

Remuneration Report of VARTA AKTIENGESELLSCHAFT, Ellwangen (Jagst) financial year 2022

This Remuneration Report describes the remuneration granted and owed to individual current and former members of the Executive Board and Supervisory Board of VARTA AKTIENGESELLSCHAFT (the "Company" below) for financial year 2022, covering the period from 1 January 2022 to 31 December 2022.

The report provides a detailed explanation, for each individual, of the structure and amount of each component of Executive Board and Supervisory Board remuneration. The Remuneration Report was prepared jointly by the Executive Board and the Supervisory Board. It is in line with the requirements of the German Stock Corporation Act (Section 162 of the Aktiengesetz (AktG)) and complies with the applicable recommendations of the German Corporate Governance Code (Deutscher Corporate Governance Kodex, DCGK). The present Remuneration Report will be submitted to the Annual General Meeting on 11 July 2023 for approval.

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I. Remuneration of the Executive Board members of VARTA AKTIENGESELLSCHAFT

1. Introduction

The current remuneration system for members of the Company's Executive Board ("Executive Board Members" below) has been in place since 13 April 2021 and was approved by a majority of 96.40% at the Annual General Meeting held on 17 June 2021. Further information is available at www.varta-ag.com/de/ueber-varta/unternehmen/vorstand-der-varta-ag.

The Executive Board's remuneration system is designed to promote implementation of the corporate strategy and the Company's long-term development, while avoiding disproportionate risks. It seeks to establish appropriate incentives for increasing earnings and sales growth and for other relevant strategic issues aimed at the sustainable development of the Company.

The remuneration for Executive Board Members as described in the present Remuneration Report is based entirely on the above remuneration system for the Chief Financial Officer, Mr Armin Hessenberger, the Chief Technical Officer, Mr Rainer Hald, and the Speaker of the Executive Board, Dr. Markus Hackstein. The remuneration for the former Chairman of the Executive Board, Mr Herbert Schein, was granted up to and including September 2021 on the basis of the provisions of the service contract applicable to him. In addition to a moderate fixed remuneration, as short-term variable remuneration, for this period Mr Schein will receive an amount equal to 3% of the operating EBIT generated by the Company on a consolidated basis. Mr Schein's service contract, which covered the period from October 2021 to 31 December 2022, complied with the requirements of the remuneration system.

As the 2021 Annual General Meeting was the first to decide on approval of the Remuneration Report in accordance with Section 162 of the German Stock Corporation Act (AktG) and the current remuneration system was only approved by the shareholders with a very large majority at last year's Annual General Meeting, the Executive Board and the Supervisory Board saw no reason to question the reporting or the application of the remuneration system or to make adjustments.

In accordance with Section 120a (1) sentence 1 of the AktG, the Annual General Meeting of a listed company shall decide on the approval of the remuneration system for Executive Board Members as presented by the Supervisory Board whenever there is a significant change in the remuneration system, but at least every four years, i.e. at the latest again at the Annual General Meeting in 2025.

a. Remuneration in financial year 2022

The Executive Board's remuneration is largely based on the success of the Company. In particular, above-average performance is rewarded, while failure to achieve targets has a negative impact on Executive Board remuneration. The Company's net result for the year declined compared to the previous year, which is also reflected in the Executive Board remuneration. The relevant benchmark for measuring the success of the Executive Board's work was EBITDA. Individual targets relating to innovation and organisational development were also part of the short-term and long-term variable Executive Board remuneration.

b. Change in the composition of the Executive Board

The Executive Board of VARTA AG was expanded to include Mr Rainer Hald as Chief Technical Officer with effect from 1 January 2022. With Mr Herbert Schein as CEO and Mr Armin Hessenberger as CFO, the Board therefore consisted of three members at that time.

The service contract of Mr Armin Hessenberger (CFO) was extended to 1 October 2022.

Dr. Markus Hackstein was appointed as an additional member of the Executive Board with effect from 1 August 2022. Dr. Markus Hackstein initially held overall responsibility for the V4Drive (E-Mobility), Energy Storage Systems and Power Pack Solutions business units.

Effective from 1 October 2022, Dr. Markus Hackstein was appointed Speaker of the Executive Board of VARTA AG. Herbert Schein resigned his position as Chairman of the Executive Board at the same time, handing over all operational matters to Dr. Markus Hackstein.

Mr Herbert Schein stepped down from the Executive Board on 31 December 2022. His service contract also ended on 31 December 2022.

