



# REPORT OF THE SUPERVISORY BOARD

FISCAL YEAR

2023

[INDUS]

# Report of the Supervisory Board



**Dear Shareholders,**  
**With this report, we want to inform you of the key aspects of the Supervisory Board's work in the 2023 financial year.**

## Cooperation Between the Board of Management and the Supervisory Board

The Supervisory Board fulfilled all of the tasks required of it by law and according to the Articles of Incorporation in the reporting year. It consistently advised the Board of Management, monitored their management of the company, and confirmed the lawfulness, expedience, and correctness of their actions. The Board of Management met their obligations to provide information at all times, and briefed the Supervisory Board on all issues of strategy, planning, and business performance as well as the risk situation and risk management, compliance, and Internal Audit, relevant to the company and the INDUS Group regularly, fully, and in a timely fashion, both in writing and orally. This also included information regarding deviations in the actual entrepreneurial development of the INDUS Group from targets announced previously and deviations in the actual business performance from the original and communicated planning, as well as other information regarding unusual material events.



The members of the Supervisory Board always had sufficient opportunity to critically appraise the Board of Management's submitted reports and proposals in the full Supervisory Board meetings and Committee meetings, and to voice their own suggestions. This gave them an overview of the current business and asset performance at all times. In addition to the company, finance and investment planning, the Supervisory Board also took a close look at the risk situation and risk management. Wherever required by law, the Articles of Incorporation or rules of procedure, the Supervisory Board gave its approval to business actions requiring approval. In addition, the Supervisory Board Chairman was in close contact with the Board of Management between meetings to exchange information and thoughts, and informed himself regularly, in good time and in detail, about important developments in the company. The Chairwoman of the Audit Committee maintained bilateral exchanges with the Chief Financial Officer and the Supervisory Board Chairman on certain topics. As the controlling body, the Supervisory Board was always included in fundamental decisions.

## Composition of the Supervisory Board and Committees

Effective at the end of the Annual Shareholders' Meeting on May 17, 2023, Dr. Jürgen Allerkamp, Mr. Helmut Späth, and Mr. Uwe Trinogga resigned from the Supervisory Board. They were not nominated for re-election to the Supervisory Board. The Annual Shareholders' Meeting on May 17, 2023, elected Mr. Jan Klingelberg and Prof. Dr. Isabell M. Welpé as the new members of the Supervisory Board. Mr. Jürgen Abromeit, Dr. Dorothee Becker, Ms. Barbara Schick, and Mr. Carl Martin Welcker were re-elected by the Annual Shareholders' Meeting. At the direct election of employee representatives on March 21 and 22, 2023, Mr. Stefan Müller was elected as a new member of the Supervisory Board. Ms. Pia Fischinger, Ms. Cornelia Holzberger, Mr. Gerold Klausmann, Mr. Wolfgang Lemb, and Ms. Dorothee Diehm were re-elected.

At the constituent meeting of the Supervisory Board, which directly followed the 2023 Annual Shareholders' Meeting, Mr. Jürgen Abromeit was again elected as Supervisory Board Chairman and Mr. Wolfgang Lemb was elected Deputy Supervisory Board Chairman. Committee members were appointed and chairpersons were selected at this meeting. The only changes to the committee compositions were in the Audit Committee; Prof. Dr. Isabell Welpé (Financial Expert) replaced Dr. Allerkamp (Financial Expert) who has resigned from the Supervisory Board, and the Mediation Committee pursuant to Section 27(3) of the Co-determination Act (MitbestG), where Ms. Barbara Schick was selected as a fourth member. Mr. Jürgen Abromeit, as Chairman, Ms. Cornelia Holzberger, Mr. Jan Klingelberg, and Mr. Wolfgang Lemb were elected to the new Strategy and ESG Committee, which was established as a result of the Supervisory Board resolution on May 16, 2023.

Details of the composition of the Supervisory Board and its committees can be found in the Annual Report in the "Management Bodies" section and on the INDUS website.

