

Declaration on Corporate Governance for the business year 2021

Information on Company Management Practices

The Management Board conducts the business of the company in accordance with the statutory laws and legislation, the Articles of Association, and other relevant regulations. It ensures compliance with the statutory regulations and internal company guidelines and ensures that they are observed by the Group companies. The Management Board and the Supervisory Board observe the recommendations of the German Corporate Governance Code provided that no deviations are listed in the Declaration of Compliance.

The management of SURTECO GROUP SE pursues the objective of generating long-term Economic Value Added in the interests of the company. The management process takes into account the interests of the shareholders, the company's employees, and the other groups affiliated with the company (stakeholders). The Management Board develops the strategic direction of the company, agrees it with the Supervisory Board, and implements the strategy. The Management Board and the Supervisory Board work closely together to promote the well-being of the company. The management board takes over the control of the group as part of a functional organization.

The Management Board is responsible for the group-wide Internal Controlling System, Risk Management and the Compliance Management System (CMS). The CMS is based on the three pillars of rules, avoidance and control. The values of the corporate culture form the foundation for the group-wide valid rules that are gathered together in the "SURTECO Code of Conduct" and the binding guidelines. The global dissemination to all employees of the Group is ensured through management software. For purposes of prevention (avoidance), the company holds training sessions for all employees about general compliance principles and about specific topics for affected target groups. A whistleblower system that is also available to external third parties can be used to report confidentially on legal violations in the company. A defined compliance team manages this process and reports directly to the Management Board. Any compliance risks are recorded and managed as part of the Risk Management System. The risk assessment is carried out with analysis of the potential size of the damage and the probability of occurrence. As a consequence, the measures are derived with defined responsibilities and monitoring of implementation.

Composition and method of working of the Management Board

Tasks and Responsibilities

The Management Board of SURTECO GROUP SE manages the company with the objective of generating long-term organic Economic Value Added. It performs its duty independently and in the interests of the company, and takes into account the requirements of its shareholders, its employees and the groups affiliated with the company (stakeholders). The members of the Management Board are jointly responsible for the management. The chairman of the Management Board coordinates the activities of the board. The Management Board develops the strategic direction of the company, agrees it with the Supervisory Board and implements the strategy. It ensures compliance with the statutory regulations and internal company guidelines and ensures that they are observed by the Group companies. In addition, the Management Board has implemented appropriate risk management and risk controlling within the company as well as an internal audit.

Composition

The Management Board comprises two members. The members of the Management Board are appointed and dismissed by the Supervisory Board. Rules of Procedure govern the allocation of business and cooperation in the Management Board. The Supervisory Board has determined a target of one female member on the Management Board. There has not yet been an opportunity to appoint a suitably qualified woman to the Management Board of SURTECO GROUP SE. Board members should not be active longer than the statutory retirement age for the company.

Transactions requiring Agreement

The Supervisory Board has determined for the Management Board in the Rules of Procedure certain types of transaction that require the agreement of the Supervisory Board. These include transactions with persons or companies with whom a member of the Management Board has a close relationship.

Composition and method of working of the Supervisory Board

Tasks and Responsibilities

The Supervisory Board regularly advises the Management Board on the management of the company and monitors its actions. He appoints and dismisses members of the Management Board and decides on the number of the Management Board members, the required qualifications and the filling of individual positions by suitable personalities. The Supervisory Board decides on the compensation or the Targets for individual members of the Management Board and, together with the Management Board and with the support of the Personnel Committee to establish long-term succession planning. To this end, the Personnel Committee of the Supervisory Board regularly analyses the situation of the Management Board members and discusses the principles for long-term succession planning, such as the requirements profile or the search for suitable candidates. The Supervisory Board is governed by Rules of Procedure. This is published on the company's website. The Supervisory Board must also agree the annual financial plan and approve the annual financial statements of SURTECO GROUP SE and the consolidated financial statements of the Group. The Management Board provides the Supervisory Board with regular, timely and comprehensive reports on all issues of strategy, planning, business development, risk position, risk management and compliance relevant to the company. The Management Board addresses all deviations in the current business situation from the plans and goals that have been prepared and provides reasons for such deviations.

