

Compensation report

This report describes the compensation system for the Management Board and the Supervisory Board, as well as explaining the structure and the level of compensation for individual executive officers in the business year 2020. It takes into account the recommendations of the German Corporate Governance Code in the version dated 16 December 2019 with the exception of the deviations published in the Declaration of Compliance and observes the applicable requirements of the German Commercial Code (HGB), and the Stock Corporation Act (AktG).

Compensation of the Management Board

DEFINITION AND REVIEW OF THE COMPENSATION STRUCTURE

The compensation structure and the level of compensation for the Members of the Management Board are defined on the basis of the proposal of the Supervisory Board's Personnel Committee and are regularly reviewed. The existing compensation system guarantees a level of remuneration appropriate to the activity and responsibility of the Members of the Management Board. Alongside the functions of the individual Members of the Management Board and their personal performance, further factors taken into account include the economic situation, the success and future prospects of the company, and the commensurate nature of the compensation in view of the comparative environment and the compensation structure otherwise applicable within the SURTECO Group.

The compensation system is described below for the reporting year.

COMPENSATION ELEMENTS

The total cash compensation is comprised of a fixed compensation (basic salary) that is independent of

any performance element and a performance-based variable component (bonus). The compensation for Members of the Management Board also includes non-cash benefits and other payments.

BASIC SALARY

The relevant basic salary of the Members of the Management Board is paid in equal monthly instalments. For the Members of the Management Board, it amounts to € 550,000 p.a. for Mr. Wolfgang Moyses, to € 300,000 p.a. for Mr. Manfred Bracher (from 1 February 2020) and to € 360,000 p.a. for Mr. Andreas Riedl (until 30 June 2020).

None of the Members of the Management Board has undertaken separately remunerated functions as executive officers at the consolidated subsidiary companies.

In the business year 2020, flat-rate deductions on the basic salaries of the Members of the Management Board were carried out for the period when the company was registered for short-time work.

BONUSES

The applicable compensation system provides for variable remuneration (bonuses), which the Supervisory Board defines at its discretion on the basis of the consolidated result before tax (EBT) – adjusted by additions/curtailments to be carried out as appropriate – in accordance with IFRS taking account of the return on sales. The correlation with a sustainable company performance and a basis of assessment over several years pursuant to § 87 (1) sentences 2 and 3 Stock Corporation Act (AktG) are guaranteed by the fact that 75 % of the bonus for the affected business year are paid in the following year and 25 % are retained without payment of interest. The retained 25 % are paid out after three years, and they are decreased or increased proportionately as a percentage if the average bonuses of the last three business years fall short of, or exceed, the bonuses of the third last business year. The retention cannot

be a negative value. If a loss in the previous year has already reduced the basis of assessment, no retention is made. The maximum bonus for the Chairman of the Management Board, Mr. Wolfgang Moyses, totals € 1,500,000 p.a. The maximum remuneration for Mr. Manfred Bracher including bonuses totals € 1,000,000 p.a. The contract of service for the Member of the Management Board Mr. Andreas Riedl had no upper limit for bonuses. If a Board Member steps down from their office, the contracts of service make provision that the Board Member either (i) waits for the regular calculation of the retention after expiry of the reference period or (ii) the retention can be paid out with a flat-rate deduction of 10 % – the latter with the provision that the amount paid out may not be higher than the amount which was calculated for the last reference period. The retained 25 % of the retention will be paid out after expiry of the reference period for the former Members of the Management Board Dr.-Ing Herbert Müller (until 30 September 2019) and Dr.-Ing. Gereon Schäfer (until 31 March 2018) through the regular payment process. The former Member of the Management Board, Mr. Andreas Riedl (until 30 June 2020) had the retained 25 % paid out with a flat-rate deduction of 10 %.

NON-CASH BENEFITS AND OTHER PAYMENTS

The Members of the Management Board receive fringe benefits in the form of non-cash benefits that fundamentally entail values to be recognized from the tax guidelines for use of a company car and various insurance premiums. Mr. Wolfgang Moyses also received a limited supplement up until 30 September 2020 for accommodation in Bittenwiesen. Mr. Wolfgang Moyses additionally receives an allowance amounting to € 000s 300 p.a. for his retirement provision.

