

2023

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 GROUP SE in the business year 2023 pursuant to § 162 Stock Corporation Act (AktG). The compensation system approved by the Annual General Meeting held on 23 June 2021 and amended by the Annual General Meeting held on 7 June 2022 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. Insofar, this report describes the remuneration for the Management Board that has applied with the then valid contracts of service for the Board Members Wolfgang Moyses (until 1 July 2023) and Manfred Bracher (Board Member until 31 January 2023), and the remuneration for the Management Board in accordance for the approved compensation system for the Board Members Wolfgang Moyses (Rappointment on 7 June 2023 with effect from 1 July 2023) and Andreas Pötz. Furthermore, this report provides information about the remuneration for the Supervisory Board in accordance with the Articles of Association of the company. 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. On The basis of the high approval rate of 98.1% of the Annual General Meeting for the compensation system and for the last compensation report (98.1 %), no amendments were carried out.

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 Wolfgang Moyses (until 1 July 2023) and Manfred Bracher are defined

in accordance with the contracts of service in each case 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 structure and the level of compensation for the Members of the Management Board Wolfgang Moyses (from 1 July 2023) as well as Andreas Pötz is based on the approved compensation system of the company.

The compensation systems are described below for the reporting year under review

Compensation elements

The total cash compensation for all Members of the Management Board 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. None of the Members of the Management Board has undertaken separately remunerated functions as governance officers at the consolidated subsidiary companies.

Basic salary

The relevant basic salary of all the Members of the Management Board is paid in equal monthly amounts. In the business year 2023, it amounts to € 550,000 p.a. for Board Member Wolfgang Moyses and € 300,000 p.a. for Board Members Manfred Bracher and Andreas Pötz.

Bonus for Wolfgang Moyses (for financial year 2022, payment in 2023) and Manfred Bracher (until 31 January 2023)

The respective contracts of service for Board Members provided for a 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 provided a discretionary bonus of 4 % of EBT for Chairman of the Management Board Mr. Wolfgang Moyses and a discretionary bonus of 3 % of EBT for Mr. Manfred Bracher. 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) had been guaranteed by the fact that 75 % of the bonus for the affected business year is paid in the following year (one-year variable compensation) and 25 % is retained without payment of interest. The retained 25 % is only 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 and last business year (multi-year variable remuneration). 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 one-year and multi-year variable remuneration:

€ 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 BY 1 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 provided 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. For the former Management Board member Dr.-Ing. Herbert Müller (until September 30, 2019), the retained 25% will be paid out via the regular deduction of the retention after the end of the reference period. Since the company had asserted claims against Mr. Müller pursuant to § 93 (2) Stock Corporation Act (AktG), the company declared that these claims were being offset with bonus claims by Mr. Müller. Meanwhile, Dr. Müller had asserted a claim for payment of bonuses. In accordance with the settlement agreement that was approved during the Annual General Meeting on 7 June 2023, a single payment of €286,500 was made in 2023 to resolve all of Dr. Müller's bonus claims. Former Management Board member Dr. Manfred Bracher (until 31 January 2023) had the withholding paid out to him in the 2023 financial year with a lump-sum deduction of 10%. The total payout amounted to € 315,000.

Bonus for Wolfgang Moyses (from financial year 2023) and Andreas Pötz

In accordance with the defined compensation system, the level of the bonus depends on the achievement of defined goals, which are set by the Supervisory Board in advance each year for the respective following business year. These are as follows (in each case related to the Group)

- the attainment of a defined EBITDA,,
- the attainment of a defined Free Cash Flow (FCF),
- strategic targets and
- sustainability goals.

The relevant consolidated financial statements for the company approved by the Management Board and the Supervisory Board form the basis for the attainment of a defined EBITDA and a defined FCF. The Supervisory Board defines strategic targets and sustainability goals at its due discretion. It also determines which key figures, reports or other documents or information form the basis for the relevant target attainment.

The following percentages apply to the weighting of the individual targets for the total bonus:

- Attainment of a defined EBITDA: 70 %
- Attainment of a defined FCF: 10 %
- Strategic targets: 10 %
- Sustainability goals 10 %

The Supervisory Board is authorized within the framework of its due discretion to increase or decrease the weighting in deviation from the above-mentioned percentages and if the targets are attained for EBITDA and FCF on the basis of extraordinary influences, e.g. the effects of company acquisitions and restructuring. The baseline for calculating the variable remuneration for Mr. Andreas Pötz is a total amount of € 700,000.00, (target amount) which applies for the target attainment of 100 % of all goals. The target amount for Mr. Wolfgang Moyses is € 2,500,000.00. If the target is exceeded, the pro rata target amount increases by 2.5 % for Mr. Moyses and for Mr. Pötz by 1.25 % of the difference between the target amount and the actual amount of target attainment.

If the target is not met, the pro rata standard amount is reduced for Mr. Moyses by 2.5 % and reduced for Mr. Pötz by 0.625 % of the difference between the target amount and the actual amount of target attainment.

