SURTECO

Compensation System for the Management Board of SURTECO GROUP SE

The Supervisory Board of SURTECO GROUP SE with registered office in Buttenwiesen and registered in the Company Register of the Local Court Augsburg (Amtsgericht Augsburg) under HRB 23000 – hereinafter referred to as "Company" – passed a resolution on 13 April 2022 relating to the following compensation system, which will be submitted for approval to ordinary Annual General Meeting being held on 7 June 2022 pursuant to § 120a Section (1) Stock Corporation Act (AktG).

1. Principles

The starting point for the compensation of the Members of the Management Board is § 87 Section (1) Stock Corporation Act (AktG). According to this law, the Supervisory Board must ensure when defining total remuneration for the individual Member of the Management Board that this compensation is in a reasonable relationship with the range of functions and personal performance of the individual Management Board Member, and the position of the Company, and that the compensation is commensurate with normal remuneration unless there are special reasons. The compensation structure should also be aligned with the sustainable and long-term development of the Company. Variable compensation elements should have an assessment basis over several years. The Supervisory Board should agree a limitation option. Sentence 1 applies mutatis mutandis for pension, surviving dependents' benefits and related benefits.

The compensation is intended to motivate Members of the Management Board – who are employed as third-party managers, not as proprietors of the Company – to increase the income and the corporate value of the Company, in order to generate an attractive return for shareholders. The focus here is not simply on the short-term success of the Company but also on the increase in corporate value over the medium and long term, which will benefit the shareholders, the employees and the business partners of the Company. On the one hand, this requires a fixed salary component and fringe benefits, which takes into account the role of the Member of the Management Board as a third-party manager, counteracts the exposure to disproportionate risks and compensates for economic disadvantages that are associated with the activity of a Board Member. On the other hand, the motivation to increase earnings and the corporate value is influenced in particular by the variable component of the compensation, which is partly linked to specific financial performance indicators and partly on other targets. In the opinion of the Supervisory Board, this kind of mix of fixed and variable salary components has proven to be very satisfactory. Accordingly, the structure of the compensation of the Management Board is comprised of the following components:

- fixed compensation (below Sub-section 3.1),
- variable compensation (below Sub-section 3.2) and
- fringe benefits (below Sub-section 3.3).

The fixed and variable compensation can be defined at a higher level for the Chairman of the Management Board than for the other Members of the Management Board, in order to take account of the higher overall responsibility of the Chairman of the Management Board

An upper limit is defined in each case for the fixed compensation and for the overall compensation, which simultaneously acts as a limit for the variable compensation (below Sub-section 4). This is intended to avoid payouts perceived to be inappropriately high.

All compensation components are paid in euros with retention of statutory deductions.

2. Definition of the level of compensation

Using its best judgement pursuant to § 87 Section (1) Stock Corporation Act (AktG), the Supervisory Board carries out a suitable horizontal peer group comparison in order to assess the appropriateness and customary level of the overall compensation for the Members of the Management Board in comparison with other companies. This peer group comparison takes into account the position in the markets of the comparable enterprises compared with the Company as the key factor. Against this background, different compensation data from comparable enterprises in the MDAX were and are used. The objective of the Supervisory Board is to be able to offer the Members of the Management Board an attractive compensation package within the regulatory framework conditions that is customary for the market and at the same time competitive.

When defining the total compensation within the framework of § 87 Stock Corporation Act (AktG), the Supervisory Board also takes account of the salary structure of the second management tier of the Group (vertical comparison), that is specifically the average of the total remuneration of the authorized signatories (Prokuristen) of SURTECO GROUP SE and the managing directors and authorized signatories (Prokuristen) of the important operating subsidiary companies in Germany. This is subject to the proviso that the remuneration of a Member of the Management Board of SURTECO GROUP SE shall exceed the individual earnings of the second management tier as a matter of course, because these latter executive managers are only responsible for their individual company or their limited area of activity, and not for the entire group of companies.

In a comparison with the average compensation for the second management tier, the Management Board compensation in 2021 amounted to approximately fourfold the average remuneration of these managers. In the view of the Supervisory Board, this factor is proportionate in view of the responsibility for the entire group of companies associated with the function of the Management Board.

A comparison is not carried out with the remuneration paid to employees because the functions and responsibilities are not comparable.