2. Review of financial year 2022

The overall economic environment in financial year 2022 became far gloomier compared to the previous year, with the VARTA AG Group looking back on a challenging financial year in 2022. Financial year 2022 saw a -10.6% drop in Group sales compared to the previous year. Alongside an increase in material, personnel and other expenses, the Group's operating income fell disproportionately by EUR 213.4 million to EUR 69.5 million.

On 15 November 2022, the Company presented a package of consistent cost-cutting measures to address weak demand for lithium-ion CoinPower cells. An extensive restructuring programme was adopted in March 2023, aimed at improving profitability and optimising cash flow. The measures include temporary short-time working and the phasing out of temporary employment contracts for the CoinPower business unit in Nördlingen, overhead cost reductions in sales and administration, together with optimisation and renegotiation of purchasing arrangements for raw materials, energy and components. Special attention is being given to measures aimed at reducing working capital. The focus here is on reducing stocks of raw materials, supplies and operating materials. The cost savings also affect personnel, with 819 full-time positions to be cut across the Company. In addition, a capital increase with exclusion of subscription rights was carried out from authorised capital in the amount of around EUR 51 million in March. The proceeds are earmarked for targeted investment in growth areas. The investment program will be limited to absolutely essential measures and for growth initiatives with high cash flow and very low payback periods. Growth initiatives for rechargeable lithium-ion batteries (CoinPower) will also be boosted. The Group continues to see growth opportunities through intensive R&D for existing products, and for promising and innovative technologies.

3. Principles of determining remuneration

Executive Board Members receive fixed and variable remuneration components. The fixed performance-unrelated remuneration components comprise the fixed annual salary and fringe benefits. The variable, performance-related remuneration components comprise a short-term incentive (STI) and a long-term incentive (LTI). Executive Board Members are required to invest the LTI amount in Company shares, subject to a four-year minimum holding period. Malus and clawback rules are in place for the variable remuneration.

The key components of the remuneration system, its underlying objectives and its connection with the strategy are set out below, along with the specific structure in financial year 2022.

Overview of fixed and variable components in the remuneration system

	Fixed remuneration components	Variable remuneration components	
	Fixed remuneration including fringe benefits	STI	LTI
Proportion of total target remuneration	approx. 53%	approx. 23.5%	approx. 23.5%
Structure in remuneration system	<p>Fixed remuneration is paid in 12 equal instalments.</p> <p>Fringe benefits include:</p> <ul style="list-style-type: none"> - Allowance for private pension insurance, - Accident insurance, - Legal expenses insurance, - Use of a company car, - Health and nursing care insurance contributions. 	<p>Target achievement from 0 – 200% possible.</p> <p>Performance criteria are corporate and individual targets.</p> <p>The STI is paid out in the next financial year.</p>	<p>The amount of the LTI is equal to the STI amount.</p> <p>The LTI is invested in Company shares held in trust by VARTA, after deduction of individual taxes and charges, and is subject to a four-year holding period.</p>
Application in 2022	<p>The fixed remuneration was paid in monthly instalments.</p> <p>Fringe benefits were paid as required.</p>	<p>STI amount based on target EBITDA at Group level. Target achievement from 0 – 200% possible.</p>	<p>The amount of the LTI is equal to the respective STI amount.</p> <p>The LTI is invested in Company shares, in the name and for the account of the Executive Board Member, and is subject to a four-year holding period.</p>
Connection with the strategy	<p>The fixed salary ensures an appropriate basic income for Executive Board Members and is intended to prevent them from taking unreasonably high risks. The amount of fixed salary varies depending on the Executive Board Member's experience and area of responsibility.</p>	<p>Incentivises achievement of corporate and individual targets.</p>	<p>Incentivises sustainable and long-term corporate development.</p>

	Fringe benefits represent a component of a standard remuneration package and encourage the work of the Executive Board.		
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Other key components of the remuneration system

	Maximum remuneration	Malus and clawback	Exceptional events and developments
Structure in remuneration system	The adopted remuneration system provides for a maximum remuneration of EUR 2.0 million for an Executive Board Member.	The Supervisory Board has the option of withholding or reclaiming the short-term and long-term variable remuneration in the event of serious breach of duty. Withholding or reclaiming remuneration is also possible in the event of misstatements in the consolidated financial statements.	In exceptional circumstances, the Company's Supervisory Board may temporarily diverge from individual components of the remuneration system if this is necessary in the interest of the long-term well-being of the Company.
Application in 2022	Maximum remuneration amounts are not defined in current service contracts. The structure of the current contracts nonetheless ensures that this can be complied with.	Does not apply.	Does not apply.
Connection with the strategy	Avoids excessive Executive Board salaries.	Sets incentives for a sustainable corporate policy.	Enables the Supervisory Board to respond appropriately to special situations.

a. Determining the target remuneration

Following preparation by the HR Committee, the Supervisory Board determined the amount of total target remuneration for each individual Executive Board Member at the beginning of the 2021 financial year, in accordance with the remuneration system. The total target remuneration for each Executive Board Member is the sum of the fixed remuneration including fringe benefits, the short-term incentive (STI) for 100% target achievement, and the long-term incentive (LTI) for 100% target achievement.