  See p. 8 and p. 132 et seq. as well as [www.indus.de/en/about-indus/supervisory-board](http://www.indus.de/en/about-indus/supervisory-board)

## Meeting Frequency and Attendance

In addition to the constituent meeting, which was held in person directly after the 2023 Annual Shareholders' Meeting, the Supervisory Board held six ordinary meetings in the 2023 financial year. Two Supervisory Board meetings were held as video conferences. The other four meetings in 2023 were each in-person meetings with the options for individual Supervisory Board members to join via video. In addition, a resolution was taken on June 19, 2023, outside of the in-person meetings. A resolution was also passed by shareholder representatives on the Supervisory Board in an in-person meeting on March 16, 2023, on the independence and election nominations for shareholder representatives at the Supervisory Board elections during the Annual Shareholders' Meeting on May 17, 2023. The Supervisory Board also met regularly without the Board of Management. The Board of Management generally does not participate in Supervisory Board meetings or Audit Committee meetings if the auditor is in attendance unless the Supervisory Board or the Audit Committee considers it absolutely necessary.

With the exception of the constituent meeting on May 17, 2023, the Supervisory Board meetings were all attended by the Board of Management, whereby the Supervisory Board also regularly discussed agenda items without the presence of the Board of Management. With the excused absence of two members at one Supervisory Board meeting each and a Personal Committee meeting, and one member at the constituent meeting and one Supervisory Board meeting, all members of the Supervisory Board and the committees attended every regular Supervisory Board meeting and committee meeting. Together with the Supervisory Board Chairman in a separate meeting beforehand, absent members took part in resolutions with written votes, so that all resolutions were made by all members of the Supervisory Board or the committee. All shareholder representatives attended the shareholder representative Supervisory Board meeting.

**SUPERVISORY BOARD MEETINGS IN THE 2023 FINANCIAL YEAR**

	Meeting attendance (incl. constituent meeting)	in %
<b>Supervisory Board</b>		
Jürgen Abromeit (Chairman)	7/7	100
Wolfgang Lemb (Deputy Chairman)	7/7	100
Dr. Jürgen Allerkamp (until May 17, 2023)	2/2	100
Dr. Dorothee Becker	6/7	86
Dorothee Diehm	6/7	86
Pia Fischinger	7/7	100
Cornelia Holzberger	7/7	100
Gerold Klausmann	7/7	100
Jan Klingelberg (since May 17, 2023)	3/5	60
Stefan Müller (since May 17, 2023)	5/5	100
Barbara Schick	7/7	100
Helmut Späth (until May 17, 2023)	2/2	100
Uwe Trinogga (until May 17, 2023)	2/2	100
Carl Martin Welcker	7/7	100
Prof. Dr. Isabell M. Welpé (since May 17, 2023)	5/5	100

**SUPERVISORY BOARD COMMITTEE MEETINGS IN THE 2023 FINANCIAL YEAR**

	Meeting attendance	in %
<b>Personnel Committee</b>		
Jürgen Abromeit (Chairman)	9/9	100
Dr. Dorothee Becker	8/9	89
Dorothee Diehm	8/9	89
Wolfgang Lemb	9/9	100
<b>Audit Committee</b>		
Barbara Schick (Chairwoman)	6/6	100
Dr. Jürgen Allerkamp (until May 17, 2023)	2/2	100
Gerold Klausmann	6/6	100
Prof. Dr. Isabell M. Welpé (since May 17, 2023)	4/4	100
<b>Nomination Committee</b>		
Jürgen Abromeit (Chairman)	3/3	100
Barbara Schick	3/3	100
Carl Martin Welcker	3/3	100
<b>Strategy and ESG Committee</b>		
Jürgen Abromeit (Chairman)	2/2	100
Cornelia Holzberger	2/2	100
Jan Klingelberg (since May 17, 2023)	2/2	100
Wolfgang Lemb	2/2	100

**Onboarding New Members to the Supervisory Board**

The Supervisory Board Chairman introduced Prof. Welpé, Mr. Klingelberg, and Mr. Müller, the members newly elected to the Supervisory Board in 2023, to the work of the Supervisory Board at INDUS in a two-part onboarding workshop in the form of a video conference on July 10 and 11, 2023. The first part focused on the general conditions and the organization of the Supervisory Board's work. In the second part, in which other members of the Supervisory Board also participated, the INDUS strategy, the planned financial development, and current issues were outlined. Before the Supervisory Board meeting on December 6, 2023, in another video conference, the Supervisory Board Chairman brought the new members of the Supervisory Board up to speed on the discussions of the Supervisory Board regarding the Supervisory Board remuneration system.

