STABILUS

Convenience Translation

Remuneration system for members of the Management Board of Stabilus SE

1. Preamble

Pursuant to Section 87a (1) of the Aktiengesetz (the Stock Corporation Act, “AktG”), the Supervisory Board of a listed stock corporation must establish a clear and intelligible system for the remuneration of members of the Management Board. The existing remuneration system for the members of the Management Board of Stabilus SE (hereinafter “Stabilus SE,” “Stabilus,” “the Company” or “the Enterprise”) was put up for a vote under Luxembourg law on the occasion of the general meeting on 16 February 2022 and adopted with a majority of 93.3%. As a result of the company’s change of legal form from a Société Anonyme (S.A.) under Luxembourg law to a European stock corporation (Societas Europaea, SE) and the relocation of the company’s seat from the Grand Duchy of Luxembourg to the Federal Republic of Germany, the structure of compensation for members of the Management Board is subject to new requirements as set forth in the pertinent provisions of the Stock Corporation Act and the German Corporate Governance Code (the “Code”). In light of this background, the Supervisory Board revised the remuneration system and is now proposing that the new remuneration system for the members of the Management Board of Stabilus SE be approved pursuant to Section 120a (1) AktG.

2. Principles served by remuneration system

The remuneration system significantly contributes to the implementation of the corporate strategy as well as to the Enterprise’s sustainable and long-term development. It serves as a central element of control with a view to bringing the remuneration of members of the Management Board into alignment with the interests of shareholders and other stakeholders. The Management Board and the Supervisory Board are working closely together to ensure that the incentives underlying variable compensation apply in similar form to the management levels below the Management Board.

Our vision:

The issue of interconnectedness is increasingly dominating all technology fields of our lives – and that includes motion control. We are committed to leading this development: We want to become the global leader in intelligent motion control. This goal will require the greatest degree of customer and employee satisfaction, innovation, growth and sustainability.

Our corporate strategy:

Our corporate strategy rests on the pillars of profitable and cash-generating growth, the use of megatrends (such as the rising standard of living, higher demands in terms of comfort and convenience as well as an aging population), a focus on innovative gas-spring solutions – especially in the industrial arena – through new applications and selected acquisitions, as well as the preservation and reinforcement of the Enterprise’s status as a cost and quality leader.

Remuneration for members of our Management Board:

The strategy for as well as the assessment of corporate success is supported in a targeted manner by the structure of the remuneration system for members of the Management Board of Stabilus SE, especially with regard to the selection of financial and non-financial performance targets. Selecting adjusted earnings before interest and taxes (adj. EBIT) as a performance target for purposes of short-term variable compensation (Short-Term Incentive - STI) ensures the alignment with the profitability of Stabilus' business operations. Selecting adjusted free cashflow (adj. free cashflow) gears the remuneration system toward securing freely available liquidity and, therefore, serves another focal point of the long-term strategy. What's more, the Supervisory Board may incorporate long-term strategic goals into the remuneration system as part of a so-called modifier while also honoring the individual performance of each member of the Management Board.

The selection of the financial performance targets for long-term variable compensation (Long-Term Incentive – LTI; hereinafter "Performance Share Plan") further aligns the remuneration for members of the Management Board with the corporate strategy. The relative Total Shareholder Return (TSR) guarantees a high degree of correspondence between compensation and shareholder interests and provides incentives to outperform comparable enterprises on the capital market. Selecting the adjusted EBIT margin (adj. EBIT margin) also trains the focus on high-margin transactions.

Moreover, Stabilus SE's Management Board and the Supervisory Board are convinced that sustainability (ESG; E = Environment, S = Social, G = Governance) will be the most important social issue of the coming decades. Among other goals, Stabilus set specific CO2 reduction targets, which are to be achieved by converting the group divisions' energy supply to renewable energies. Similarly, sustainability is to inform the actions of the members of the Management Board. Given this background, the members of the Management Board of Stabilus SE will receive an additional LTI starting with the 2022/23 business year, which is focused exclusively on strategy-derived and relevant sustainability goals (hereinafter "ESG-LTI").

The significant changes reflected by the new remuneration system are shown in the illustration below. The new remuneration system is to go into effect with the 2022/23 business year. Pending the system's approval by the general meeting on 15 February 2023, the service agreements for the members of the Management Board have already been converted to the new remuneration system.

Changes in New Remuneration System

- ✓ **Term extension for Performance Share Plan from three to four years** to strengthen long-term alignment of remuneration of board of management
- ✓ **Introduction of long-term variable compensation component focused on sustainability goals** to promote sustainability at Stabilus
- ✓ **Introduction of absolute cap on compensation** pursuant to § 87a (1) sentence 1 no. 1 of the Stock Corporation Act: EUR 3.9 million for the chairman of the board of management and EUR 2.5 million for regular members of the board of management
- ✓ Implementation of **comprehensive and customary malus and claw-back clauses** encompassing all variable compensation
- ✓ **No increased severance payments** in cases of change of control and **adjustment** of compensation offered in consideration of non-compete clauses **by severance payments** as recommended in the German Corporate Governance Code

Fig. 1. Significant changes in new remuneration system.