In addition to this being proportional to the duties and performance of Executive Board members, particular account is taken of the Company's financial position, the market environment, the success of the Company and its future prospects. The Supervisory Board pays particular attention to ensuring that the total target remuneration is in line with standard practice.

The total target remuneration shall be determined with particular reference to the function of the individual Executive Board member. This most notably involves making a distinction between the different roles. Specifically, the Chairman of the Executive Board is allocated higher total remuneration than the other Executive Board members. When an Executive Board member is appointed for the first time, a lower total remuneration or a reduction of remuneration components may be determined for the initial period of the appointment.

The following table shows the contractually-agreed target remuneration and the remuneration structure as a percentage of total target remuneration for financial year 2022, assuming 100% target achievement.

Total target remuneration for Herbert Schein in financial year 2022		
	in kEUR	in %
Fixed salary	1,200	33
Fringe benefits	80	2
Total fixed remuneration	1,280	35
Total of STI and LTI	2,400	65
STI 2022	1,200 (at 100% target achievement)	33
LTI 2022	1,200 (at 100% target achievement)	33
Total remuneration	3,680	100

Total target remuneration for Armin Hessenberger in financial year 2022 up to 30.09.2022		
	in kEUR	in %
Fixed salary	300	58
Fringe benefits	15	3
Total fixed remuneration	314	61
Total of STI and LTI	300	39
STI 2022	150 (at 100% target achievement)	29
LTI 2022	150 (at 100% target achievement)	29
Total remuneration	514	100

Total target remuneration for Armin Hessenberger in financial year 2022 from 1.10.2022		
	in kEUR	in %
Fixed salary	350	49
Fringe benefits	15	2
Total fixed remuneration	364	51
Total of STI and LTI	350	49
STI 2022	175	25

	(at 100% target achievement)	
LTI 2022	175 (at 100% target achievement)	25
Total remuneration	714	100

Total target remuneration for Rainer Hald in financial year 2022		
	in kEUR	in %
Fixed salary	375	49
Fringe benefits	23	3
Total fixed remuneration	398	52
Total of STI and LTI	374	48
STI 2021	187 (at 100% target achievement)	24
LTI 2021	187 (at 100% target achievement)	24
Total remuneration	772	100

Total target remuneration for Dr. Markus Hackstein in financial year 2022		
	in kEUR	in %
Fixed salary ¹	300	49
Fringe benefits	11	2
Total fixed remuneration	311	51
Total of STI and LTI	300	49
STI 2022	150 (at 100% target achievement)	25
LTI 2022	150 (at 100% target achievement)	25
Total remuneration	611	100

b. Compliance with maximum remuneration

The maximum total remuneration of each Executive Board Member is calculated by the Supervisory Board on the basis of the total target remuneration. The annual maximum total remuneration of an Executive Board Member is the upper limit in terms of amount. It is therefore the actual maximum income, taking into account the fixed remuneration (including fringe benefits), the STI and the LTI. The remuneration system for financial year 2022 provides for a maximum total remuneration of EUR 3.7 million for Executive Board members. The remuneration granted and owed to Executive Board members for the financial year was not exceeded (see section I.5 of the present report).

The agreements with each of the Executive Board Members do not provide for specific amounts of the maximum remuneration. Calculations show that by setting a fixed salary and limiting the maximum target achievement, the maximum amount cannot be exceeded.

¹ The fixed salary shown here also includes *pro rata* remuneration resulting from the service contract in Romania with VARTA Microbattery SRL.

If the maximum target is achieved, the Chairman of the Executive Board will receive EUR 6.0 million (fixed salary and variable remuneration) plus fringe benefits, the Chief Financial Officer EUR 0.7 million (fixed salary and variable remuneration) plus fringe benefits, and from the new service contract effective from 1 October 2022, EUR 1.05 million (fixed salary and variable remuneration) plus fringe benefits, the Chief Technical Officer EUR 1.13 million (fixed salary and variable remuneration) plus fringe benefits, and the Speaker of the Executive Board EUR 0.9 million (fixed salary and variable remuneration) plus fringe benefits.

c. Review of appropriateness

The Supervisory Board must ensure that the total target remuneration is in line with standard practice. Generally available remuneration data for M-Dax and Tech-Dax executive boards is used to assess conformity with standard practice. For the purposes of this horizontal market comparison, the Supervisory Board takes into account VARTA's market position, sector, size and global presence. The Supervisory Board also considers changes in the Executive Board's remuneration compared to the remuneration of VARTA's workforce in Germany. This vertical market comparison involves comparing the ratio of Executive Board remuneration to the remuneration of senior management and the wider workforce. For this purpose, the Supervisory Board defined senior management as follows: senior management comprises the management team of the VARTA AG Group. The rest of the workforce consists of employees in Germany who are covered by collective bargaining agreements and those who are not.