**Conflicts of Interest**

There was no indication of conflicts of interests on the part of Supervisory Board or Board of Management members that would have to be immediately declared, or about which the Annual Shareholders' Meeting would have to be informed.

**Corporate Governance**

In the meeting on March 16, 2023, the Supervisory Board adopted an update to the Supervisory Board rules of procedure to which the aims of the composition had been added. On May 16, 2023, a resolution was made on the expansion of the Supervisory Board rules of procedure to include the newly established Strategy and ESG Committee. The latest version of the Supervisory Board rules of procedure is available on the INDUS website. In light of the new responsibilities for Board of Management members introduced together with the **PARKOUR perform** strategy update and the expansion of the Board of Management to five members, the Supervisory Board enacted new rules of procedure for the Board of Management on September 28, 2023, effective October 1, 2023. In the same meeting on September 28, 2023, the updated qualification matrix for the Supervisory Board, which has been published on the INDUS website, was adopted. Together with the Board of Management, the Supervisory Board issued a new declaration of conformity with the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act on December 6, 2023. The declaration does not deviate from the Code and has been made available on the INDUS website.

## Focal Points of the Meetings

The **first regular meeting held on March 16, 2023**, focused on the presentation and explanation of the INDUS Holding AG 2022 annual financial statements and the 2022 consolidated financial statements, along with related resolutions. Chief Financial Officer Rudolf Weichert explained the most important aspects of the accounting of the consolidated financial statements to the Supervisory Board. Following in-depth exchanges with the external auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, and the recommendation of the Audit Committee that was presented in detail by the Chairwoman of the Audit Committee, Ms. Barbara Schick, the Supervisory Board approved the annual financial statements and the consolidated financial statements along with the separate non-financial Group report for the 2022 financial year. Following a close inspection, the Supervisory Board had no objections to the combined management report including the Board of Management's explanatory report. In line with the recommendation of the Personnel Committee, the remuneration report for the 2022 financial year, which was formally and materially audited by the external auditor, was approved. The Supervisory Board concurred with the Board of Management's dividend proposal and resolution proposals for the 2023 Annual Shareholders' Meeting.

Other Supervisory Board agenda items included the annual risk management and compliance report for 2022, the current economic situation, the development of the Supervisory Board's remuneration, and the extension of the Chairman of the Board Dr. Johannes Schmidt's appointment as the company's labor director.

In the **second regular meeting on May 16, 2023**, the Supervisory Board dealt with current business performance in the first quarter of 2023 and the Forecast I for the whole of 2023. The Board of Management provided the Supervisory Board with an update on the ongoing sales processes for the SCHÄFER Group and the SELZER Group. The Supervisory Board also resolved on the establishment of a Strategy and ESG Committee with a corresponding update in the Supervisory Board's rules of procedure, and discussed the selection processes for appointing a COO for the materials segment.

On **May 17, 2023**, the **newly elected Supervisory Board** held its **constituent meeting**, where Mr. Jürgen Abromeit was reelected as Supervisory Board Chairman and Mr. Wolfgang Lemb as Supervisory Board Deputy Chairman.

During a **resolution outside of a meeting**, the Supervisory Board resolved on **June 19, 2023**, to appoint Ms. Gudrun Degenhart as COO for the Materials segment and conclude a Board of Management employment contract with a term of three years.

The topic of discussion at the **third regular Supervisory Board meeting on July 3, 2023**, was the sale of the SCHÄFER Group to an investment company belonging to

Callista Portfolio Holding GmbH, with registered office in Munich, Germany. Following a detailed explanation of and discussion regarding the transaction, the Supervisory Board approved the sale.

In the **fourth regular meeting on July 27, 2023**, the Supervisory Board dealt with the sale of the SELZER Group to an investment company belonging to Mutares SE & Co. KG, with registered office in Munich, Germany. Following a detailed explanation of and discussion regarding the transaction, the Supervisory Board approved the sale of the last automotive series production supplier in the INDUS investment portfolio.