Target bonus for 100 % target attainment of all goals:

Target	Target attainment	Weighting	Amount
€			
EBITDA	100%	70%	490,000
Free cash flow	100%	10%	70,000
Strategic targets	100%	10%	70,000
Sustainable goals	100%	10%	70,000
Total		100%	700,000

Sample calculation of the bonus of Andreas Pötz for agreed EBITDA target of € 119,900,000 and actual EBITDA of € 85,000.000 (100 % target attainment of all other targets):

The difference between agreed EBITDA and actual EBITDA = € 34,900,000. Of which 0.63 % = € 219,870. € 490,000 (target amount) – € 219,870 (reduction owing to shortfall) = bonus of € 270,130.

Target	Target attainment	Weighting	Amount
€			
EBITDA	71%	70%	271,875
free cash flow	100%	10%	70,000
Strategic targets	100%	10%	70,000
Sustainable goals	100%	10%	70,000
Total		100%	481,875

In the case of targets that do not have a mathematical derivation, the Supervisory Board determines the degree of target attainment and the resulting increase or decrease in variable remuneration at its due discretion.

The focus on sustainable and long-term corporate development and a multi-year assessment basis is calculated using the same method referred to above, with the difference that an amount of 50 % of the bonus is paid out in the following business year (one-year variable remuneration) and an amount of 50 % of the bonus is paid out after three years, and furthermore reduced or increased as a percentage if the average bonus for the last three business years (reference period) falls below or exceeds the bonus for the third and last business year (multi-year variable remuneration).

When a Board Member steps down from their office, the contracts of employment stipulates that the Board Member either (i) waits for the regular settlement of the retention after the end of the reference period or (ii) has the retention paid out with a flat-rate deduction of 10 % with the condition that the payout amount may not be higher than the amount that resulted for the last reference period.

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. The reinsurance policy is pledged. There are no further obligations or risks for the company beyond the payment of the amounts for the welfare fund. For the former board member Dr. Manfred Bracher was paid € 100,684 in the 2023 financial year for a post-contractual non-compete clause.

Maximum compensation

The basic salary of Mr. Wolfgang Moyses is fixed at € 550,000, which also defines the upper limit for the basic salary. Until 31 December 2022, the upper limit of the bonus was € 1,500,000.00. From 1 January 2023, the maximum bonus for Mr Moyses (fixed salary including all additional benefits and variable remuneration) will be € 3,500,000.00 p.a. The allowance for his retirement pension is fixed at € 300,000, which also defines the upper limit.

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

The basic salary for Mr. Andreas Pötz is fixed at € 300,000 p.a., which is also defined as the upper limit for the basic salary. The total remuneration (fixed salary, variable remuneration and fringe benefits) must not fall below an amount of € 600,000. The maximum compensation for basic salary, variable remuneration and fringe benefits is € 1,250,000.

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 Mr. Wolfgang Moyses for a period of up to twelve months and in the case of Mr. Andreas Pötz 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 contract 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). In contrast to the current remuneration system is In case of a change

in the shareholding structure, Mr Wolfgang Moyses is entitled to terminate his contract within 9 months of the occurrence of such a change with effect from the end of the calendar month following the declaration. Also in contrast to the current remuneration system is in case of termination, Mr Moyses is entitled to claim payment of his fixed salary, variable remuneration and pension amounts, in each case pro rata for the remaining term of the contract after the termination takes place, but at least for a period of two years if the remaining term is less than two years. When drafting the new contract, section 7 (deviations) of the approved remuneration system was utilized. In this way, the company ensures that the implementation of the company's approved and long-term strategy is safeguarded by an optimal composition of the Management Board. It is planned to propose a corresponding adjustment to the remuneration system at the next Annual General Meeting.

Granted and owed remuneration (inflow)	Wolfgang Moyses Chairman of the Management Board		Manfred Bracher Member of the Management Board until 31 January 2023		Andreas Pötz Member of the Management Board	
	€ 000s	2023 in %	2023 in %	2023 in %	2023 in %	2023 in %
Fixed remuneration	550	28	25	2	300	42
Fringe benefits	23	1	2	-	27	4
Total	573	29	27	2	327	46
Single-year variable remuneration (75 %) (granted for the business year 2021 and paid out in 2022)	659	33	525	23	308	43
Multi-year variable remuneration (25 %) (Attainment of target depends on the average bonus for the past three years)	345	17	152	14	81*	11
One-off payment	121	6	416**	37	-	-
Total	1,125	56	1,093	98	389	54
Pension expenses	300	15	-	-	-	-
Total remuneration	1,998	100	1,120	100	716	100

* Multi-year variable remuneration from director activities ** Of which € 000s 101 is waiting compensation and € 000s 315 is early payment of multi-year variable compensation.