4. Application of the remuneration system in financial year 2022

a. Fixed remuneration components

The fixed remuneration comprises a fixed annual salary and fringe benefits. Each Executive Board member receives a gross fixed remuneration, paid in twelve equal monthly instalments. For Dr Markus Hackstein, the fixed remuneration as a member of the Executive Board with VARTA AG also includes the fixed remuneration from the service contract in Romania with VARTA Microbattery SRL.

Each Executive Board member also receives fringe benefits. These include:

- Allowance for private pension insurance,
- Accident insurance,
- Legal expenses insurance,
- Use of a company car, which may also be used privately, and
- Health and nursing care insurance contributions in application of Section 257 of Volume V of the German Social Security Code (SGB) and Section 61 of the SGB.

b. Variable remuneration components

The variable remuneration represents a significant portion of the total remuneration for Executive Board members and includes the following two remuneration components: (aa.) the short-term incentive (STI) and (bb.) the long-term incentive (LTI). STI and LTI are linked to the performance of the Executive Board. They are designed to provide incentives for implementing the corporate strategy and for the Company's long-term development on a value-creating basis, while also avoiding disproportionate risks.

In line with the applicable remuneration system, a key performance indicator and performance criteria were defined for financial year 2022. They measure performance in various areas, while also considering sustainability as a performance criterion at individual target level.

Dr. Markus Hackstein is also entitled to a short-term incentive resulting from his service contract as Managing Director at VARTA Microbattery SRL.

aa. Short-term incentive (STI)

The Supervisory Board defined individual non-financial targets for each Executive Board Member at the beginning of the financial year. The individual targets are aimed at promoting the Company's sustainable success over the long term, the interests of shareholders and employees, environmental and social responsibility, and the Company's compliance culture. The individual targets took into account sustainable and long-term development of the Company within the meaning of Section 87 (1) sentence 2 of the German Stock Corporation Act (AktG). They also specifically considered aspects including environment, social issues, staff development, governance/compliance, implementation of reorganisation or efficiency-boosting projects, and specific operational and/or strategic targets that have high importance for the long-term sustainable development of the Company. The weighting of the targets was established by the Supervisory Board at the beginning of the financial year, together with the targets. Individual targets account for between 10% and 50% of the overall target. The STI is determined by the degree to which targets were achieved, within a range from 0% to 200%.

The aim of the performance criteria is to incentivise Executive Board Members to manage the Company in a way that creates value, and to achieve or exceed the business targets. The Supervisory Board can have a positive influence on the business strategy and the Company's development by setting individual targets. In this respect, it can act on an *ad hoc* and departmental basis, and uphold the independent management of the particular department.

STI method for all Executive Board Members

1 January 2022 to 31 December 2022 ¹						
Target amount in €	x	Weighting 50%	+	Weighting 50%	=	Payout amount* in €
		Company performance as reflected in EBITDA (200% cap)		Individual performance (200% cap)		
*The payout is scaled from 0% to 200%						
		Target achievement			Bonus	
		less than 50%			no bonus	
		50% - 95%			0% - 100%	
		95% - 105%			100%	
		105% - 150%			100% - 200%	

¹ A different period applies in the case of Dr. Markus Hackstein, in line with the duration of his Executive Board contract from 1.08.2022 (start of contract) to 31.12.2022

Company performance is determined on the basis of the EBITDA of the consolidated financial statements for VARTA Aktiengesellschaft. Target achievement in relation to Company performance and individual performance can each be between 0 and 200%.

Overall target achievement is based on the corporate and individual targets, in line with the weighting defined in the contract.

The STI is paid out depending on the overall level of target achievement, in accordance with the following bonus scale:

Target achievement	Bonus
less than 50%	no bonus
50% - 95%	0% - 100%
95% - 105%	100%
105% - 150%	100% - 200%

The Company's Supervisory Board establishes the degree to which targets were achieved and the resulting STI amount no later than the end of the calendar month following adoption of the audited consolidated financial statements. Insofar as the Company's Supervisory Board has scope for applying its own judgement when determining the targets, this shall be done at its equitable discretion. The STI amount is due for payment at the end of the month following the adoption of the audited annual financial statements.

