

2021

COMPENSATION REPORT

SURTECO

Compensation report

This report describes the compensation system for the Management Board and the Supervisory Board and provides information on the remuneration granted and owed for each individual current or former member of the Management Board and Supervisory Board of SURTECO SE in the business year 2021 pursuant to § 162 Stock Corporation Act (AktG). The compensation system approved by the Annual General Meeting held on 23 June 2021 pursuant to § 87a Stock Corporation Act (AktG) is published on the company's website. The compensation system is to be applied from the day of approval by the Annual General Meeting. The existing contracts of service of the Management Board will not be affected. Since there were no changes in the Management Board during the business year 2021, this report describes the remuneration for the Management Board that has applied to date in accordance with the then valid contracts of service. The compensation system for the Supervisory Board approved by the Annual General Meeting held on 23 June 2021 comes into force from 1 January 2022. Insofar, this report provides information about the remuneration for the Supervisory Board in accordance with the Articles of Association of the company in the version of the resolution passed by the Annual General Meeting held on 2 October 2020. This report was prepared pursuant to § 162 Stock Corporation Act (AktG) by the Management Board and the Supervisory Board and will be submitted to the next ordinary Annual General Meeting for approval.

Compensation for Members 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 in accordance with the contracts of service currently valid for the Management Board 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 amounts. In the business year 2021, it amounts to € 550,000 p.a. for Board Member Mr. Wolfgang Moyses and € 300,000 for Board Member Mr. Manfred Bracher.

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

Bonus

The currently applicable contracts of service for Board Members provide for variable remuneration (bonus), 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 (degression of the bonus with a return on sales of less than 5 %). The contracts provide for a discretionary bonus of 4 % of EBT for Chairman of the Management Board Mr. Wolfgang Moyses and a discretionary bonus of 2 % of EBT for Mr. Manfred Bracher (from 2021 of 2.5 % and

from 2022 of 3.0 %). When calculating the bonus granted, the basic salary paid out in the respective business year is deducted from the discretionary bonus. The correlation with sustainable company performance over the long term 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 is paid in the following year and 25 % is retained without payment of interest. The retained 25 % is paid out after three years (reference period), and it is decreased or increased proportionately as a percentage if the average bonus of the last three business years falls short of, or exceeds, the bonus 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 of the bonus, no retention is made. The motivation for increasing corporate value is mainly based on the multi-year alignment of the bonus which is linked to the company's EBT and the return on sales.

Sample calculation for bonus

€ 000s	BY 1	BY 2	BY 3	BY 4
Total bonus granted	1,000	1,200	900	1,500
- of which 75% payout	750	900	675	1,125
- of which 25% retention	250	300	225	375
Payout of long-term component (average bonus for the past three BYs 1-3 = 1,033). Exceeds bonus of BY1 by 3.3%. Retained share of BY 1 is increased by 3.3%.	-	-	-	258

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 Member of the Management Board Dr.-Ing Herbert Müller (until 30 September 2019). The payout to Mr. Müller amounted to € 000s 177 in the business year 2021. Since the company has asserted claims against Mr. Müller pursuant to § 93 (2) Stock Corporation Act (AktG), the bonus was paid out with a corresponding reduction in 2021. The litigation has not yet been concluded. 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 %. This payout was made in the business year 2021 and amounted to € 000s 131.

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 receives an allowance amounting to € 300,000 p.a. for his retirement provision, which is paid to an external welfare fund.

Maximum compensation

The currently applicable contract of service provides for an upper limit for bonus for the Chairman of the Management Board, Mr. Wolfgang Moyses, with a total amount of € 1,500,000 p.a. The basic salary is fixed at € 550,000, which also defines the upper limit for the basic salary. The allowance for his retirement pension is fixed at € 300,000, which also defines the upper limit. There is no agreed upper limit for fringe benefits.

The basic salary for Mr. Manfred Bracher is fixed at € 300,000, which also defines the upper limit for the basic salary. The currently valid contract of service provides for a maximum remuneration for basic salary including bonus totalling € 1,000,000 p.a. There is no agreed upper limit for fringe benefits.

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 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 granted and due

The following tables show the remuneration granted and owed to each individual member of the Management Board in the business year 2021 (inflows) as well as the non-cash and other remuneration for the business year 2021. According to the provisions of § 162 Stock Corporation Act (AktG), amounts must be recognised as granted and owed remuneration which were already due in the reporting period and paid to the individual Member of the Management Board or for which the payment due has not yet been made. The information on the remuneration granted and owed is in each case divided into fixed and variable remuneration components and supplemented by non-cash and other payments.