3. Overview of remuneration system and compensation structure

The remuneration system is composed of fixed and variable components, the sum of which makes up the total remuneration for members of the Management Board. Furthermore, the remuneration system contains additional contractual clauses, such as malus / claw-back, holding obligations for shares (Share Ownership Guidelines - SOG) and an absolute cap on compensation pursuant to Section 87a (1) sentence 2 no. 1 AktG.

Fixed compen-sation	Base salary		▪ Fixed annual salary disbursed in twelve equal installments
	Benefits		▪ Essentially, company car, accident insurance, D&O insurance, personal tax advice, periodic reimbursement for relocation costs
	Pension contributions		▪ Annual contribution at 30% of base salary (pension substitute)
Variable compen-sation	Short-Term Incentive (STI)	Target	▪ 60% of base salary
		Type	▪ Target bonus
		Performance targets	▪ 70%: adj. EBIT ▪ 30%: adj. free cashflow ▪ Multiplier (0.8 – 1.2) / for individual performance, team performance and stakeholder goals
		Cap	▪ 200% of target
	Performance Share Plan	Target	▪ 90% of base salary
		Type	▪ Performance Share Plan (virtual shares)
		Term	▪ Four years (three-year performance period and one-year holding period for virtual shares)
		Performance targets	▪ 70% relative Total Shareholder Return (TSR) ▪ 30% adj. EBIT margin
		Cap	▪ 250% of target
	ESG-LTI	Target	▪ 20% of base salary
		Type	▪ Performance Cash Plan
		Term	▪ Four years
		Performance targets	▪ Strategic and relevant sustainability goals
		Cap	▪ 150% of target
Other contractual provisions	**Malus / clawback**		▪ Possibility of partial or full reduction or clawback of entire variable compensation
	Share Ownership Guidelines (SOG)		▪ Obligation to purchase and hold shares during tenure ▪ Four-year start-up phase, target investment in amount of one gross base salary
	Remuneration cap		▪ Chairperson of board of management: EUR 3.9 million ▪ Regular members of board of management: EUR 2.5 million

Fig. 2: Overview of remuneration system.

The compensation structure – which is to say, the relative share of the total remuneration for members of the Management Board represented by each individual fixed or variable component – reflects two central tenets that are given special consideration when configuring the remuneration system: pay-for-performance as well as the Company’s sustainable and long-term development.

The pay-for-performance concept is evident in the relatively large share of variable compensation components. Fixed compensation (base salary and contributions to pension scheme or pension substitute, excluding benefits) accounts for 43% of the target total compensation without benefits, while variable compensation (Short-Term Incentive, Performance Share Plan, ESG-LTI) makes up 57% of target total compensation without benefits. Variable compensation components are counted on the basis of their respective targets – i.e., the amount disbursed at 100% target attainment. As such, the remuneration for members of the Management Board is tied to performance and success to an elevated degree.

The requirement under Section 87 (1) sentence 2 AktG of setting incentives for the Company's sustainable and long-term development is satisfied, primarily, by weighting the variable compensation components among themselves. Short-term and long-term compensation account for approx. 35% and 65%, respectively. As a result, compensation based on long-term objectives significantly outweighs that based on short-term objectives without reducing the latter to an afterthought. After all, realizing annual operational targets, too, forms a critical basis for the Company's success and long-term development.