Tasks and Authorities of the Chairman of the Supervisory Board

The Chairman of the Supervisory Board is elected by the Supervisory Board from among its members, coordinates the work of the Supervisory Board, chairs its meetings and represents the requirements of the Supervisory Board in the public domain. He is also chairman of the committees with the exception of the Audit Committee. This is chaired by another member of the Supervisory Board. The Chairman of the Supervisory Board maintains regular contact with the Chairman of the Management Board between meetings and discusses with the Chairman issues of strategy, planning, business development, risk situation, risk management and compliance of the company. He will be promptly informed by the Chairman of the Management Board of any material events that are material to the assessment of the Company's position, performance and management.

Formation of Committees

The Supervisory Board of SURTECO GROUP SE has a Presiding Board and a Personnel Committee and an Audit Committee.

The Presiding Board prepares the resolutions of the Supervisory Board and in accordance with the Rules of Procedure can take the place of the Supervisory Board and grant consent to specific measures and transactions requiring approval in urgent cases. Chairman of the Presiding Board is Mr. Andreas Engelhardt. The other members are Tobias Pott and Tim Fiedler.

The Audit Committee addresses issues related in particular to monitoring the accounting process, the effectiveness of the internal controlling system, the risk management system and the internal auditing system, the year-end auditing system (here in particular the independence of the auditor), the additional services provided by the auditor, the appointment of the auditor to carry out the audit, the determination of the focuses of the audit, the agreement of the fee, and compliance. The Chairman of the Audit Committee has special knowledge and experience in the application of accounting principles and internal controlling procedures. The Chairman is independent and is not a former member of the Management Board of the company. When monitoring the conduct of business, the Audit Committee works closely with the auditors and has agreed with them to inform them of significant findings and events in the context of the audit. The auditor informs the Supervisory Board of any inaccuracies in the declaration. After each final exam, the Audit Committee assesses the quality of the audit.

Chairman of the Audit Committee is Mr. Jochen Müller. The other members are Andreas Engelhardt, Jörg Wissemann and Tobias Pott.

The Personnel Committee engages with the long-term planning of human resources in the Management Board. To this end, the Personnel Committee analyses the situation on a regular basis and discusses the principles of long-term succession planning such as the requirement profiles and, if necessary, initiates a search. The Personnel Committee also prepares the proposals for the compensation of the members of the Management Board. Chairman of the Presiding Board is Mr. Andreas Engelhardt. The other members are Jan Oberbeck, Tobias Pott and Tim Fiedler.

The relevant committee chairmen regularly report to the Supervisory Board about the work of the committees.

Composition

The composition of the Supervisory Board is based on § 95 sentence 2 of the Stock Corporation Act (AktG) in conjunction with Article 8 Section 1 of the Articles of Association and the provisions of the agreement pursuant to §§ 13 Paragraph 1 sentence 1, 21 SE Participation Act (Gesetz über die Beteiligung der Arbeitnehmer in einer Europäischen Gesellschaft, SEBG) between the special negotiating committee and the management of SURTECO AKTIENGESELLSCHAFT relating to the participation of the employees of SURTECO GROUP SE dated 13 February 2007. This states that the Supervisory Board of the Company shall be composed of nine members. Six members are elected by the Annual General Meeting. Three members are nominated to the Supervisory Board as employee representatives in accordance with the provisions of the agreement referred to above by the Works Councils of the three German companies of SURTECO GROUP with the most employees. The shareholder representatives and employee representatives are equally committed to the company's interest.

A Supervisory Board member shall not accept more than five Supervisory Board mandates and a Supervisory Board member who is a member of any Management Board of a listed company shall not accept more than two Supervisory Board mandates in non-group listed companies or comparable functions with an appointment as Chair of the Supervisory Board being counted twice. The Supervisory Board should not have more than two former members of the Management Board. Members of the Supervisory Board should not be older than 63 years of age when they take up their office. The Supervisory Board should have a minimum of 6 independent members and at least one woman. The defined targets were achieved with the exception of the membership of one woman. There has not yet been an opportunity to appoint a suitably qualified woman to the Supervisory Board of SURTECO GROUP SE.

The independent Members of the Supervisory Board appointed to represent the shareholders are Andreas Engelhardt, Jan Oberbeck, Jörg Wissemann, Tobias Pott, Tim Fiedler and Jochen Müller. Jan Oberbeck and Tim Fiedler are managing Directors of G. Schürfeld + Co. GmbH & Co. KG, Hamburg, which has (through its 100% subsidiary PKG Schürfeld GmbH) a significant shareholding in SURTECO GROUP SE, but is not a controlling shareholder. Insofar are Jan Oberbeck and Tim Fiedler independent pursuant the German Corporate Governance Code (DCGK). Mr. Pott is the nephew of Ms Christa Linnemann, who is a significant shareholder of the company, but not a controlling shareholder. Insofar is Tobias Pott independent pursuant the German Corporate Governance Code (DCGK). The Chairman of the Supervisory Board, the Chairman of the Audit Committee and the Chairman of the Personnel Committee are independent within the meaning of the German Corporate Governance Code (DCGK).