Compensation granted and due

The following table shows the remuneration granted and owed to each individual member of the Management Board in the business year 2023 (inflows) as well as the non-cash and other remuneration for the business year 2023. 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 2022 was € 000s 36,823. The return on sales in 2022 was 4.9%. Due to the fact that the return on sales fell short of 5.0%, the Supervisory Board appointed for Mr Wolfgang (a discretionary bonus of 3.88 % of EBT fix less basic salary of 550 T€ results in an bonus of € 000s 879) The one-year variable remuneration of € 000s 659 was paid out in the business year 2023 and € 000s 220 was deposited in the bonus bank for the multi-year variable remuneration. In the business year 2023 was also awarded a multiple bonus payment of € 000s 345. The bonus for Mr. Manfred Bracher (Discretionary bonus of 91 % of EBT due to underachievement of return on sales of 5.0 %, less basic salary of € 000s 300 thousand in 2021) would total € 000s 772. As the total remuneration amounts to a maximum of € 000s 1,000 the bonus was reduced to € 000s 700. The one-year variable remuneration of € 000s 525 was paid out in the 2023 financial year and € 000s 175 was transferred to the bonus bank for the multi-year variable remuneration. A multi-year bonus of € 000s 152 was paid out in 2023.

EBITDA in the 2022 financial year amounted to € 000s 84.181. The EBITDA target for Mr. Andreas Pötz was € 000s 100,600 thousand and was changed subsequently, contrary to the remuneration system. The Supervisory Board refers to paragraph 7 (deviations) of the approved remuneration system and takes into account the far-reaching change in the economic situation, which would

render the original financial incentives invalid. The target achievement was 84 %, resulting in an amount of € 000s 387. The free cash flow in the 2022 financial year was € 000s 30,197 and the target amount for Mr. Pötz was € 000s 29,000. The target achievement totalled 104%, resulting in an amount of € 000s 74. The Supervisory Board set the preparation of medium-term planning as a strategic objective and set target achievement at 100%, resulting in an amount of € 000s 70. A reduction in CO2 emissions was set as a sustainability goal and the target achievement was set at 116%. This results in a payout amount of € 000s 84. Half of the variable remuneration totalling € 000s 615 was paid out in 2023 and the other half (€ 000s 308) was transferred to the bonus bank for the multi-year variable remuneration.

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 salary and the variable remuneration. This amount was not exceeded when the bonus amounting to € 000s 700 was granted in the business year 2022 and a fixed salary of € 000s 300 in the business year 2022.

A maximum limit for the bonus of € 1,500,000 p.a. has applied for Mr. Moyses. This amount was not exceeded when the bonus amounting to € 000s 879 was granted for the business year 2022.

The maximum remuneration for Mr. Pötz amounts to a total of € 1,250,000 p.a. for the basic remuneration and the variable remuneration. This amount was not exceeded when the bonus for the 2022 financial year of € 000s 615 and basic remuneration of € 000s 300 were granted.

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. According to the articles of association, the Members

of the Supervisory Board received in the business year 2023, apart from reimbursement of their expenses, a fixed remuneration of € 000s 25 after the 2023 Annual General Meeting. 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 2023

	Total	Basic remuneration	in %	Remuneration for activities on the Audit Committee	in %
in €					
Andreas Engelhardt Chairman	59,000	50,000	84,7	9,000	15,3
Tim Fiedler Deputy Chairman	37,500	37,500	100,0	-	-
Tobias Pott Vice Chairman	46,500	37,500	80,6	9,000	19,4
Jens Krazeisen	25,000	25,000	100,0	-	-
Dirk Mühlenkamp	25,000	25,000	100,0	-	-
Jochen Müller	34,000	25,000	73,5	9,000	26,5
Jan Oberbeck	25,000	25,000	100,0	-	-
Thomas Stockhausen	25,000	25,000	100,0	-	-
Jörg Wissemann	34,000	25,000	73,5	9,000	26,5
Summe	311,000	275,000		36,000	

Development of the remuneration for the Management Board and the 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 for 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 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 (Aktien-gesetz).

Comparison of annual change pursuant to § 162 (1) No.2

Annual change in %	2021 compared with 2020	2022 compared with 2021	2023 compared with 2022
Remuneration for the Management Board			
Wolfgang Moyses	+105	+38	-18
Manfred Bracher	+146	+18	+32
Andreas Pötz	-	-	+193
Remuneration for the Supervisory Board			
Andreas Engelhardt	+79	+40	-31
Tim Fiedler	+720	+59	-26
Tobias Pott	+186	+47	-30
Jens Krazeisen	+78	+19	-34
Dirk Mühlenkamp (from 1 September 2021)	-	-	+97
Jochen Müller (from 2 October 2020)	-	+303	-28
Jan Oberbeck (from 12 April 2021)	-	-	-9
Thomas Stockhausen	+78	+19	-34
Jörg Wissemann	+161	+15	-28
Heinz-Dieter Stöckler (until 23 June 2021)	+96	-41	-
Christoph Amberger (until 8 April 2021)	+78	-68	-
Income performance			
Group sales	+21	-1	+12
Group EBIT	+57	-45	-80
Annual result for SURTECO GROUP SE	+27	-59	-342
Workforce			
Total workforce in Germany	+8	-5	+10

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 1 January to 31 December 2023 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 (09.2023)]. 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 Management Standard: Requirements to quality management for audit firms [IDW Qualitätsmanagementstandard - IDW QMS 1 (09.2022)]. 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 (i.e., fraudulent financial reporting and misappropriation of assets) 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, April 16, 2024

**PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft**

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