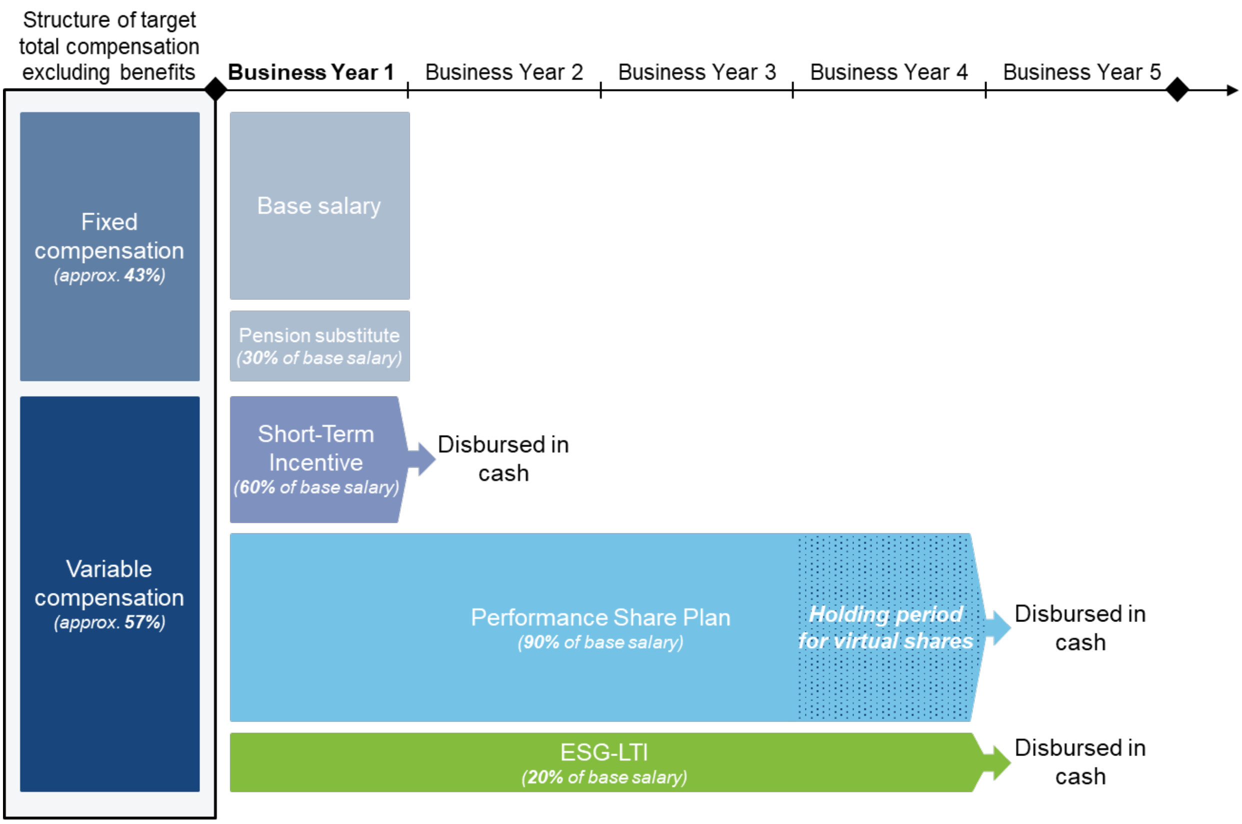

Fig. 3: Structure of target total compensation without benefits / time at which compensation components are disbursed.

The expenditures associated with benefits naturally are subject to annual fluctuations. Typically, annual expenditures tied to benefits equal approx. 2-10% of the individual base salary. Should newly appointed members of the Management Board have to be reimbursed for accommodation expenses for a limited period of time, the expenditures associated with benefits may be higher in a given case.

4. Details of remuneration system

4.1. Fixed compensation

4.1.1 Base salary

The base salary refers to fixed compensation per business year that is disbursed in twelve equal monthly installments and varies depending on the area of responsibilities and the experience of a given member of the Management Board.

4.1.2 Benefits

Benefits include benefits in kind as well as those granted customarily, such as the provision of a medium-sized company car, which may also be put to private use. In addition, an accident insurance policy is maintained for members of the Management Board, and Stabilus will reimburse them for a portion of the contributions to statutory or private health, long-term nursing as well as voluntary pension insurance, which in each instance is capped at the amount of the usual employer contribution. In addition, a new member of the Management Board may be eligible for the reimbursement of the costs of accommodation for a period of up to six months. And where an individual case so requires, Stabilus will further reimburse members of the Management Board for the reasonable costs of tax advice or the costs associated with filing tax returns resulting from the previous employment relationship under Luxembourg law.
Insofar as members of the Management Board demonstrably and permanently forfeit their claims for compensation against a previous employer as a result of joining Stabilus SE (e.g., claims related to long-term variable compensation or pension entitlements), the Supervisory Board may enter into a commitment to offset such loss in the form of a one-off payment by way of exception and in consideration of the need to recruit suitable candidates for critical positions on the Management Board. Settlements of this kind are specifically noted and explained in the remuneration report.
Stabilus takes out customary D&O insurance for members of the Management Board, such policy providing for a 10% deductible with respect to the damages to be borne by the members of the Management Board – in an amount not to exceed 1.5 times the individual base salary.

4.1.3 Contributions to pension scheme

Members of the Management Board may receive an annual pension-scheme contribution in the form of a pension substitute (*Pensionsentgelt*). Stabilus' annual contribution equals up to 30% of the individual base salary and is disbursed along with the base salary in twelve equal installments.

4.2. Variable compensation

4.1.2 Short-Term Incentive

The Short-Term Incentive is tied to the financial success achieved in a given business year; it is calculated on the basis of a target-attainment level determined for a given business year (0% - 200%) with respect to the two financial performance targets, adj. EBIT (weighted at 70%) and adj. free cashflow (weighted at 30%), measured in each instance at the Stabilus group level as well as using a modifier (factor 0.8 - 1.2) to assess individual as well as team performance for members of the Management Board, along with the attainment of pre-defined stakeholder targets. The final disbursement amount is capped at 200% of the individual target. The target is set forth in the service agreement with each member of the Management Board and typically equals 60% of the individual base salary. The components of the Short-Term Incentive as well as a fictitious sample calculation are found in the following illustration.