3. Components of compensation

3.1 Fixed compensation

The fixed compensation is not based on performance. It comprises a fixed amount for the entire business year, which is paid on a monthly basis in twelve equal sub-amounts (minus the statutory deductions). If a contract of employment begins or ends in the course of a year, the fixed compensation is paid pro rata with time.

The level of the fixed compensation for the Chairman of the Management Board should not exceed EUR 550,000 p.a (gross not including fringe benefits), and for the Members of the Management Board in each case should not exceed EUR 300,000 p.a. (gross not including fringe benefits). In the case of new appointments, the amount can be staggered over the first three years.

3.2 Variable compensation

In addition to the fixed remuneration (Sub-section 3.1), a variable compensation (bonus) is granted. The amount of this performance-related compensation depends on fulfilment of specified targets which are defined in advance by the Supervisory Board in consultation with the Management Board for each business year. The following targets determine the amount of the variable compensation:

- Attainment of a specified EBITDA,
- Attainment of a specified free cash flow (FCF),
- Strategic goals,
- Sustainability targets.

The weighting of the individual targets for the total variable compensation and the individual defined targets are determined by the Supervisory Board using its best judgement.
EBITDA and free cash flow (in each case related to the Group) are key performance indicators for the financial success of the Company, which play a major role in determining the earnings and the corporate value. As part of target attainment for EBITDA and free cash flow (FCF), the Supervisory Board is entitled to take into account one-off influences such as the impacts of company acquisitions and restructuring measures by increasing or decreasing the bonus payment.

The Supervisory Board defines strategic goals and sustainability goals using its best judgement. Expanding the business in specific regions or products might be a strategic target, which the Management Board identifies as particularly important for the future growth of the Company. Sustainability targets may be, for example, environmental targets that take account of the future sustainability and macroeconomic responsibility of the Company. One example of this is limiting CO_2 emissions, for example by increasing the proportion of renewable energy in procurement and production, and an improvement in energy efficiency.

The Supervisory Board defines the variable compensation on the basis of the level of attainment of individual targets for the relevant last business year. Target attainment for the financial performance indicators (EBITDA and free cash flow/FCF) is easily assessed from the accounting records of the Company. The Company's performance indicators can also generally be used to determine the strategic goals– for example, if the business is being expanded in specific regions the sales and income figures can be used for the relevant region. Target attainment for sustainability goals can also be identified using the reports of the Company, e.g. the development of CO2 emissions from the relevant environmental reports. In other cases or to the extent that definition is not possible on the basis of documented figures, the Supervisory Board reaches a decision using its best judgment.

The Supervisory Board assesses the targets and target attainment in each case individually; there is no offsetting between the targets.

When defining targets, the Supervisory Board is permitted to distinguish between the Chairman of the Management Board and the other Members of the Management Board. Within the weighting defined by it, the Supervisory Board can provide for a payment depending on the level of target attainment (proportionate bonus for attainment of a defined percentage of the relevant target).

The variable compensation is thereby partly based on financial performance indicators (EBITDA and free cash flow), i.e. on the annual business result of the Company. The compensation increases as EBITDA or free cash flow increases. It is self-evident that the Members of the Management Board will be motivated by these incentives to increase earnings because they in turn participate directly through their variable compensation. Earnings are relevant for corporate value and simultaneously also for the dividend and hence also in the interests of the shareholders for a (sustainable) increase in value of their shareholding. The two other goals complement the targets derived from the financial performance indicators with other elements. They include strategic goals and sustainability goals which reflect the longer-term development of the Company within its environment and are not solely based on a short-term result. As a consequence, short and medium-term, as well as long-term targets are relevant for calculation of the bonuses.

No provision is made for other personal targets and criteria in the compensation system.

As a result of the absolute upper limit (below Sub-section 4) now defined pursuant to § 87a Section (1) Sentence 2 No. 1 Stock Corporation Act (AktG) and the upper limit for fixed compensation (above Sub-section 1), an upper limit is also defined for variable compensation in the contracts of service because this varies within the bandwidth of fixed compensation (including fringe benefits) and the absolute upper limit.