"Corporate performance" target dimension

The Supervisory Board of VARTA Aktiengesellschaft set a target EBITDA of kEUR 280,000 for the Company's performance in financial year 2022. Adjusted EBITDA of kEUR 69.5 generated in financial year 2022 resulted in 24% target achievement.

"Individual performance" target dimension

Mr Herbert Schein's individual targets were in the categories of organisational development, portfolio optimisation and innovation.

Mr Armin Hessenberger's individual targets were in the categories of organisational development, investment decisions and the area of environment, social issues and corporate governance (ESG/CO2 footprint).

Mr Rainer Hald's individual targets were in the categories of organisation, innovation and the area of environment, social issues and corporate governance (ESG/CO2 footprint).

Dr. Markus Hackstein's individual targets were in the categories of organisation, securing the Company's continued existence and profitability.

Overall target achievement, in percent

Due to the difficult financial situation and the negative Group net income, the Executive Board Members waive the contractually agreed short-term bonus payments (STI). For this reason, target achievements were not determined.

Amount paid out (STI) in kEUR

Chairman of the Executive Board – Mr Herbert Schein: kEUR 0

Chief Financial Officer – Mr Armin Hessenberger: kEUR 0

Chief Technical Officer – Mr Rainer Hald: kEUR 0

Speaker of the Executive Board - Dr. Markus Hackstein: kEUR 0

In summary, the STI payout amounts for financial year 2022 are as follows:

Target achievement for Mr Herbert Schein

1 January 2022 to 31 December 2022					
kEUR 1,200	x	50%	+	50%	= kEUR 0
		Company performance as reflected in EBITDA (200% cap)		Individual performance (200% cap)	

Target achievement for Mr Armin Hessenberger

1 January 2022 to 30 September 2022					
kEUR 100	x	50%	+	50%	= kEUR 0
		Company performance as reflected in EBITDA (200% cap)		Individual performance (200% cap)	

1 October 2022 to 31 December 2022					
kEUR 175	x	50%	+	50%	= kEUR 0
		Company performance as reflected in EBITDA (200% cap)		Individual performance (200% cap)	

Target achievement for Mr Rainer Hald

1 January 2022 to 31 December 2022					
kEUR 187	x	50%	+	50%	= kEUR 0
		Company performance as reflected in EBITDA (200% cap)		Individual performance (200% cap)	

Target achievement for Dr. Markus Hackstein

1 August 2022 to 31 December 2022					
kEUR 150	x	50%	+	50%	= kEUR 0
		Company performance as reflected in EBITDA (200% cap)		Individual performance (200% cap)	

bb. Long-term incentive (LTI)

Target achievement for the LTI is determined according to the rules applicable to the STI. The target amount for the LTI (100%) is determined specifically for the Chairman of the Executive Board and for each of the other Executive Board members. The LTI is determined by the degree to which targets were achieved, within a range from 0% to 200%.

To ensure that the Executive Board's activities focus on long-term sustainable commitment to the Company, the Executive Board member must invest the amount due for payout in the following financial year ("LTI amount") in Company shares, which are subject to a four-year minimum holding period.

The annual LTI amount per Executive Board member is determined by the Supervisory Board at the end of the month following the adoption of the Company's audited consolidated financial statements. The shares are acquired on a blocked account by an external service provider within a period of four weeks after the LTI amount has been determined, in compliance with the applicable statutory provisions, in particular the statutory regulations on insider trading and own-account transactions by management-level staff. This helps to promote the sustainable growth of the Company and establish incentives for a lasting increase in value.

Once the holding period has lapsed, the Executive Board Member may freely dispose of the shares in compliance with insider trading regulations.

There is no further obligation to purchase shares, either from other remuneration or from personal assets held by Executive Board members.

Due to the special circumstances, the Executive Board Members agreed with the Supervisory Board to waive the contractually-guaranteed bonus payments in favour of a significantly reduced lump-sum one-off payment.

The amounts are not calculated in the same way as the LTI, but were determined by the Supervisory Board together with each individual Executive Board Member.

In view of the strained economic situation in which the Company has found itself since mid-2022, the Supervisory Board accepts the proposal of the Executive Board to waive its bonus for 2022. The Executive Board Members will be paid a minimum of bonuses in recognition of the restructuring and cost-saving measures already in progress.

The following figures thus applied to the LTI for the 2022 financial year.