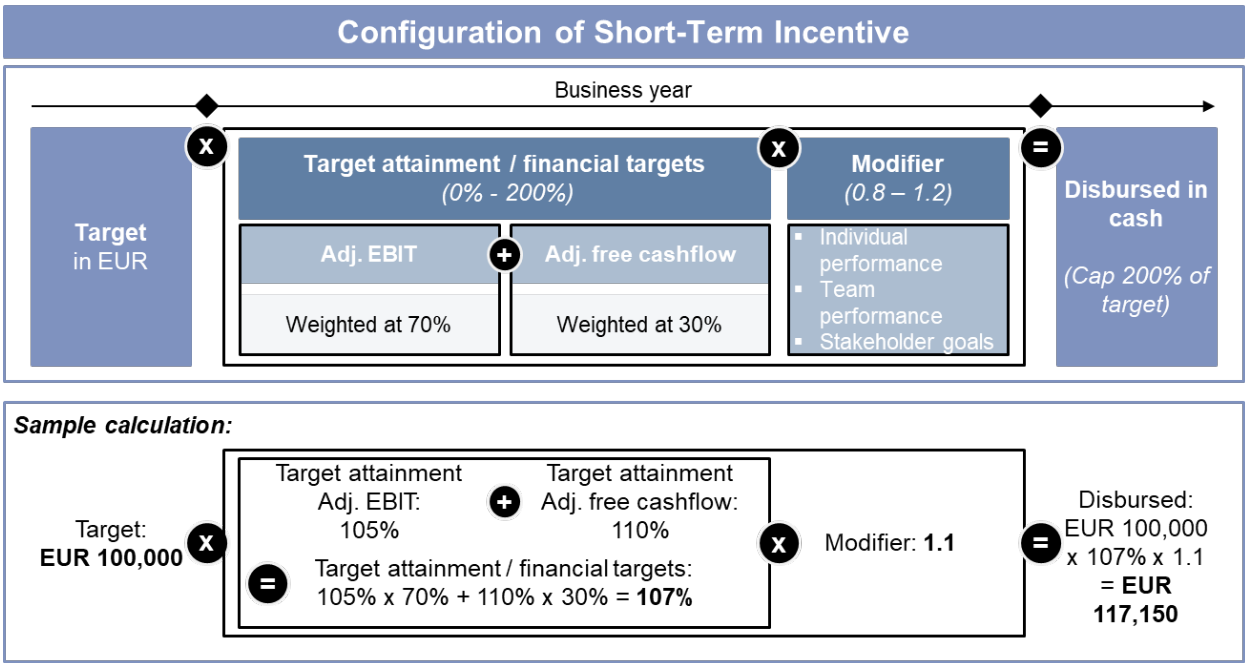

Fig. 4: Configuration of Short -Term Incentive.

Performance targets of Short-Term Incentive

The financial performance targets adj. EBIT and adj. free cashflow are essential indicators of Stabilus' operational and economic success. EBIT is an operational-performance indicator widely used in the industry that gauges profitable growth while taking depreciations into account. Free cashflow is an important measure of freely available liquidity and a common basis of calculation for cashflow-based company valuations. As far as shareholders are concerned, free cashflow also serves as an important indicator of the generation of funds available for debt repayment and the distribution of dividends to shareholders. To the extent necessary, EBIT and free cashflow are adjusted for portfolio changes (e.g., acquisitions or divestments) and thus geared toward organic growth. Additional information on adj. EBIT and adj. free cashflow for the Stabilus group are found in our annual report for the 2022 business year, which is available on the Enterprise's homepage (the Stabilus SE consolidated accounts encompass Stabilus and its subsidiaries).
Target attainment for adj. EBIT and adj. free cashflow is based on a comparison between the values actually realized at the end of a given business year and the annual targets ("Target Values") established by the Supervisory Board at the beginning of each business year on the basis of Stabilus' budget plan. The Target Values so established as well as the resulting degree of target attainment are disclosed in a transparent fashion in the annual remuneration report that includes the amounts disbursed as part of the Short-Term Incentive.

If the actual adj. EBIT of a given business year equals 80% of the Target Value, target attainment is 50%. If the actual adj. EBIT of a given business year is less than 80% of the Target Value, target attainment is 0%. If the actual adj. EBIT of a given business year equals 100% of the Target Value, target attainment is 100%. If the actual adj. EBIT of a given business year equals 120% of the Target Value, the degree of target attainment reaches 200%. Further increases in adj. EBIT do not produce a greater degree of target attainment (cap). The degree of target attainment in between these values is determined using linear interpolation.

If the actual adj. free cashflow of a given business year equals 80% of the Target Value, target attainment is 50%. If the actual adj. free cashflow of a given business year is less than 80% of the Target Value, target attainment is 0%. If the actual adj. free cashflow of a given business year equals 100% of the Target Value, target attainment is 100%. If the actual adj. free cashflow of a given business year equals 140% of the Target Value, the degree of target attainment reaches 200%. Further increases in adj. free cashflow do not produce a greater degree of target attainment (cap). The degree of target attainment in between these values is determined using linear interpolation.