The Supervisory Board held its **fifth regular meeting on September 28, 2023**. In this meeting, the Board took an in-depth look at the Board of Management's report regarding the company's performance in the months from January to August 2023. The Board of Management also presented its Forecast II as of the end of 2023, and explained its financial strategy and the share price performance. The Supervisory Board also adopted the updated qualification matrix for members of the Supervisory Board, which has been published on the INDUS website.

The main items discussed at the **sixth regular Supervisory Board meeting on December 6, 2023**, included the Board of Management report on the current financial performance as of October 31, 2023, and the current outlook for the remainder of the 2023 financial year. The Board of Management then explained the corporate plan for the 2024 financial year. In the subsequent discussions, the Supervisory Board and Board of Management debated the details of the planning process and its results. The Supervisory Board approved the annual planning without change. The Board of Management also provided details regarding an acquisition at sub-subsidiary level in 2024, which the Supervisory Board approved following a discussion. Share price performance, shareholder structure, and the resolution to submit the 2023 declaration of conformity were also discussed.

Another focal point of the discussions were the consultations and resolution of the targets submitted by the Personnel Committee regarding the short-term variable remuneration as part of the Board of Management remuneration system for the 2024 financial year. Following discussion, the Supervisory Board adopted an optimized Supervisory Board remuneration system effective January 1, 2024, that will be presented to the 2024 Annual Shareholders' Meeting. The Supervisory Board also dealt with the long-term succession planning for the Board of Management and resolved to extend Dr. Jörn Großmann's and Mr. Axel Meyer's appointments by a further three years. The Supervisory Board also appointed Mr. Rudolf Weichert as the Supervisory Board Deputy Chairman effective January 1, 2024.



## Work of the Committees

The Supervisory Board committees are primarily responsible for preparing the decisions and topics for full Supervisory Board meetings. Decision-making power can be transferred to the committees if legally permissible. The committee chairperson reports on the committees' work to the Supervisory Board regularly and in detail. In the past year, the Personnel Committee, the Audit Committee, the Nomination Committee, and the newly established Strategy and ESG Committee met several times. There was no need to call a Mediation Committee pursuant to Section 27(3) of the German Co-Determination Act together in the past year. The composition of the committees is presented in the Annual Report under the heading "Management Bodies" and on the INDUS website.

 See p. 8 and [www.indus.de/en/about-indus/supervisory-board](http://www.indus.de/en/about-indus/supervisory-board)

The **Personnel Committee met nine times** in the 2023 financial year on **January 12, March 16 and 29, April 26, May 8, June 12, August 23, September 28, and December 6, 2023**, and prepared the Supervisory Board's personnel decisions. Wherever necessary, resolutions were passed or recommendations were made to the Supervisory Board for the purpose of passing a resolution. One focus was on finding and selecting a new member of the Board of Management to function as the member of the Board of Management responsible for the materials segment. This process was completed with the appointment of Ms. Degenhart, who was recommended to the Supervisory Board by the Personnel Committee. She joined INDUS as the COO responsible for the Materials segment on October 1, 2023. The Personnel Committee also dealt with the long-term succession planning for the Board of Management and recommended extending Dr. Jörn Großmann's and Mr. Axel Meyer's appointments by a further three years. As part of implementing a deputy regulation for the Board of Management, the Personnel Committee recommended appointing Rudolf Weichert as the Board of Management Deputy Chairman effective January 1, 2024. Another focal point of the Committee's work was the remuneration paid to the Board of Management. In addition to the recommendation to the Supervisory Board for passing the necessary resolutions to determine target attainment in 2021 for targets set for 2022 as part of the short-term variable remuneration, the Personnel Committee recommended new targets for the year 2024 to the Supervisory Board. The Personnel Committee also recommended that the Supervisory Board approve the remuneration report for 2022. Details regarding the Board's remuneration can be found in the remuneration report. The Committee also discussed its initial thoughts regarding a potential optimization of the Board of Management remuneration system.