Chairman of the Executive Board – Mr Herbert Schein:	kEUR 0
Chief Financial Officer – Mr Armin Hessenberger:	kEUR 0
Chief Technical Officer – Mr Rainer Hald:	kEUR 50
Speaker of the Executive Board - Dr. Markus Hackstein:	kEUR 80

cc. Special remuneration

The Supervisory Board may, at its discretion, decide to grant special remuneration in the event of extraordinary performance or success by an Executive Board Member. This option was not used in financial year 2022.

c. Malus & clawback

The Supervisory Board has the option of withholding or reclaiming the short-term and long-term variable remuneration in the event of serious breach of duty.

In the case of grossly negligent or intentional breach of the duty of care to which a diligent and conscientious business manager is subject (Section 93 (1) of the AktG) by an Executive Board member, the Company is entitled to demand from the Executive Board member, without limitation, the full or partial return of variable remuneration components (STI and/or LTI) that had been paid out for the assessment period in which the breach of duty occurred, or to withhold these components if they have not yet been paid out.

If the variable remuneration components that are linked to the achievement of certain targets were wrongly paid out on the basis of incorrect data, the Company is entitled to reclaim the difference resulting from recalculation of the amount of variable remuneration compared to the payment made, provided that this amount exceeds 10%.

There was no reason for the Company's Supervisory Board to make use of the option to reduce or reclaim variable remuneration in the 2022 financial year.

d. Information on benefits in the event of leaving the Company

The contractual provisions of Executive Board members in office during financial year 2022 provide that, in the event of premature termination of Executive Board duties without good cause on the part of the Executive Board member, severance payments may amount to two years' remuneration including fringe benefits and may not exceed the remaining term of the service contract (severance payment cap). To calculate the severance payment cap, the total remuneration of the past financial year and, if applicable, the expected total remuneration in the current financial year are taken as a basis.

The Executive Board member is prohibited from competing with the Company for a period of 24 months after the end of the service contract (post-contractual non-compete ban).

The Company may waive the post-contractual non-compete ban by means of a written declaration before the service contract comes to an end. This has the effect that it shall be released from the obligation to pay compensation for non-competition at the end of six months from the date of the declaration.

e. Information on benefits provided by third parties

Dr. Markus Hackstein received kEUR 230 (fixed salary and variable remuneration) plus kEUR 10 in fringe benefits from his service contract in Romania at VARTA Microbattery SRL in 2022.

The Executive Board did not receive any other benefits from third parties in the period covered by the report.

5. Information on the amount of Executive Board remuneration in financial year 2022

Under Section 162 (1) of the German Stock Corporation Act (AktG), the remuneration granted and owed in the last financial year must be disclosed on an individual basis. Section 162 (1) sentence 2

no. 1 of the AktG stipulates that this includes all fixed and variable remuneration components as well as their relative proportions per Executive Board member.

It is necessary to disclose all amounts actually received by each Executive Board member in the reporting year ("remuneration granted") and all remuneration that had been accrued from a legal viewpoint, but not yet received ("remuneration owed").

The amounts of the STI and the LTI shown differ from this and correspond to the payments for the 2022 financial year. This is because the Executive Board members have fully performed the duties that are the basis for both the STI amount and the 2022 LTI amount in financial year 2022. The STI/LTI amounts for financial year 2022 are accordingly considered "remuneration owed". This enables the link between remuneration and the Company's performance during the financial year to be presented transparently in an easy-to-understand way.

a. Information on the remuneration granted and owed

The following tables provide an overview of the total remuneration granted and owed to the current Executive Board Members.

Remuneration granted and owed to Armin Hessenberger in financial year 2022		
	in kEUR	in %
Fixed salary	313	80%
Fringe benefits	77	20%
Total fixed remuneration	390	100%
Total of STI and LTI	-	0%
STI 2022	-	0%
LTI 2022	-	0%
Remuneration granted & owed in accordance with Section 162 AktG	390	100%

Remuneration granted and owed to Rainer Hald in financial year 2022		
	in kEUR	in %
Fixed salary	375	68%
Fringe benefits	123	22%
Total fixed remuneration	498	91%
Total of STI and LTI	50	9%
STI 2022	0	0%
LTI 2022	50	9%
Remuneration granted & owed in accordance with Section 162 AktG	548	100%

Remuneration granted and owed to Dr. Markus Hackstein in financial year 2022¹		
	in kEUR	in %

¹ Dr. Markus Hackstein was appointed to the Executive Board for the first time with effect from 1 August 2022. The remuneration granted and owed for 2022 also includes benefits resulting from the service contract in Romania at VARTA Microbattery SRL for the relevant period from 1 August 2022 to 31 December 2022.