EX-GRATIA COMPENSATION FOR POST-CONTRACTUAL COMPETITION PROHIBITION

The former Member of the Management Board Dr.-Ing. Gereon Schäfer, whose appointment and contract of service came to an end on 31 March 2018, receives half of the fixed salary paid in 2017 and half of the variable compensation received in the last twelve months prior to the ending of his contract of service each year for a period of 24 months after ending his employment relationship, in respect of his post-contractual competition prohibition. For the business year 2020, the ex-gratia compensation amounted to a total of € 000s 150.

PREMATURE TERMINATION OF THE CONTRACT OF SERVICE WITH THE FORMER CHAIRMAN OF THE MANAGEMENT BOARD DR.-ING. HERBERT MÜLLER

In March 2019, the company and Dr.-Ing. Herbert Müller reached an agreement to terminate the contract of service of Dr. Müller as Chairman of the Management Board with effect from 30 September 2019. Among other things, the agreement provides for a bonus for the business year 2019 defined on the basis of the half-year financial statements for the first half of 2019 in the amount of € 520,000.00 gross and it is agreed that retentions for safeguarding sustainability on it will not be made. This amount has not yet been paid to Dr. Müller. The other contractual fringe benefits (insurance policies, reimbursement of expenses, contributions to private pension funds, etc.) came to an end when the employment relationship ceased, with the exception of the transfer of the company car, which Dr. Müller will be able to use up until the regular end of his appointment on 30 June 2021.

D&O INSURANCE

A Directors' and Officers' Liability Insurance ("D&O" insurance) is provided for the Members of the Management Board. Pursuant to the requirements of § 93 (2) Sentence 3 of the Stock Corporation Act (AktG),

the excess (deductible) amounts to 10 % of the loss or damage up to an amount of one and a half times the fixed annual compensation of the Board Member.

PAYMENTS BY THIRD PARTIES

During the business year under review, no Member of the Management Board received payments or equivalent plan benefits from third parties (including companies with which the SURTECO Group maintains business relations) in relation to their activity as a Member of the Management Board.

LOANS TO MEMBERS OF THE MANAGEMENT BOARD

During the period under review, no advances or loans were granted to Members of the Management Board of SURTECO GROUP SE.

BENEFITS FOR PREMATURE TERMINATION OF EMPLOYMENT

The contracts of service for the Members of the Management Board automatically come to an end when the period of appointment for the relevant Member of the Management Board is concluded. If the appointment of a Member of the Management Board is revoked during the term of their contract of service, the Board Member affected can be placed on administrative leave for the remaining term of the contract and the compensation will continue to be paid. In each case, notice of termination can be served on the contracts of service by both sides for good cause. If a Member of the Management Board is temporarily incapacitated and unable to work, the basic salary will continue to be paid in the case of Dr. Wolfgang Moyses for a period of up to twelve months and in the case of Mr. Manfred Bracher up to six months. If death occurs during the period of the employment relationship, the heirs of the relevant Board Member have the right to continued payment of the basic salary for the month in which death occurs and for a further six months. The contracts of service for the Members of the Management Board

The following tables show compensation for the Members of the Management Board in accordance with the recommendations of the German Corporate Governance Code as amended on 7 February 2017:

Awarded allowances	Wolfgang Moyses				Manfred Bracher				Andreas Riedl			
	Chairman of the Management Board from 1 October 2019				Member of the Management Board from 1 February 2020				Member of the Management Board until 30 June 2020			
€ 000s	2019	2020	2020 (Min)	2020 (Max)	2019	2020	2020 (Min)	2020 (Max)	2019	2020	2020 (Min)	2020 (Max)
Fixed compensation	137	539	539	539	-	269	269	269	360	176	176	176
Fringe benefits	7	24	0	²	-	24	0	³	40	18	0	¹
Total	144	563	539	²	-	293	269	³	400	194	176	¹
Variable compensation for one year	0	895	0	1,125	-	394	0	³	0	436	0	¹
Variable compensation over several years (target attainment on the average bonuses of the past three years)	0	298	0	375	-	131	0	³	0	145	0	¹
Total	144	1,756	539	²	-	818	269	³	400	775	176	¹
Pension expenses	75	300	300	300	-	-	-	-	-	-	-	-
Total compensation	219	2,056	839	²	-	818	269	³	400	775	176	¹

¹ The fringe benefits as well as the variable compensation for the year and several years, and consequently total compensation do not have an upper limit for the amount.

² The fringe benefits and consequently total compensation do not have an upper limit for the amount.

