granted and owed in the reporting year.

Executive Board remuneration in the 2023 fiscal year

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 2023 fiscal year within the meaning of Section 162 (1) Sentence 1 AktG

In the remuneration report, in addition to the basic remuneration for the respective reporting year, the remuneration paid and owed for the annual and multiyear bonuses is shown as the remuneration for which the assessment period expired at the end of the reporting year and which will be paid out in spring 2024 after the annual financial statements have been adopted on the basis of the respective target achievement. In accordance with this understanding of the term, the annual bonus 2023 of all members of the Executive Board and the multiyear bonus 2022 of the incumbent CEO (whose old contract provides for a two-year assessment period for the multiyear bonus) as well as the multiyear bonus 2021 of the other Executive Board members are allocated to the 2023 fiscal year as remuneration paid and owed.

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	2022	550,000	25,943	575,943	678,324	714,000	1,392,324	1,968,267	29 %	71 %
	2023	579,167	26,248	605,415	816,000	471,736	1,287,736	1,893,151	32 %	68 %
Dr. Thomas Triska Member of the Executive Board since 11/1/2020	2022	350,000	17,818	367,818	474,827	0	474,827	842,645	44 %	56 %
	2023	366,667	17,909	384,576	571,200	333,565	904,765	1,289,341	30 %	70 %
Jan Furnivall Member of the Executive Board since 11/1/2020	2022	350,000	6,032	356,032	474,827	0	474,827	830,859	43 %	57 %
	2023	366,667	6,079	372,746	571,200	333,565	904,765	1,277,511	29 %	71 %

¹ The basic remuneration for Dr. Triska also includes the contributions of €22.9 thousand made by him to a provident fund for his retirement pension by way of deferred compensation; see the explanations in the "Retirement benefits" section.

² The basic amount of the 2021 multiyear bonus for Dr. Triska and Mr. Furnivall was increased once by 2/12 to take into account the start of their appointment to the Executive Board in November 2020.

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 weighting and, in the case of the share price-based components of the multi-year bonus, the target values have been agreed in the employment contracts of the Executive Board members. The specific target values for the annual bonus and the multiyear bonus for the 2023 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 2023 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. The Supervisory Board is of the opinion that the Executive Board managed the company extremely successfully in the past year, the most successful financial year since the company's business activities were focused on rail infrastructure. Despite adverse circumstances, in particular the unforeseeable geopolitical developments, the members of the Executive Board clearly exceeded the targets set in all respects. 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 according to line specification	Extent to which target has been achieved in %
				0 % target achievement, target value missed by (in %)	170 % target achievement, target exceeded by (in %)		
Performance criteria incl. target range for variable remuneration paid and owed in the 2023 fiscal year							
Oliver Schuster	Annual bonus	Group EBIT (€ mill.)	65	(24.7)	8.6	98.5	275
		Group sales (€ mill.)	20	(13.2)	5.1	1,214.3	250
		Average working capital (€ mill.)	15	15.7	(4.4)	209.4	210
	Multiyear bonus	Average ROCE (Return on Capital Employed) (%)	48	(31.0)	9.2	9.4	157
		Absolute performance of the Vossloh share (€)	26	(6.9)	4.7	42.0	0
		Relative performance of the Vossloh share (€)	26	(2.0)	2.4	42.0	144
Dr. Thomas Triska	Annual bonus	Group EBIT (€ mill.)	65	(24.7)	8.6	98.5	275
		Group sales (€ mill.)	20	(13.2)	5.1	1,214.3	250
		Average working capital (€ mill.)	15	15.7	(4.4)	209.4	210
	Multiyear bonus	Average ROCE (Return on Capital Employed) (%)	32	(22.4)	14.5	8.5	125
		Absolute performance of the Vossloh share (€)	34	(10.1)	7.1	43.0	2
		Relative performance of the Vossloh share (€)	34	(2.1)	2.5	43.0	144
Jan Furnivall	Annual bonus	Group EBIT (€ mill.)	65	(24.7)	8.6	98.5	275
		Group sales (€ mill.)	20	(13.2)	5.1	1,214.3	250
		Average working capital (€ mill.)	15	15.7	(4.4)	209.4	210
	Multiyear bonus	Average ROCE (Return on Capital Employed) (%)	32	(22.4)	14.5	8.5	125
		Absolute performance of the Vossloh share (€)	34	(10.1)	7.1	43.0	2
		Relative performance of the Vossloh share (€)	34	(2.1)	2.5	43.0	144

Former members of the Executive Board Former member of the Executive Board of Vossloh AG Mr. Werner Andree received remuneration paid and owed within the meaning of Section 162 (1) Sentence 1 AktG in the form of a pension in the amount of €265,965 in the 2023 fiscal year (previous year: €258,135). In the reporting year, other former members of the Executive Board received a total of €873,323 (previous year: €925,523) in pension payments.