Fixed salary ¹	125	43%
Fringe benefits ²	8	3%
Total fixed remuneration	133	45%
Total of STI and LTI	160	55%
STI 2022 ³	80	27%
LTI 2022	80	27%
Remuneration granted & owed in accordance with Section 162 AktG	293	100%

b. Information on the remuneration of former Executive Board members

The former Executive Board member, Mr Herbert Schein, stepped down from the Company's Executive Board prematurely on 31 December 2022. His service contract ended simultaneously on 31 December 2022.

In a termination agreement, the Company and Mr Schein agreed that his remuneration shall be paid until the end of his service contract. The variable remuneration for financial year 2022 was assessed on the basis of 0% target achievement. Mr Schein was accordingly paid variable remuneration in the amount of kEUR 0 gross. kEUR 1,280 was granted and owed to him for financial year 2022.

Following his service contract as a member of the Executive Board, Mr Schein concluded a consultancy agreement with VARTA AG for a term of 3 years as of 1 January 2023. Under the agreement, he is entitled to a flat fee of TEUR 1,000 per year for consulting services rendered of up to 1,200 hours per year.

Remuneration granted and owed to Herbert Schein in financial year 2022		
	in kEUR	in %
Fixed salary	1,200	98%
Fringe benefits	26	2%
Total fixed remuneration	1,226	100%
Total of STI and LTI	-	0%
STI 2022	-	0%
LTI 2022	-	0%
Remuneration granted & owed in accordance with Section 162 AktG	1,280	100%

II. Remuneration of the Supervisory Board members of VARTA AKTIENGESELLSCHAFT

¹ kEUR 42 of which results from the service contract in Romania at VARTA Microbattery SRL

² kEUR 4 of which results from the service contract in Romania at VARTA Microbattery SRL

³ kEUR 80 of which results from the service contract in Romania at VARTA Microbattery SRL

1. Change in the composition of the Supervisory Board

The shareholders elected Prof. DDr. Michael Tojner, Dr. Harald Sommerer, Mr Sven Quandt, Mr Martin Ohneberg, Prof. Dr. Werner Tillmetz and Dr. Michael Pistauer as members of the Supervisory Board by way of individual election at the 2021 Annual General Meeting, each until the end of the Annual General Meeting that discharges the members in relation to the 2025 financial year.

The Supervisory Board has consisted of 5 members since 1 November 2022, as Prof. Dr. Werner Tillmetz resigned from office at the end of 31 October 2022.

2. Supervisory Board's remuneration system

The Articles of Association stipulate that each member of the Company's Supervisory Board shall receive fixed payable remuneration of EUR 40,000.00, in addition to reimbursement of reasonable expenses. The remuneration structure for the Company's Supervisory Board thus complies with Recommendations G.17 and G.18 of the German Corporate Governance Code (DCGK) on Supervisory Board remuneration, as updated on 16 December 2019.

In Recommendation G.17, the DCGK recommends that the chairmanship and deputy chairmanship of the Supervisory Board be taken into account in the remuneration system, as well as the chairmanship and membership of committees. The Company's Articles of Association accordingly provide that the Chairman of the Supervisory Board and the Deputy Chairman of the Supervisory Board shall each receive fixed annual remuneration of EUR 100,000 and EUR 60,000, respectively, in addition to reimbursement of their expenses. Membership and chairmanship of committees shall be remunerated separately.

The chairman of a committee shall receive EUR 15,000, committee members EUR 7,500.00. The maximum additional remuneration for committee work by Supervisory Board members is limited to EUR 30,000. Those Supervisory Board members who have not belonged to the Supervisory Board for a full financial year shall receive the resulting remuneration *pro rata*, in the amount of one twelfth for each month, or part thereof, in which they performed their duties.

3. Remuneration of the Supervisory Board in financial year 2022

The remuneration for the individual members of the Supervisory Board in financial year 2022 is shown below, in accordance with Section 162 (1) sentence 1 of the AktG. The Supervisory Board member Dr. Werner Tillmetz was remunerated *pro rata* until 30 October 2022.

Supervisory Board members in office

Members of the Supervisory Board		Basic remuneration	Additional remuneration for committee work	Total remuneration
Prof. DDr. Michael Tojner	in kEUR	100	38	138
	in %	73	27	100
Dr. Harald Sommerer	in kEUR	60	30	90
	in %	67	33	100
Sven Quandt	in kEUR	40	23	63
	in %	64	36	100
Dr. Michael Pistauer	in kEUR	40	30	70
	in %	57	43	100
Martin Ohneberg	in kEUR	40	15	55

	in %	73	27	100
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Former members of the Supervisory Board

Members of the Supervisory Board		Basic remuneration	Additional remuneration for committee work	Total remuneration
Prof. Dr. Werner Tillmetz ¹	in kEUR	33	13	46
	in %	73	27	100

The premium for the D&O insurance policy taken out for the members of the Supervisory Board is paid by the Company. In addition, consulting services and other services amounting to kEUR 10 (2021: kEUR 0) were remunerated.