The period of membership of the Supervisory Board is published on the homepage of the company together with the curriculum vitae. No member of the Supervisory Board was a former member of the Company's Management Board or has an executive function with key competitors of the company. There is also no personal relationship between a Supervisory Board and a major competitor of the Company.

The Supervisory Board is composed of members such that its members have the necessary knowledge, skills and specialist experience to be in a position to perform the necessary functions properly and appropriately. For this purpose, the Supervisory Board has drawn up a competence profile setting out the personal and specialist requirements of the candidates for the Supervisory Board. A statutory gender quota does not exist due to the agreement in accordance with §§ 13 para. 1 sentence 1, 21 SEBG.

The members of the Supervisory Board are responsible for the training and professional development required for their tasks. At the time of their inauguration, the Company inform the Supervisory Board members about details of restricted trading periods, insider information and transactions, disclosure requirements and relevant legal provisions. The Company offers the reimbursement of expenses for training and professional development.

Resolutions of the Supervisory Board

The Supervisory Board makes all resolutions by a simple majority vote. If there is parity of voting, the Chairman of the Supervisory Board holds the casting vote.

Examination of Efficiency

The Supervisory Board of SURTECO GROUP SE will review the efficiency of its activities on a regular basis and discusses the result in plenary. Due to the small deviation of the individual self-evaluations in previous years, the self-evaluation will be carried out every two years, most recently in December 2021 for the financial years 2020 and 2021.

Diversity Concept

The diversity concept of SURTECO GROUP SE for appointments to the Management Board and the Supervisory Board is based on the recommendations of the German Corporate Governance Code. According to the code, at least one woman should be a Member of the Management Board and the Supervisory Board. There has not yet been an opportunity to appoint a suitably qualified woman for the Management Board or to propose a woman as a candidate to be a Member of the Supervisory Board, although appropriate efforts have been made to achieve this objective. A competence profile is used to identify suitable candidates for the Supervisory Board and the Management Board. This particularly takes into account the career background and the professional qualifications and competence of the candidates.

Law on equal participation of women and men in leadership positions

The Management Board takes account of diversity when making appointments to management positions within the company and, in doing so, seeks to achieve reasonable representation of women. As part of the realignment of the company, the management levels were redefined in 2020 and the targets for the proportion of women increased. In accordance with § 76 Paragraph 4 of the German Stock Corporation Act (AktG), the Management Board has set a target of at 30% for the proportion of women in the first and second tier of management. These are to be achieved within five years, i.e. by 2025. At the end of the 2021 financial year, the proportion of women in the first management level below the Management Board was 0% and in the second management level below the Management Board at 17.0 %.

In respect of the composition of the Management Board, the Supervisory Board respects Diversity and aims to appoint at least one woman. A statutory gender quota for the Supervisory Board does not exist due to the agreement in accordance with §§ 13 para. 1 sentence 1, 21 SEBG. Nevertheless, the Supervisory Board has set itself the goal of having at least one woman on the Supervisory Board.

Remuneration system

The remuneration system for the Members of the Management Board was approved by the Annual General Meeting held on 23 June 2021 with a majority of 98.18%. The existing contracts of service for Members of the Management Board are not affected. The remuneration system is therefore to be applied when contracts of service are extended or new contracts of service are concluded.

The remuneration system is publicly accessible on the Internet page of the company. A remuneration report prepared in accordance with Article § 162 Stock Corporation Act (AktG) and submitted for the financial year 2020 together with approval by the auditor of the financial statements pursuant to Article § 162 Stock Corporation Act (AktG) and a resolution by the Annual General Meeting pursuant to Article § 113 (3) Stock Corporation Act (AktG) are currently not yet available in compliance with the transitional regulations pursuant to Article § 26j (1) and (2) Introduction Act to the Stock Corporation Act (EgAktG). The remuneration report for the business year 2021 will be submitted to the Ordinary Annual General Meeting in 2022.