The method of calculation may be illustrated using the following curves:

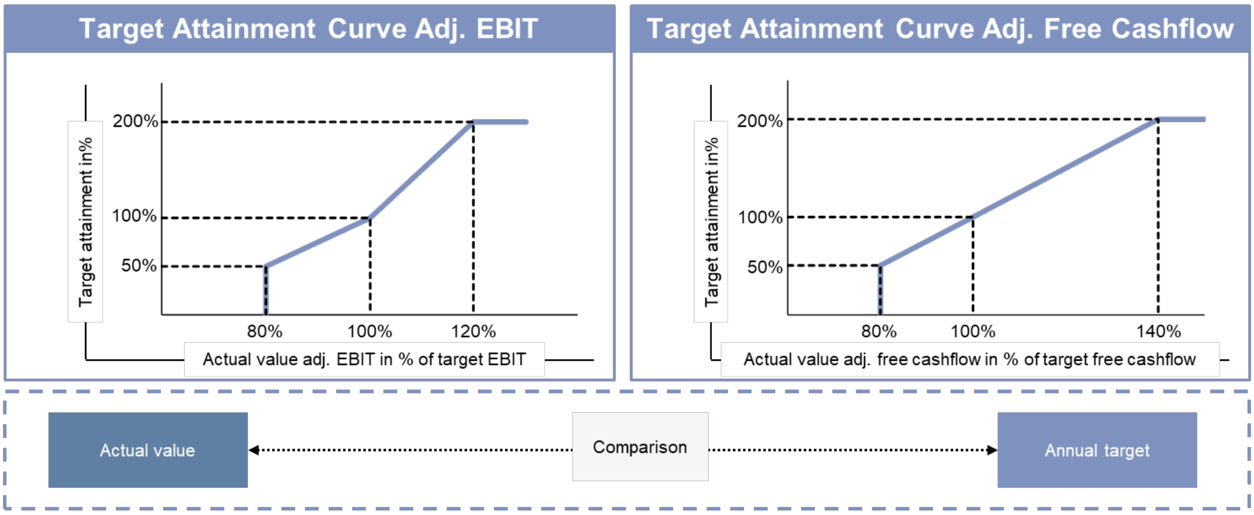

Fig. 5: Target-attainment curves for adj. EBIT and adj. free cashflow.

Modifier

In order to account for individual as well as team performance among the members of the Management Board, and in consideration of additional stakeholder objectives, the Supervisory Board assesses the individual performance of each member of the Management Board on the basis of preset criteria at the end of a given business year. The specific criteria are agreed between Supervisory Board and Management Board at the beginning of each business year. Relevant criteria may include customer satisfaction, social responsibility, successful acquisitions and strategic projects. Furthermore, the modifier enables the Supervisory Board to incorporate long-term strategic goals, such as “internationalization,” “innovation” and “One Stabilus,” into the remuneration system. The resulting modifier for the adjustment of the Short-Term Incentive may have a value between 0.8 and 1.2 and is multiplied with the degree of target attainment for the two financial performance targets adj. EBIT and adj. free cashflow. However, the modifier cannot produce an STI disbursement in an amount exceeding 200% of the target.

Disbursement

Payments under the Short-Term Incentive are made in cash following the end of each business year. The degree to which performance targets were attained as well as the amounts disbursed per member of the Management Board are disclosed in a transparent fashion in the appropriate remuneration report.

4.2.2. Performance Share Plan

The Performance Share Plan is configured as long-term variable compensation on the basis of virtual Stabilus shares. Tranches with a four-year maturity are allotted on an annual basis. The final number of virtual shares depends on the degree to which the performance targets relative TSR and adj. EBIT margin were attained, whereas the value of each virtual share is the product of share performance in absolute terms. Therefore, the Performance Share Plan combines internal and external performance targets and hinges to a significant degree on the performance of Stabilus shares on the capital market.

For purposes of determining the number of virtual shares to be allotted, an individual target for each member of the Management Board is divided by an initial share price. The target is agreed with each member of the Management Board in the service agreement and typically equals 90% of the individual base salary. The initial share price reflects the closing price averaged over the 60 trading days immediately preceding the start of the four-year term. The final number of virtual shares is determined by multiplying the total degree of target attainment with the allotted number of virtual shares, whereas the total degree of target attainment is derived from the weighted target attainment for the two performance targets relative TSR (weighted at 70%) and adj. EBIT margin (weighted at 30%) and is capped at 150%. The amount disbursed under a given tranche of the Performance Share Plan is the product of multiplying the final number of virtual shares with the appropriate final share price and adding the dividends paid during the term to the result. The final share price reflects the closing price averaged over the 60 trading days immediately preceding the end of the four-year term. The disbursement amount is capped at 250% of the individual target.

The components of the Performance Share Plan as well as a fictitious sample calculation are illustrated below:

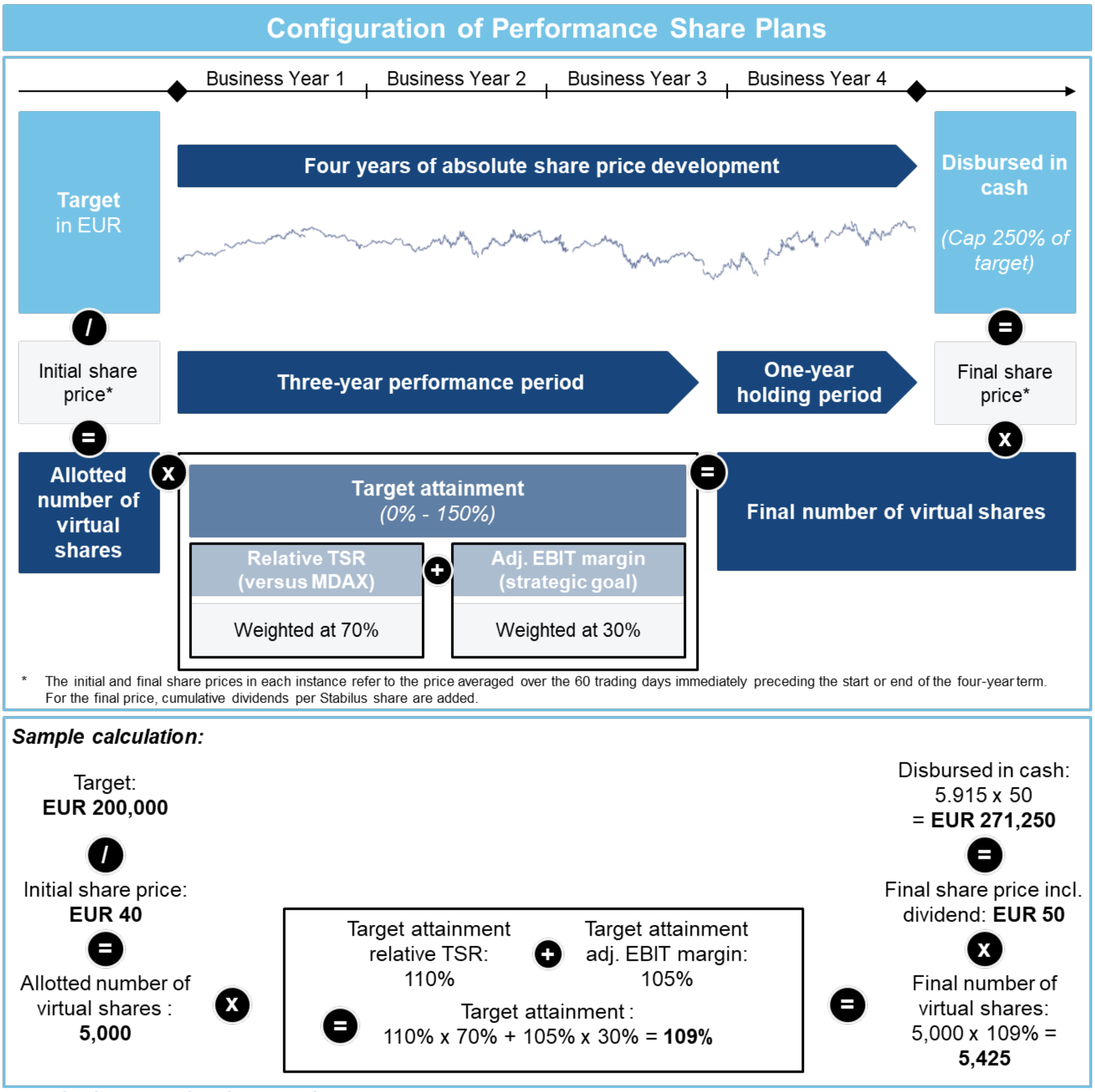

Fig. 6: Configuration of Performance Share Plan.

Performance targets of Performance Share Plan

The Supervisory Board has established the performance targets relative TSR and ad. EBIT margin as critical indicators of the long-term success of the Stabilus group. Both performance targets are gauged for each tranche at the end of the first three of the four years comprising a tranche's term (performance period). The relative TSR tracks the performance of the share price, including dividends, versus a defined reference group, whereas the adj. EBIT margin (measured at the level of the Stabilus group) reflects the long-term financial stability and operational excellence, training the focus on high-margin transactions.

Target attainment for the relative TSR is based on a comparison with comparable listed enterprises. At this time, the Stabilus Supervisory Board considers the MDAX a suitable reference group as Stabilus SE is listed on the MDAX and has its seat in Germany. To determine the relative TSR, the first step consists of calculating Stabilus' absolute TSR values as well as those of each enterprise listed on the MDAX across the relevant performance period. The absolute TSR value of each enterprise corresponds with the theoretical appreciation of a share of stock across the performance period, assuming that (gross) dividends are directly reinvested. The initial value of a share is calculated on the basis of the closing price averaged over the 60 trading days immediately preceding the start of the performance period. Analogously, the final value of a share is calculated on the basis of the closing price averaged over the 60 trading days immediately preceding the end of the performance period. Appreciation is determined by comparing the initial and final values, assuming that (gross) dividends are directly reinvested. As part of the second step, Stabilus' absolute TSR values so calculated as well as those of each MDAX enterprise are sorted by value and assigned a rank (i.e., with the highest absolute TSR in the No. 1 spot, the second-highest absolute TSR in the No. 2 spot, and so on). Moreover, each rank is assigned a percentile rank. If Stabilus is at the 25th percentile or below, target attainment is 0%. If Stabilus' TSR is at or above the 75th percentile, target attainment reaches 150%. Higher percentiles do not produce a greater degree of target attainment (cap). The degree of target attainment in between these values is determined using linear interpolation. The method of calculation may be illustrated using the following curve.