The long-term component promoted in § 87 Section (1) Stock Corporation Act (AktG) is ensured in the case of the compensation for the Management Board of the Company by initially only paying out 50 % of the bonus for business year 01 initially (after the Annual General Meeting which decides on the appropriation of profit for the relevant completed business year). The following procedure is then adopted for paying out the remaining 50 %:

- The sum amounting to 50 % of the bonus amount is payable with the value date on the day of the Annual General Meeting of SURTECO GROUP SE which passes a resolution on the discharge of the Management Board for year 03. When the bonuses for the business years 01, 02 and 03 (referred to as "reference period below), calculated and defined on the basis of the above principles, are on average higher or lower than the bonus amount for the business year 01, the 50 % payment amount is reduced or increased by the percentage by which the average bonus for the reference period is below or above the bonus for the year 01. However, the amount paid out is never negative.
- If a contract of service for a Member of the Management Board ends in the current business year 01, the calculations for the bonus for the business years 01, 02 and 03 are nevertheless to be carried out exclusively for purposes of the payout of the remaining bonus for the business year 01 in business year 04. However, in this case there shall be no further payout of bonuses for the business years 02 and 03. The calculation principles outlined above apply correspondingly if the employment relationship is terminated in the following years (business year 02 and subsequently).

- The Supervisory Board can conclude a deviation from the aforementioned multi-year assessment basis, if particular reasons justify this, namely in the case of acquisition of companies or in the case of restructuring measures, and for ending the activity of the Member of the Management Board for the Company.

"Business year 01" is the business year for which the bonus is defined. "Business years 02", "03" and "04" are the subsequent business years following business year 01.

If the contract of service comes to an end, the Member of the Management Board can request that any retentions of bonuses currently in existence at this point in time are paid out to him, less an amount of 10 %. However, the amount to be paid out in this way must not be higher than the payment amount which is calculated for the last reference period already completed on the date of leaving. This regulation takes into account the fact that the former Member of the Management Board can no longer influence the results of subsequent years. On the other hand, the deduction of 10 % ensures that the Member of the Management Board to this extent participates on the basis of a lump-sum amount in the future risks, the foundation of which may well have been laid during his period of office, if the Board Member already desires a payment of the retention amount on his departure.

In the view of the Supervisory Board, the above regulation provides an appropriate arrangement in order on the one hand to satisfy the long-term component required under statutory regulations, while at the same time not simply aligning the motivation of the Management Board with long-term perspectives but also retaining focus on the short-term result of the Company and the dividend.

There will be no variable compensation payments beyond the variable compensation described above, in particular no share-based variable compensation arrangements (share option plans).

3.3 Fringe benefits

Apart from making available communication and work resources, fringe benefits include the provision of a vehicle in the executive class, which can also be used for private purposes, the premiums for accident and death-benefit life insurance policies, a hospital daily benefit insurance and a financial loss liability insurance (D&O insurance). Furthermore, allowances such as supplements for rental payments and journeys home may be granted in cases where Members of the Management Board relocate their main domicile to one of the Group's locations.

Out-of-pocket expenses incurred by a Member of the Management Board in the exercise of their activities (e.g. travel costs and subsistence expenses) will be reimbursed in accordance with the relevant guidelines applicable in the Company.

There is no occupational pension scheme for Members of the Management Board at the Company. However, the Supervisory Board can grant payments to a Member of the Management Board for the establishment or continuation of their own pension provision, particularly if this appears to be necessary in order to attract qualified managers to the Company, who had a corresponding arrangement in their previous contracts of services and expect a continuation at the Company.

4. Definition of a maximum compensation for the Members of the Management Board

The maximum compensation (fixed salary including all fringe benefits and variable compensation) should not exceed a total amount of EUR 3,500,000 p.a. for the Chairman of the Management Board and a total amount of EUR 1,250,000 p.a. in each case for each additional Member of the Management Board.
The maximum compensation can deviate from the defined maximum compensation in the first year when a new Member of the Management Board commences their term of office, insofar as the Supervisory Board grants payments to the new Member of the Management Board as compensation for missed payments from the previous employment relationship as a result of taking up their new office. In this case, the maximum remuneration increases by up to 30 % only for this single business year.