The **Audit Committee met six times** in the 2023 financial year on **March 10, May 5, August 7, October 19, November 9, and December 6, 2023**. Representatives of the external auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, attended the Committee meetings on March 10, November 9, and December 6, 2023. The Audit Committee supervised the qualification and independence of the external auditor and the quality of the financial statement audit. The Committee awarded the audit mandate to the external auditor selected by the 2023 Annual Shareholders' Meeting, concluded the fee agreement, and determined the focus of the audit. The focus of the consultation was the 2022 annual financial statements and consolidated financial statements, along with corresponding resolution recommendations for the Supervisory Board, the preliminary audit of the 2023 annual financial statements, and consolidated financial statements and interim reporting. Before the quarterly and half-year reports were published, the Board of Management held a meeting for each, explained the main transactions, and discussed them with the Audit Committee. In a separate meeting, the Audit Committee took a close look at risk management and developed potential improvement approaches. Other topics included the review of the 2022 risk management and compliance annual reports, the 2023 annual report from Internal Audit, and the implementation of the Supply Chain Due Diligence Act. The further implementation of the Corporate Sustainability Reporting Directive was also discussed.

The **Nomination Committee held three meetings** in the 2023 financial year on **January 30, February 6, and March 13, 2023**. The main focus of the discussions were the continuation of the preparations started in the previous year for the Supervisory Board elections to be held at the 2023 Annual Shareholders' Meeting. Based on an analysis regarding the skills presented on the Supervisory Board at this point in time and in the future, the Supervisory Board followed the recommendation of the Nomination Committee and resolved to find two new members with predefined profiles in 2022. The search and selection process was continued in 2023 and concluded with the proposal for the election of six shareholder representatives. The shareholder representatives agreed to the proposal and accordingly made a recommendation at the 2023 Annual Shareholders' Meeting.

The **Strategy and ESG Committee met twice** in the 2023 financial year, on **September 28 and December 6, 2023**. A key focus of the discussions was the information and explanation from the Board of Management regarding ongoing ESG issues from the INDUS sustainability strategy, and the regulatory environment to the organizational measures resolved on by INDUS and the actual implementation of these measures. The Committee determined that its focal points in 2023 and 2024 would be further growth through acquisitions (ESG acquisition strategy), the further imple-

mentation of ESG issues with a focus on the fields of environment, fair work (especially fair pay), as well as external communications and market presence, especially in terms of the above-mentioned issues. It also dealt with the acquisition strategy in detail.

## Approval of the Annual Financial Statements and the Consolidated Financial Statements as of December 31, 2023

The external auditor of the separate and consolidated financial statements commissioned by resolution of the Annual Shareholders' Meeting on May 17, 2023, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, audited the INDUS Holding AG annual financial statements, the consolidated financial statements, the combined management report, and the remuneration report for the 2023 financial year in accordance with the Supervisory Board's mandate. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS). The external auditor issued an unqualified audit certificate for the annual financial statements, the consolidated financial statements and the combined management report. The auditor also determined that the risk management system fulfills the legal requirements and no going concern risks were discernible. As planned, an audit review of the interim financial reports was not conducted.

Annual financial statements, consolidated financial statements, the combined management report and the external auditor's audit reports, the separate non-financial report, and the remuneration report were all submitted to the members of the Supervisory Board in good time. They were discussed in detail at the Supervisory Board meeting to adopt the financial statements on March 14, 2024. The external auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, attended this meeting and reported on the main findings of the audit. The external auditor was also available for any additional questions. The Supervisory Board discussed all documents and audit reports in detail with the external auditor, and partially without the presence of the Board of Management.

Following a final examination of the documents submitted and the recommendation of the Audit Committee, the Supervisory Board raised no objections to the annual financial statements, the consolidated financial statements, and the combined management report and agreed with the external auditor's findings. The Supervisory Board therefore approved the 2023 annual financial statements and the 2023 consolidated financial statements. The 2023 annual financial statements are thus complete in accordance with Section 172(1) of the German Stock Corporation Act (AktG).

Following prior examination, the Supervisory Board approved the Board of Management's proposed appropriation of distributable profit. The Supervisory Board also examined the INDUS Group's separate non-financial report. It based its examination on the audit review conducted by the external auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main. The Supervisory Board raised no objections to the INDUS Group's separate non-financial report. Based on the formal and material audit of the remuneration report conducted by the external auditor, the Supervisory Board approved the remuneration report without objections.

The Supervisory Board thanks all employees at the portfolio companies and at the holding company as well as the Board of Management of INDUS Holding AG for their extraordinary dedication over the past financial year.

Bergisch Gladbach, March 14, 2024



On behalf of the Supervisory Board  
Jürgen Abromeit  
Chairman