The company offers the members of the Executive Board the option of converting remuneration components up to the amount of their fixed annual salary into an entitlement to company pension benefits of equal value each year (deferred compensation). If the option of deferred compensation is utilized, this is carried out via a provident fund. Dr. Triska took advantage of this option in the reporting year. The resulting present value of the future pension amounts to €13,765.56 as at December 31, 2023; this does not result in an expense for the company or a provision, as the claim is financed via a reinsurance policy and the contributions are made by Dr. Triska.

Pension expenses

The old contract for the current CEO also 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%, or in the case of a first-time contract renewal 2 %, up to a maximum of 40 % of the average fixed remuneration to be taken as a basis during the last three years before leaving the company. Upon death, the surviving spouse is entitled to a pension in the amount of 60 % of the last amount to be paid to the Management Board member.

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 added in for the fiscal year	Present value of pension obligation		
Entitlements to defined retirement benefits					
	Oliver Schuster Chairman of the Executive Board since October 1, 2019	2022	446,526	2,510,044	194,782
		2023	87,944	2,597,988	231,235

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 (so-called severance payment cap). The variable remuneration attributable to the period up to the termination of the contract is paid in accordance with the remuneration system based on the originally agreed targets and comparison parameters and on 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 24, 2023, which has been applied without restriction since January 1, 2023.

Remuneration of the Supervisory Board in 2023

In addition to the 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 50,000 (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.

In addition, the members of the Supervisory Board receive a gross attendance fee of €2,000 for each meeting of the Supervisory Board or its committees that they have attended (physically or virtually). If the members of the Supervisory Board attend several meetings of the Supervisory Board or its committees on the same day, the attendance fee is only paid once in total. No attendance fee is granted for resolutions passed by circular resolution.

Due to the fact that the remuneration report for the 2022 fiscal year was approved by the Annual General Meeting on May 24, 2023, there was no reason to question the reporting on the remuneration of the Supervisory Board.

The table below provides information about the remuneration owed and paid to the members of the Supervisory Board in the 2023 fiscal year within the meaning of Section 162 AktG:

	2023					2022				
	Fixed remuneration		Remuneration for activities on committees/attendance fees		Total	Fixed remuneration		Remuneration for activities on committees		Total
	€	%	€	%	€	€	%	€	%	€
Prof. Dr. Rüdiger Grube, Chairman	150,000	87	22,000	13	172,000	120,000	100	0	0	120,000
Ulrich M. Harnacke, Deputy Chairman	75,000	45	92,500	55	167,500	60,000	60	40,000	40	100,000
Dr. Roland Bosch	50,000	52	47,000	48	97,000	40,000	80	10,000	20	50,000
Dr. Bettina Volkens	50,000	52	47,000	48	97,000	40,000	80	10,000	20	50,000
Marcel Knüpfer	50,000	66	26,333	34	76,333	40,000	100	–	0	40,000
Martin Klaes (since May 24, 2023)	33,333	81	8,000	19	41,333	–	–	–	–	–
Andreas Kretschmann (until May 24, 2023)	20,833	51	20,417	49	41,250	40,000	67	20,000	33	60,000
Total	429,167		263,250		692,417	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.

%	2020 compared to 2019	2021 compared to 2020	2022 compared to 2021	2023 compared to 2022
Executive Board remuneration^{1,2}				
Oliver Schuster (CEO)	42 %	13 %	9 %	–4 %
Dr. Thomas Triska (CFO)		7 %	3 %	53 %
Jan Furnivall (COO)		7 %	3 %	54 %
Supervisory Board remuneration¹				
Prof. Dr. Rüdiger Grube (Chairman of the Supervisory Board)		0%	0%	43%
Ulrich M. Harnacke (Deputy Chairman of the Supervisory Board)	–8%	–8%	0%	68%
Dr. Roland Bosch		–17%	0%	94%
Martin Klaes (since May 24, 2023)				–
Marcel Knüpfer		0%	0%	91%
Andreas Kretschmann (until May 24, 2023)	29%	16%	0%	65%
Dr. Bettina Volkens		–17%	0%	94%
Earnings development				
Net income/net loss for the financial year in accordance with HGB (Vossloh AG)	16 %	115 %	–928 %	247 %
EBIT in accordance with IFRS (Vossloh Group) ³	31 %	–1 %	8 %	26 %
Average remuneration of employees on an FTE basis				
Remuneration for employees ⁴	–16 %	–1 %	2 %	8 %

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

² Without the first-time inclusion of the multiyear bonus for Dr. Triska and Mr. Furnivall, there would be an increase of 13% and 14% respectively in 2023 compared to 2022.

³ Includes adjusted figure for 2019. The change in 2020 would have been 294% compared to the previous year if unadjusted EBIT had been used.

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 respective members of the Executive Board and Supervisory Board in the relevant fiscal year corresponds to the remuneration paid and owed in the 2023 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, Germany, March 7, 2024

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 2023, 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 (i.e., fraudulent financial reporting and misappropriation of assets) 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 2023, 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 audit of the content 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 audit of the content 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 30 August 2023 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 2024

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

Signed:

André Bedenbecker

Wirtschaftsprüfer

(German Public Auditor)

Signed:

Christian Siepe

Wirtschaftsprüfer

(German Public Auditor)