5. Terms and special arrangements

When appointing new Members of the Management Board and for the term of the contracts for the Members of the Management Board, the Supervisory Board observes the provisions of corporate law defined under § 84 Stock Corporation Act (AktG) and the recommendations of the German Corporate Governance Code (DCGK). In the case of a first-time appointment to the Management Board, the duration of the appointment and the term of the contract of service is generally for three years. In the case of reappointments or an extension of the term of office, the maximum duration of the contract of service is five years (§ 84 Section (1) Sentence 1 Stock Corporation Act (AktG)). The contracts of service do not provide for any ordinary notice of termination. The right of both sides to serve extraordinary notice of termination is not affected.

If temporary incapacity for work occurs as a result of illness, accident or for other reasons not the responsibility of the Member of the Management Board, the fixed salary will continue to be paid for a period of maximally 12 months, at the longest until the end of the contract of service. If the fixed salary is suspended, the Company is also entitled to correspondingly reduce appropriately the variable compensation or its assessment basis for the relevant business year. If a Member of the Management Board becomes permanently incapacitated during the term of the contract of employment, the contract of service will end at the close of the calendar quarter in which the permanent incapacity for work is established.

In the case of death, the surviving dependents of the Member of the Management Board are entitled to continue to receive payment of the fixed salary for the month of death and for a maximum period of six months afterwards.

A post-contractual prohibition on competition can be agreed with Members of the Management Board for the period of maximum two years, if the Supervisory Board believes in its best judgement this to be expedient in view of the functions, knowledge and experience of the Member of the Management Board, their personal situation and the risk situation for the Company. An appropriate compensation (ex-gratia compensation) is granted for the period of the post-contractual competition prohibition in the annual amount of 50 % of the contractual payments last received.

Any payments to the Member of the Management Board in the case of premature termination of the activity on the Member of the Management Board should not exceed the value of two annual compensation payments (severance cap) and should not remunerate a period longer than the residual term of the contract of service. Any severance payments should be offset with ex-gratia compensation payments for a post-contractual prohibition on competition.

No special arrangements for a change of control or promises of redundancy payments are made.

The Members of the Management Board are entitled to maximum annual leave of 30 days.

6. No clawback clauses

Clauses by which the return of compensation components can be effected under certain conditions (known as “claw-back” clauses) are not a constituent element of the compensation system. Clauses of this nature are not required pursuant to § 87a Stock Corporation Act (AktG) (Poelzig, NZG 2020, 41, 44) and currently are not in accordance with the market standard. Furthermore, there is no obligation within the framework of § 87 Section (1) Stock Corporation Act (AktG) (also Löbbe/Fischbach, AG 2019, 373, 377). If clauses of this nature were proposed, the prerequisites would have to be precisely defined in advance, under which the return of payments made by the Company can be requested from the Member of the Management Board. Clauses of this type can be associated with significant legal uncertainties. The Supervisory Board is therefore of the opinion that retention of part of the variable compensation (long-term component) already takes account of objective of this type of clause and that comparable legal risks are not associated with such a retention. If there are any breaches of obligations incumbent on a Member of the Management Board, the Supervisory Board would be required independently to pursue any existing claims relating to compensation for damages against the Member of the Management Board pursuant to § 93 Section (2) Stock Corporation Act (AktG).

7. Deviations

At the proposal of the Personnel Committee, the Supervisory Board can temporarily deviate from the components of the compensation system (§ 87 Section (2) Sentence 2 Stock Corporation Act (AktG)), if this is necessary in the interest of the long-term wellbeing of the Company. Exceptional developments include extraordinary and far-reaching changes in the economic situation (for example, a serious economic crisis), which renders the original financial incentives for the compensation system redundant, provided that these changes or their concrete effects were not foreseeable. Generally unfavourable market developments are not deemed to be extraordinary developments. The components of the compensation system from which deviations are permitted are the procedure, the arrangements governing compensation structure and level of compensation, and the individual compensation components (amount and structure of the fixed and variable compensation) including the upper limits. If an adjustment of the existing compensation components is not sufficient in order to reinstate the incentive effect of the compensation for the Member of the Management Board, the Supervisory Board has the right in the event of extraordinary developments under the same prerequisites to grant additional compensation components on a temporary basis. A deviation from or supplement to the compensation components is only possible on the basis of a corresponding resolution passed by the Supervisory Board in respect of a proposal submitted by the Personnel Committee, which identifies the extraordinary circumstances and the necessity for a deviation or a supplement.

