

## Resolution by the Management Board and the Supervisory Board of SURTECO GROUP SE, Bittenwiesen

The Management Board and the Supervisory Board submit the following Declaration of Compliance for the business year 2021 pursuant to Article § 161 (1) Sentence 1 Stock Corporation Act (AktG):

### **“Declaration on the German Corporate Governance Code pursuant to Article § 161 (1) Sentence 1 Stock Corporation Act (AktG)**

The Management Board and the Supervisory Board declare that the recommendations issued by the Government Committee on the German Corporate Governance Code in the version dated 16 December 2019 published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Law Gazette (Bundesanzeiger) were implemented during the business year 2021 with the following deviations and furthermore confirm continued compliance with the following deviations:

1. Notwithstanding recommendation B.3 of the Code, the Chairman of the Management Board, Wolfgang Moyses, was appointed for a term of office of five years on his first appointment in 2019.

Explanation: New appointments were made to all positions on the Management Board in 2019/2020. The Supervisory Board believes that the appointment of the Chairman of the Management Board for the period of five years is necessary even though this is a first appointment in order to implement the long-term realignment of the company and the strategy. Moreover, the Chairman of the Management Board was already known to the Supervisory Board from his previous activity as a Member of the Supervisory Board of the company.

2. A Nomination Committee of the Supervisory Board was not set up, notwithstanding recommendation D.5 of the Code.

Explanation: A Nomination Committee of the Supervisory Board has so far not been set up, because there is currently no requirement for this in view of the size of the Supervisory Board and the existing shareholder structure.

3. Notwithstanding recommendation F.2 of the Code, the consolidated financial statements and the consolidated management report are published within 120 days after the end of a business year.

Explanation: The Code provides for publication of consolidated financial statements within 90 days of the end of the reporting period. This deadline has been extended to 120 days in the case of SURTECO, in order to permit continuation of internal operations for drawing up the annual financial statements and the consolidated financial statements. An information deficit is not incurred as a result since the relevant figures are in any case available in good time for the ordinary Annual General Meeting.

**4. Notwithstanding recommendation G.3 of the Code, the composition of the peer group will not be disclosed.**

Explanation: 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. Against this background, different compensation data from comparable enterprises in the MDAX were and are used. Due to the heterogeneity of SURTECO's business, there are only companies in the MDAX that are completely unrelated to the industry but are economically comparable. Since this composition is subject to constant changes, the company has decided not to publish it.

**5. In order to assess customary practice within the company, the remuneration system approved by the Annual General Meeting on 23 June 2021 does not take into account the overall ratio of Management Board remuneration to the remuneration of the workforce [deviation from recommendation G.4 of the Code].**

Explanation: 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: 2020) amounts to approximately sixfold 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 group of companies. A comparison is not carried out with the remuneration paid to employees because the functions and responsibilities are not comparable.

**6. The proportion of long-term variable remuneration does not exceed the proportion of short-term variable remuneration [deviation from recommendation G.6 of the Code].**

Explanation: Pursuant to the current contracts for the Members of the Management Board, 75 % of the variable remuneration is paid out in the following business year and 25 % is retained without paying any interest. The retained share of 25 % is only paid out after three years. It is reduced or increased by a percentage amount if the average bonus of the last three business years falls short of or exceeds the bonus of the year that is three years prior to the current business year. The retention and hence the long-term variable remuneration is less than the short-term share. However, the Supervisory Board believes that the alignment on a sustainable company performance continues to be adequately safeguarded by this arrangement. In the remuneration system which the Annual General Meeting approved on 23 June 2021 and which applies to all new contracts for Members of the Management Board, the short-term and long-term variable remuneration amounts to 50 % in each case. The Supervisory Board believes that this allocation still adequately ensures that the focus is on the trajectory of a sustainable development of the company.

7. Notwithstanding recommendation G.7 of the Code, only the development of the operating result is used as a performance criterion for the variable remuneration components. Specific performance criteria such as operating and strategic target indicators are not defined in advance.

Explanation: In accordance with the current contracts with Members of the Management Board, variable remuneration relates to a discretionary bonus that is defined by the Supervisory Board after the end of the relevant business year at reasonable discretion. The starting indicator is the consolidated result. However, the Supervisory Board is not precluded from taking account of other performance indicators for making its discretionary decision without the need for these indicators to be defined in advance. This flexible approach has led to satisfactory results in the past both for the company and for the Members of the Management Board. The contracts currently in force do not therefore define any other strategic target as a basis for variable remuneration elements. Strategic goals and sustainability targets are defined in the remuneration system which the Annual General Meeting approved on 23 June and applies to all new contracts for Members of the Management Board.

8. The variable compensation elements granted to the Members of the Management Board are not granted on the basis of shares (deviation from recommendation G.10 of the Code).

Explanation: SURTECO GROUP SE does not hold any own (treasury) shares which would be available for the grant of such compensation elements.

9. Apart from the retentions described under section 5, the contracts of service for the Members of the Management Board do not provide for any possibility of retaining or reclaiming variable remuneration in justified cases (deviation from recommendation G.11 Sentence 2 of the Code).

Explanation: If these types of retention or reclaiming options were proposed for inclusion in the contracts of service, the conditions under which payments made by the company could be reclaimed or retained from a Member of the Management Board would have to be precisely defined in advance. Clauses of this type would be beset by substantial risks if judicial enforcement were necessary. The Supervisory Board is of the opinion that the objective of such provisions has already been accounted for as a result of the retention of part of the variable remuneration (long-term component as described under item 4) and this arrangement is not associated with comparable legal risks. If there were any breaches of duty by a Member of the Management Board, the Supervisory Board would normally be required to pursue any existing claims relating to compensation for damages pursuant to Article § 93 (2) Stock Corporation Act (AktG). Insofar there is also no claw-back clause by which the retention of compensation components can be effected in the remuneration system which the Annual General Meeting approved on 23 June 2021.

10. Currently, there is no contractually agreed redundancy pay cap for the Chairman of the Management Board, Mr. Wolfgang Moyses (deviation from recommendation G.13 of the Code).

Explanation: Previous contracts of service held by Mr. Moyses with other companies also did not include a redundancy cap and a redundancy cap was not therefore included when the contract of service was concluded with Mr. Moyses. A redundancy cap of remuneration for two years was provided for in the remuneration system which the Annual General Meeting approved on 23 June 2021 and which applies for all new contracts for Members of the Management Board.

11. The performance-based remuneration for the Supervisory Board is not geared to long-term development of the company in the business year 2021 (deviation from recommendation G.18 of the Code).

Explanation: The Members of the Supervisory Board of SURTECO GROUP SE receive variable remuneration pursuant to Article § 12 (1) of the Articles of Association, which is calculated on the basis of the dividend resolved at the Annual General Meeting. This performance-related remuneration is therefore only calculated on a single-year calculation basis and is not determined by the long-term development of the company. The Annual General Meeting held on 23 June 2021 resolved on a new remuneration system for the Supervisory Board. This system comes into force from 1 January 2022 and includes a fixed remuneration for Members of the Supervisory Board in compliance with recommendation G.18 of the Code.

**Buttenwiesen, 21 December 2021**

**SURTECO GROUP SE**

**Management Board and Supervisory Board“**