³ The maximum compensation of € 000s 1,000 comprises the fixed compensation and the variable compensation. There is no maximum amount for the fringe benefits.

The following table shows the inflow (amount paid out) for the business years 2019 and 2020 from fixed remuneration, fringe benefits, variable compensation for the year and pension expenses.

Cash inflow	Wolfgang Moyses		Manfred Bracher		Andreas Riedl	
	Chairman of the Management Board from 1 October 2019		Member of the Management Board from 1 February 2020		Member of the Management Board until 30 June 2020	
€ 000s	2020	2019	2020	2019	2020	2019
Fixed compensation	539	137	269	-	176	360
Fringe benefits	24	7	24	-	18	40
Total	563	144	293	-	194	400
Variable compensation for one year	0	0	0	-	85	158
Variable compensation over several years (target attainment on the average bonuses of the past three years)	0	¹	¹	-	²	¹
Miscellaneous	-	-	-	-	-	-
Total	563	144	293	-	279	558
Pension expenses	300	75	0	-	-	-
Total compensation	863	219	293	-	279	558

¹ In accordance with the compensation system applicable since 2015, compensation payable over several years will only be paid out after three years. See section on "Bonuses" in the Compensation Report for more information on this.

² Payout after finishing employment with a flat-rate discount of 10%. See in relation to this matter the section "Bonuses" in this compensation report

Compensation for the Supervisory Board 2020:

in €	Total compensation 2019	Total compensation 2020	Basic salary	Compensation for work carried out on the Audit Committee
Dr.-Ing. Jürgen Großmann (until 2 October 2020) Chairman	45,000	55,550	48,300	7,250
Björn Ahrenkiel until 27 June 2019	19,700	-	-	-
Dr. Markus Miele until 27 June 2019	13,200	-	-	-
Dr. Christoph Amberger Vice Chairman	27,000	48,000	48,000	-
Andreas Engelhardt Chairman (from 2 October 2020)	34,000	60,900	51,900	9,000
Tim Fiedler from 14 October 2019	3,900	32,000	32,000	-
Jochen Müller from 2 October 2020	-	11,650	7,900	3,750
Jens Krazeisen	18,000	32,000	32,000	-
Wolfgang Moyses until 30 September 2019	17,500	-	-	-
Tobias Pott from 27 June 2019 Deputy Chairman (from 2 October 2020)	15,700	44,900	35,900	9,000
Udo Sadlowski until 21 January 2019	1,000	-	-	-
Thomas Stockhausen	18,000	32,000	32,000	-
Heinz-Dieter Stöckler from 5 February 2019	16,300	32,000	32,000	-
Jörg Wissemann from 27 June 2019	15,700	41,000	32,000	9,000
Total	245,000	390,000	352,000	38,000

do not include any benefits for the eventuality of a premature termination in the event of a change of control (Change of Control clause).

Compensation for the Supervisory Board

COMPENSATION ELEMENTS

The compensation for Members of the Supervisory Board is regulated in § 12 of the Articles of Association. Accordingly, the Members of the Supervisory

Board receive, apart from reimbursement of their expenses, compensation payable after the business year has come to an end and after the resolution on the appropriation of the profit has been passed by the Annual General Meeting. The compensation is € 400.00 per eurocent dividend per share for the year for which compensation is paid, but a minimum of € 18,000.00. If the dividend exceeds 90 eurocents per share, the compensation per eurocent shall only be € 200.00 for the part of the dividend which exceeds 90 eurocents. The compensation increases by a factor of two times for the Chairman of the Supervisory Board and by one and a half times for each substitute chairman. The members of the Audit Committee also receive a further remuneration amounting to a total of up to € 40,000.00 annually. The Supervisory Board decides on the amount and allocation of this further remuneration based on the proposal by the Audit Committee, at their discretion taking into account the time taken by each of the members of the Audit Committee to carry out their functions.

D&O INSURANCE

A Directors' & Officers' liability insurance for purely financial losses ("D&O" insurance) is provided for Members of the Supervisory Board.

OTHER BENEFITS

Members of the Supervisory Board receive no other amounts in remuneration above the compensation presented above or any other benefits for personally provided services, in particular for consultancy or mediation services.

LOANS TO MEMBERS OF THE SUPERVISORY BOARD

During the period under review, no advances or loans were granted to Members of the Supervisory Board of SURTECO GROUP SE.