III. Comparison of changes in remuneration and earnings

The following table shows a comparison of the annual change in remuneration and the Company's earnings performance.

	2018	2019	Change	2020	Change	2021	Change	2022	Change
	in kEUR	in kEUR	in %	in kEUR	in %	in kEUR	in %	in kEUR	in %
Company's earnings performance									
Net income of VARTA AG (based on German Commercial Code (HGB))	25,703	50,464	96%	70,091	39%	125,956	80%	-221,454	-276%
EBIT of the VARTA AG Group (IFRS)	36,871	70,767	92%	146,014	106%	186,510	28%	-188,008	-201%
Executive Board remuneration									
Dr. Michael Pistauer	324	294	-9%	-	-	-	-	-	-
Herbert Schein	1,555	1,927	24%	4,883	153%	5,578	14%	1,226	-78%
Steffen Munz	266	444	67%	7,946	1,690%	223	-97%	-106%	-100%
Armin Hessenberger	-	-	-	75	-	452	503%	390	-14%
Rainer Hald	-	-	-	-	-	-	-	548	-
Dr. Markus Hackstein	-	-	-	-	-	-	-	258	-
Supervisory Board remuneration									
Prof. DDr. Michael Tojner	50	50	0%	130	160%	130	0%	138	6%
Dr. Harald Sommerer	50	50	0%	90	80%	90	0%	90	0%
Sven Quandt	-	30	-	63	110%	63	0%	63	0%
Dr. Michael Pistauer	-	18	-	48	167%	52	8%	70	35%
Martin Ohneberg	-	-	-	-	-	32	-	55	72%
Prof. Dr. Werner Tillmetz	-	-	-	-	-	32	-	46	43%
Dieter Maier	30	30	0%	-	-100%	28	-	-	-
Dr. Georg Blumauer	30	30	0%	48	60%	24	-50%	-	-
Average annual earnings of an employee									
per full-time equivalent	59	59	0%	57	-3%	60	5%	57	-5%

* Calculation of the average of all employees (those who are covered by collective bargaining agreements and those who are not) at the German group companies

The remuneration shown corresponds to the total remuneration granted and owed to the members of the Executive Board and Supervisory Board within the meaning of Section 162 (1) sentence 1 of the AktG.

¹ Prof. Dr. Werner Tillmetz was a member of the Supervisory Board until 31 October 2022

The remuneration actually granted and owed to members of the Executive Board and Supervisory Board is subject to annual fluctuations. In the case of Executive Board Members, this is mainly due to corporate and individual performance. Supervisory Board remuneration varies according to the committee work performed by each Supervisory Board member.

IV. Other matters

On the proposal of the HR Committee, the Supervisory Board may temporarily diverge from the components of the Executive Board remuneration system in exceptional circumstances. It may do so if this is appropriate and necessary to maintain the incentive effect of Executive Board members' remuneration in the interest of the long-term well-being of the Company, if Executive Board members' remuneration continues to be aligned with the long-term and sustainable development of the Company and if the Company's financial capability remains assured. Examples of exceptional developments include extraordinary and far-reaching changes to the economic position (for example, due to a severe economic or corporate crisis) that make the original target criteria and/or financial incentives of the remuneration system unworkable, unless these changes or their specific effects had been foreseeable. Generally unfavourable market developments are not regarded as exceptional developments. The components of the remuneration system from which the Supervisory Board may diverge include the procedure, the regulations on the structure and amount of remuneration and the individual remuneration components. If adjustment of the existing remuneration components is not sufficient to restore the incentive effect of the Executive Board members' remuneration, the Supervisory Board is entitled to temporarily grant additional remuneration components under the same conditions if extraordinary developments occur. Any divergence from or addition to the remuneration components requires a corresponding Supervisory Board resolution based on the prior proposal of the HR Committee, which establishes the exceptional circumstances and the need for divergence or an addition.

Ellwangen (Jagst) 12 May 2023

Prof. DDr. Michael Tojner
Chairman of the Supervisory Board

Dr. Markus Hackstein
Executive Board member / Speaker of the
Executive Board

Rainer Hald
Executive Board member / Chief Technical
Officer