The EBT in the business year 2020 was € 000s 43,298. Insofar, the bonus for Mr. Wolfgang Moyses [discretionary bonus of 4 % of EBT less fixed remuneration in 2020 of € 000s 539] amounted to a total of € 000s 1,193, of which the one-year variable remuneration of € 000s 895 was paid out in the business year 2021 and € 000s 298 was transferred in the bonus bank for the multi-year variable remuneration. The bonus for Mr. Manfred Bracher [prorated discretionary bonus of 2.0 % of EBT less fixed remuneration in 2020 of € 000s of 269] amounted to a total of € 000s 525 for 2020. Out of this, the one-year variable remuneration of € 000s 394 was paid out in the business year 2021 and € 000s 131 was transferred into the bonus bank. The return on sales was 6.9 % in 2020.

Granted and owed remuneration (inflow)	Wolfgang Moyses Chairman of the Management Board		Manfred Bracher Member of the Management Board from 1 February 2020		Andreas Riedl Member of the Management Board until 30 June 2020		Herbert Müller Chairman of the Management Board until 30 September 2019	
	€ 000s	2021 in %	2021 in %	2021 in %	2021 in %	2021 in %	2021 in %	
Fixed remuneration	550	31	300	42	-	-	-	-
Fringe benefits	23	1	26	3	-	-	15	8
Total	573	32	326	45	-	-	15	8
Single-year variable remuneration (75 %) (granted for the business year 2020 and paid out in 2021)	895	51	394	55	436	77	-	-
Multi-year variable remuneration (25 %) (Attainment of target depends on the average bonus for the past three years)	-	-	-	-	131	23	177	92
Total	1,468	83	720	100	567	100	192	100
Pension expenses	300	17	-	-	-	-	-	-
Total remuneration	1,768	100	720	100	567	100	192	100

Compliance with remuneration upper limits

In accordance with the currently valid contracts for the Management Board, the upper remuneration limits are observed in the year of granting the bonus.

The maximum remuneration for Mr. Bracher is a total of € 1,000,000 p.a. for the basic remuneration and the variable remuneration. This amount was not exceeded when the bonus amounting to € 000s 525 was granted in the business year 2020 and a fixed salary of € 000s 269 in the business year 2020.

A maximum limit for the bonus of € 1,500,000 p.a. applies for Mr. Moyses. This amount was not exceeded when the bonus amounting to € 000s 1,196 was granted for the business year 2020.

Development of the remuneration of the Management Board and Supervisory Board in relation to the remuneration of the workforce and the income performance of the company

The following table provides information about the annual change in remuneration of the current and former Board Members, the remuneration of the rest of the workforce and the income performance of the company. The income performance of the company is presented on the basis of the key performance indicators of the Group, sales and earnings before financial result and income tax (EBIT) and the annual result of the SURTECO GROUP SE pursuant to § 275 (2) No. 17 German Commercial Code (HGB). The average remuneration of the entire workforce in Germany is used to show the average remuneration of the employees on a full-time equivalent basis. Use was made of the transitional regulation pursuant to § 26j of the Introductory Act (Einführungsgesetz) to the Stock Corporation Act (Aktiengesetz).

Comparison of annual change pursuant to § 162 (1) No.2	
Annual change in %	2021 compared with 2020
Remuneration for the Management Board	
Wolfgang Moyses	+105
Manfred Bracher	+146
Andreas Riedl (until 30 June 2020)	+103
Herbert Müller (until 30 September 2019)	+149
Remuneration for the Supervisory Board	
Andreas Engelhardt	+79
Tim Fiedler*	+720
Tobias Pott	+186
Jens Krazeisen	+78
Dirk Mühlenkamp (from 1 September 2021)	-
Jochen Müller (from 2 October 2020)	-
Jan Oberbeck (from 12 April 2021)	-
Thomas Stockhausen	+78
Jörg Wissemann	+161
Dr.-Ing. Jürgen Großmann (until 2 October 2020)	+23
Heinz-Dieter Stöckler (until 23 June 2021)	+96
Christoph Amberger (until 8 April 2021)	+78
Income performance	
Group sales	+21
Group EBIT	+57
Annual result for SURTECO GROUP SE	+27
Workforce	
Total workforce in Germany	+8

*Joined 14 October 2019. Payment of pro rata Supervisory Board remuneration in 2020.