8. Appraisal

The Personnel Committee of the Supervisory Board regularly reviews the compensation system, particularly when there are changes in the Management Board. In the course of such reviews, the Personnel Committee will analyze whether the compensation system – in particular taking into account the development of comparable companies listed on the stock exchange – is appropriate for the Company and will enable it in future to attract qualified managers for the Company in future. As appropriate, the Personnel Committee will submit appropriate proposals to the Supervisory Board for an adjustment of the compensation system.

9. Disclosures pursuant to § 87a Section (1) Sentence 2 Sub-sections 1 to 11 Stock Corporation Act (AktG)

The disclosures relating to the compensation system pursuant to § 87a Section (1) Sentence 2 Sub-sections 1 to 11 Stock Corporation Act (AktG) can be summarized in a table as outlined below. Disclosures relating to Sub-sections 2 to 11 are only necessary to the extent that the corresponding contents of the compensation system are used in SURTECO GROUP SE:

§ 87a Section (1) Sentence 2 Stock Corporation Act (AktG)	Content of the compensation system in accordance with the law (Sub-sections 2 to 11 only insofar as used in the affected company)	Compensation system of SURTECO GROUP SE
1.	Definition of a maximum compensation for the Members of the Management Board	For the Chairman of the Management Board: EUR 3,500,000 p.a., and for each Member of the Management Board in each case EUR 1,250,000 p.a. (see Sub-section 4 of the compensation system). The maximum compensation can deviate from the defined maximum compensation in the first year when a new Member of the Management Board commences their term of office, if the Supervisory Board in exceptional cases grants payments to the new Member of the Management Board as compensation for missed payments from the previous employment relationship as a result of taking up their new office. In this case, the maximum remuneration increases by up to 30 % only for this single business year.
2.	Contribution of the compensation for promoting the business strategy and for the long-term development of the Company;	The compensation is intended to motivate Members of the Management Board – who are employed as third-party managers, not as proprietors of the enterprise – to increase the income and the corporate value of the Company and thereby to generate an attractive return for shareholders. The focus here is not simply on the short-term success of the Company but also on the increase in corporate value over the medium and long term, which will benefit the shareholders, the employees and the business partners of the Company. On the one hand, this requires a fixed salary component and fringe benefits, which takes into account the role of the Member of the Management Board as a third-party manager, counteracts the exposure to disproportionate risks and compensates for economic disadvantages that are associated with the activity of a Board Member. On the other hand, the motivation to increase the corporate value is influenced primarily by the variable component of the compensation, which is linked to EBITDA of the enterprise, the free cash flow (FCF), strategic goals and sustainability goals). In the opinion of the Supervisory Board, this kind of mix of fixed and variable salary components has proven to be very satisfactory. Accordingly, the compensation is comprised of the following three components: • Fixed compensation (Sub-section 3.1 of the compensation system), • Variable compensation (Sub-section 3.2 of the compensation system) and • Fringe benefits (Sub-section 3.3 of the compensation system).

§ 87a Section (1) Sentence 2 Stock Corporation Act (AktG)	Content of the compensation system in accordance with the law (Sub-sections 2 to 11 only insofar as used in the affected company)	Compensation system of SURTECO GROUP SE
3.	All fixed and variable compensation components and their relevant relative share in the remuneration;	Fixed compensation (Sub-section 3.1 of the compensation system): • Chairman of the Management Board: maximum EUR 550,000 p.a. • Members of the Management Board: in each case maximum EUR 300,000 p.a. Variable compensation (Sub-section 3.2 of the compensation system): Variable compensation on the basis of attainment of specified targets (development of EBITDA and free cash flow/FCF – in each case related to the Group, strategic goals and sustainability goals). The Supervisory Board defines the strategic goals and the sustainability goals, and the individual target parameters and the proportion of the individual goal in the total variable compensation in accordance with its best judgement. Other compensation components (Sub-section 3.3 of the compensation system): Communication and work resources, company car, premiums for accident and death-benefit life insurance policies, supplements for rental payments and journeys home. As appropriate, allowance for own pension provision. Reimbursement of out-of-pocket expenses in accordance with the relevant guidelines of the Company. Relative proportions of the compensation components in the compensation: Chairman of the Management Board: • Fixed salary: 20 - 40 % • Variable compensation: 60 to 80 % • Fringe benefits: 1 to 3 % Members of the Management Board: • Fixed salary: maximum 20 to 40 % • Variable compensation: 60 to 80 % • Fringe benefits: 1 to 3 % The above percentages are based on several assumptions: (i) utilization of the upper limits for fixed compensation, (ii) complete utilization of the absolute upper limits (Sub-section 4 of the compensation system) by the level of variable compensation and (iii) the assumption that no allowance has been granted for pension provision with the scope of fringe benefits. If the upper limit is not utilized and/or an allowance for pension provision is granted, the proportion of variable compensation in the total compensation is reduced accordingly. Conversely, the share of variable compensation can increase if the amount of the fixed compensation does not reach the upper limit envisaged for it. Moreover, the percentages change if the upper limit in the concrete contract of service is defined at a lower level than the amount defined in Sub-section 4 of the compensation system.