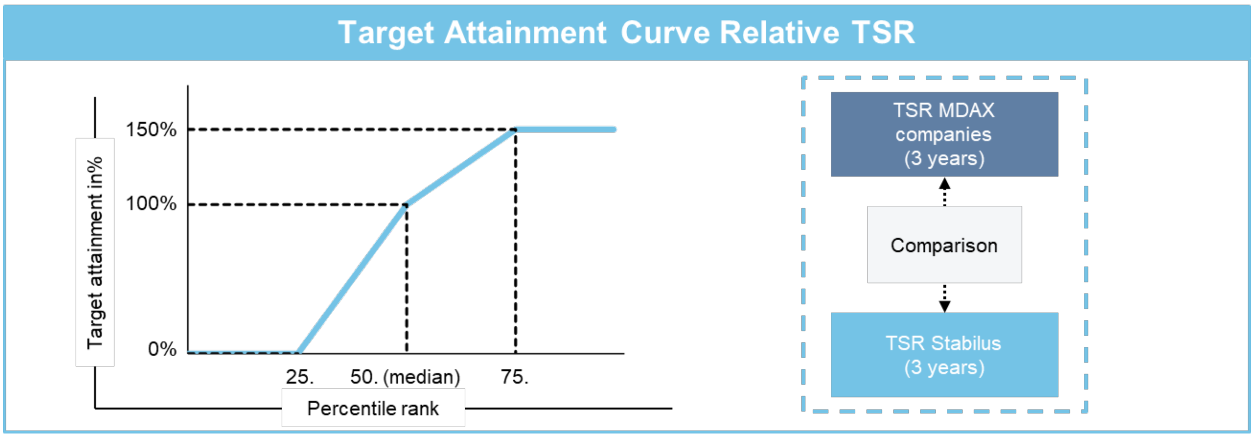

Fig. 7: Target-attainment curve relative TSR.

Target attainment for the adj. EBIT margin is the product of a comparison between the actual adj. EBIT margin and a strategic Target Value and may likewise be between 0% and 150%. The strategic Target Value and additional benchmarks are established by the Supervisory Board in its reasonable discretion and on the basis of strategic planning within the first three months of a given performance period; the underlying process is disclosed in a transparent fashion in the remuneration report reporting on the allotment of the appropriate tranche. The method of calculation may be illustrated using the following curve.

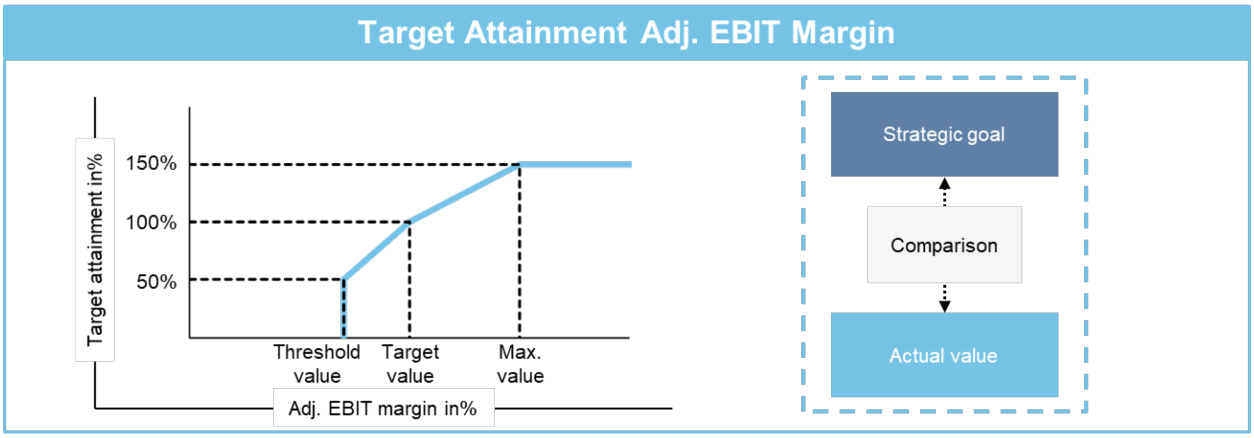

Fig. 8: Target-attainment curve adj. EBIT margin.

Disbursement

Payments under a tranche of the Performance Share Plan are made in cash following the end of the four-year term. The degree to which performance targets were attained as well as the amounts disbursed per member of the Management Board are disclosed in a transparent fashion in the remuneration report addressing such disbursement.

4.2.3. ESG-LTI

The ESG-LTI is configured as long-term variable compensation with a special emphasis on sustainability goals. Tranches with a four-year maturity or performance period are allotted on an annual basis. The amount disbursed under a given ESG-LTI tranche is the product of multiplying an individual target with the degree of target attainment for strategy-derived and relevant sustainability goals. The target is agreed with each member of the Management Board in the service agreement and typically equals 20% of the individual base salary. The sustainability goals, including the methods of calculation and objectives, are defined by the Supervisory Board ahead of the start of each tranche and are based on a catalog of criteria outlined in the following table:

Environment	Social	Governance
CO_2 emissions	Employees' social engagement	Compliance, integrity and ethics
Sustainable products	Diversity	Risk management
Energy management	Employee satisfaction	Data security
Environmental protection	Workplace health and safety	ESG reporting
…	…	…

Fig 9: Catalog of criteria for sustainability goals

The components of the ESG-LTI as well as a fictitious sample calculation are illustrated below.