Compensation for Members of the Supervisory Board

Compensation elements

The compensation for Members of the Supervisory Board is regulated in § 12 of the Articles of Association. In accordance with the valid Articles of Association on 31 December 2021, the Members of the Supervisory Board received in the business year 2021, apart from reimbursement of their expenses, compensation payable after the resolution on the appropriation of the profit was passed by the Annual General Meeting in 2021. The basic remuneration is € 400.00 per eurocent dividend per share for the year for which compensation is paid, but a minimum of € 18,000. 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 Annual General Meeting held on 23 June 2021 passed a resolution approving a dividend of € 0.80.

The basic remuneration is paid pro rata if a member joins or leaves the Supervisory Board during the course of the year. 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.

Compensation granted and due (inflow) for Members of the Supervisory Board 2021

	Total	Basic remuneration	in %	Remuneration for activities on the Audit Committee	in %
€					
Andreas Engelhardt Chairman (from 2 October 2020)	60,900	51,900	85.2	9,000	14.8
Tim Fiedler Deputy Chairman	32,000	32,000	100.0	-	-
Tobias Pott Vice Chairman (from 2 October 2020)	44,900	35,900	80.0	9,000	20.0
Jens Krazeisen	32,000	32,000	100.0	-	-
Dirk Mühlenkamp from 1 September 2021	-	0	-	-	-
Jochen Müller from 2 October 2020	11,650	7,900	67.8	3,750	32.2
Jan Oberbeck from 12 April 2021		0	-	-	-
Thomas Stockhausen	32,000	32,000	100.0	-	-
Jörg Wissemann	41,000	32,000	78.0	9,000	22.0
Dr.-Ing. Jürgen Großmann until 2 October 2020 Chairman	55,550	48,300	87.0	7,250	13.0
Dr. Christoph Amberger until 8 April 2021 Deputy Chairman	48,000	32,000	100.0	-	-
Heinz-Dieter Stöckler until 23 June 2021	32,000	48,000	100.0	-	-
Total	390,000	352,000		38,000	

Report of the independent auditor on the formal audit of the remuneration report pursuant to § 162 Abs. 3 AktG

To SURTECO GROUP SE, Buttenwiesen

Opinion

We have formally audited the remuneration report of the SURTECO GROUP SE, Buttenwiesen, for the financial year from January 1 to December 31, 2021 to determine whether the disclosures pursuant to § [Article] 162 Abs. [paragraphs] 1 and 2 AktG [Aktiengesetz: German Stock Corporation Act] have been made in the remuneration report. In accordance with § 162 Abs. 3 AktG, we have not audited the content of the remuneration report.

In our opinion, the information required by § 162 Abs. 1 and 2 AktG has been disclosed in all material respects in the accompanying remuneration report. Our opinion does not cover the content of the remuneration report.

Basis for the opinion

We conducted our formal audit of the remuneration report in accordance with § 162 Abs. 3 AktG and IDW [Institut der Wirtschaftsprüfer: Institute of Public Auditors in Germany] Auditing Standard: The formal audit of the remuneration report in accordance with § 162 Abs. 3 AktG (IDW AuS 870). Our responsibility under that provision and that standard is further described in the "Auditor's Responsibilities" section of our auditor's report. As an audit firm, we have complied with the requirements of the IDW Quality Assurance Standard: Requirements to quality control for audit firms [IDW Qualitätssicherungsstandard - IDW QS 1]. We have complied with the professional duties pursuant to the Professional Code for German Public Auditors and German Chartered Auditors [Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer - BS WP/vBP], including the requirements for independence.

Responsibility of the Management Board and the Supervisory Board

The management board and the supervisory board are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of § 162 AktG. They are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our objective is to obtain reasonable assurance about whether the information required by § 162 Abs. 1 and 2 AktG has been disclosed in all material respects in the remuneration report and to express an opinion thereon in an auditor's report.

We planned and performed our audit to determine, through comparison of the disclosures made in the remuneration report with the disclosures required by § 162 Abs. 1 and 2 AktG, the formal completeness of the remuneration report . In accordance with § 162 Abs 3 AktG, we have not audited the accuracy of the disclosures, the completeness of the content of the individual disclosures, or the appropriate presentation of the remuneration report.

Munich, 13. April 2022

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft

Jürgen Schumann
Wirtschaftsprüfer
[German Public Auditor]

ppa. Andreas Sulzer
Wirtschaftsprüfer
[German Public Auditor]



CONTACT

Martin Miller
Investor Relations and Press Office
T: +49 8274 9988-508
F: +49 8274 9988-515
ir@surteco.com
www.surteco.com

SURTECO GROUP SE
Johan-Viktor-Bausch-Straße 2
86647 Buttenwiesen