§ 87a Section (1) Sentence 2 Stock Corporation Act (AktG)	Content of the compensation system in accordance with the law (Sub-sections 2 to 11 only insofar as used in the affected company)	Compensation system of SURTECO GROUP SE
4.	All financial and non-financial performance criteria for granting variable compensation components including a. an explanation of how these criteria contribute to promotion of the goals in accordance with number 2, and b. a presentation of methods used to identify the attainment of the performance criteria;	Definition of the variable compensation on the basis of attainment of targets defined in advance with the following components (and a weighting within the total variable compensation defined by the Supervisory Board in accordance with its best judgement): • EBITDA • free cash flow (FCF), • Strategic goals • Sustainability goals. The Supervisory Board assesses the target attainment in each case individually; there is no offsetting with the results of other goals. When defining the targets, the Supervisory Board is permitted to distinguish between the Chairman of the Management Board and the other Members of the Management Board. Within the weighting defined by it, the Supervisory Board can provide for a payment depending on the level of target attainment (proportionate bonus for attainment of a defined percentage of the relevant target). In the case of the financial performance indicators (EBITDA and FCF), the Supervisory Board is entitled to take into account one-off influences (e.g. the impacts of company acquisitions and restructuring measures) by increasing or decreasing the bonus payments. The variable compensation is thereby based on financial performance indicators (EBITDA and free cash flow/FCF), i.e. on the annual business result of the Company. The compensation increases as EBITDA or free cash flow increases. It is self-evident that the Members of the Management Board will be motivated by these incentives to increase earnings because they in turn participate directly through their variable compensation. Earnings are relevant for corporate value and simultaneously also for the dividend and hence also in the interests of the shareholders for a (sustainable) increase in value of their shareholding. The two other components (strategic goals, sustainability goals) complement the targets derived from the financial performance indicators by other factors. They therefore include goals which reflect the longer-term development of the Company within its individual environment and also take account of the macroeconomic responsibility of the Company. As a result of the partly postponed payout (below Sub-section 5) and potential adjustment based on a multi-year assessment basis, the necessary sustainability is ensured. The Supervisory Board defines the variable compensation on the basis of the target attainment for the relevant last business year. Target attainment for the financial performance indicators (EBITDA and free cash flow/FCF) is easily assessed from the accounting records of the Company. The Company's performance indicators can also generally be used to determine the strategic goals – if the business is being expanded in specific regions or products the sales and income figures, for example, can be used for the relevant region or product. Target attainment for sustainability goals can also be identified using the reports of the enterprise, e.g. the development of CO_2 emissions from the relevant environmental reports. In other cases or to the extent that definition is not possible on the basis of documented figures, a definition is arrived at by the Supervisory Board using its best judgment.

§ 87a Section (1) Sentence 2 Stock Corporation Act (AktG)	Content of the compensation system in accordance with the law (Sub-sections 2 to 11 only insofar as used in the affected company)	Compensation system of SURTECO GROUP SE
5.	Deferment periods for the payout of compensation components;	50% retention of the variable compensation and payout after three years, adjusted on the basis of average interim development of target attainment – as described in Sub-section 3.2 of the compensation system. The Supervisory Board can conclude a deviation from the aforementioned multi-year assessment basis, if particular reasons justify this, namely in the case of acquisition of companies or in the case of restructuring measures, and for ending the activity of the Member of the Management Board for the Company. If the contract of service comes to an end, the Member of the Management Board can request that any retentions of bonuses currently in existence at this point in time are paid out to him, less an amount of 10 %. However, the amount to be paid out in this way must not be higher than the payment amount which is calculated for the last reference period already completed on the date of leaving.
6.	Opportunities for the Company to request repayment of variable compensation components;	Only within the 50% retention (Sub-section 5 of this table) if corresponding conditions are applicable. Furthermore, there is no claw-back clause, provided there is no breach of obligation and no claims pursuant to § 93 Section (2) Stock Corporation Act (AktG) or breach of other statutory regulations against the Member of the Management Board.
7.	In the case of share-based compensation: a. periods and deadlines, b. the conditions for holding shares after acquisition and c. an explanation of how this compensation contributes to promotion of the goals in accordance with number 2;	There is no share-based compensation.
8.	in relation to compensation-related legal transactions: a. the terms and prerequisites of their termination, including the individual periods for notice of termination, b. any promises of severance compensation payments and c. the main attributes of the pension and prepension arrangements;	Members of the Management Board can be granted payments to finance their own pension provision. Apart from this, there is no company pension provision for Members of the Management Board. There is no other provision for compensation-related legal transactions.

§ 87a Section (1) Sentence 2 Stock Corporation Act (AktG)	Content of the compensation system in accordance with the law (Sub-sections 2 to 11 only insofar as used in the affected company)	Compensation system of SURTECO GROUP SE
9.	Explanation of how the compensation and employment conditions of the employee were taken account of in defining the compensation system, including an explanation of which circle of employees was included;	When defining the total compensation, the Supervisory Board took account of the salary structure of the second management tier of the Group, that is specifically the average of the total remuneration of the managing directors and the authorized signatories (Prokuristen) of the important operating subsidiary companies of the Group in Germany. The remuneration of a Member of the Management Board of SURTECO GROUP SE shall exceed the individual earnings of this group of people as a matter of course, because these managing directors and executive employees are only responsible for their individual company or sub-functions, and do not bear responsibility for the entire group of companies. In a comparison with the average compensation for the second management tier, the Management Board compensation (status: 2021) amounts to approximately fourfold the average remuneration of these managers. In the opinion of the Supervisory Board, this factor is not disproportionate in view of the responsibility associated with the function of the Management Board covering the entire Company. A comparison is not carried out with the remuneration paid to employees because the functions and responsibilities are not comparable.
10.	Presentation of the procedure for defining and implementing, as well as reviewing the compensation system including the role of any affected committees and the measures for avoidance and handling of conflicts of interest;	The Personnel Committee prepares the regular review of the compensation system for the Members of the Management Board by the Supervisory Board, particularly when there are changes in the Management Board. In the course of such reviews, the Personnel Committee will analyze whether the compensation system – in particular taking into account the development of comparable companies listed on the stock exchange – is appropriate for the Company and will enable it to attract qualified managers for the Company in future. If there are significant changes but at least every four years, the compensation system shall be re-submitted to the Annual General Meeting for approval. If the Annual General Meeting does not approve the relevant compensation system submitted for a vote, a reviewed compensation system shall be submitted at the latest to the next ordinary Annual General Meeting for a vote on a resolution. In respect of the avoidance of potential conflicts of interest, the Members of the Supervisory Board and all other committees must inform the Supervisory Board of any conflicts of interest. In this case, the relevant Members of the Supervisory Board do not participate in deliberations relating to the relevant Agenda Items in the Supervisory Board and in the relevant committees. If the conflicts of interest are significant and not simply of a temporary nature, this may lead to the termination of the mandate on the Supervisory Board.

§ 87a Section (1) Sentence 2 Stock Corporation Act (AktG)	Content of the compensation system in accordance with the law (Sub-sections 2 to 11 only insofar as used in the affected company)	Compensation system of SURTECO GROUP SE
11.	in case of submission of a compensation system reviewed pursuant to § 120a Section (3): a. an explanation of all significant changes and b. an overview of the extent to which voting and comments by the shareholders were taken into account in relation to the compensation system and the compensation reports.	Not relevant to date.

10. Entry into effect

The compensation system is to be applied from the day on which it is approved by the Annual General Meeting. The contracts of service currently in force for Members of the Management Board will not be affected.