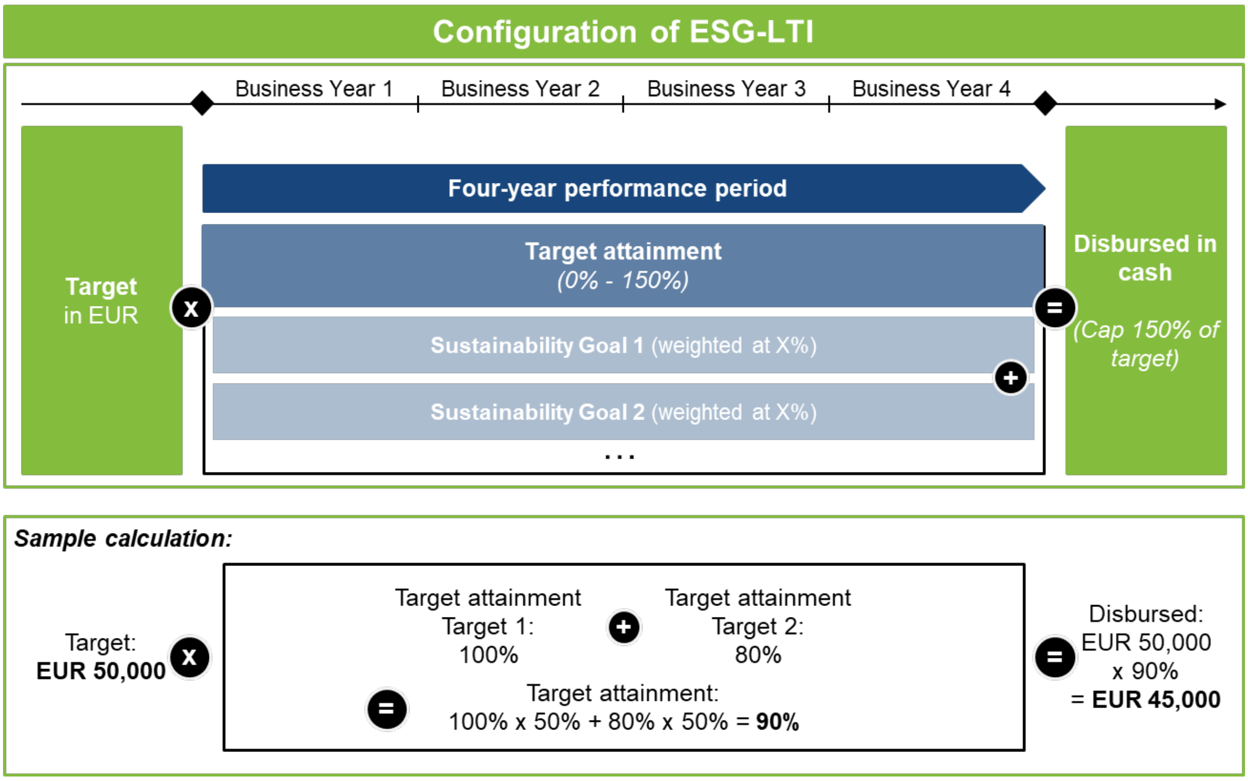

Fig. 10: Configuration of ESG-LTI.

For each tranche, the Supervisory Board may define the number of sustainability goals and assign them different weights. Target attainment for each sustainability goal may be anywhere between 0% and 150%. The amount disbursed is likewise capped at 150% of the individual target and payment is made in cash following the end of the four-year performance period. The Supervisory Board will ensure that the sustainability goals are relevant to strategy and as quantifiable as possible. Selected sustainability goals as well as their respective weights are disclosed in the remuneration report addressing the allotment of an ESG-LTI tranche. The targets per sustainability goal and the degree to which targets were attained are disclosed in the remuneration report addressing the disbursement.

4.3. Malus/Clawback

The Supervisory Board wields an additional instrument to ensure the Company's sustainable and long-term development, which authorizes it in certain cases to reduce all or part of variable compensation not yet disbursed ("Malus") or demand the repayment of all or part of variable compensation already disbursed ("Claw-Back"). The possibility of such reduction or demand for repayment may extend to all components of variable compensation – i.e., Short-Term Incentive, Performance Share Plan and ESG-LTI.

For instance, the Supervisory Board is entitled in cases of a material breach of a duty of care within the meaning of Section 93 AktG, of an obligation under the service agreement or of another critical principle of action of the Company (e.g., under the Code of Conduct or the Compliance Guidelines) to reduce variable compensation or demand that it be repaid (so-called "Compliance Malus / Claw-Back").

Furthermore, the Supervisory Board may demand that variable compensation already disbursed be repaid if it is learned after the fact that the consolidated accounts were erroneous and the amount of compensation paid was excessive as a result (so-called "Performance Claw-Back").

4.4. Share Ownership Guidelines

With a view to further strengthening the shareholder culture as well as aligning the interests of the Management Board with those of shareholders, Share Ownership Guidelines have been put in place for members of the Management Board. Under such guidelines, the members of the Management Board are obligated during their tenure to acquire and hold Stabilus stock in an amount equal to their respective gross base salary (100% of the Share Ownership target). The necessary number of shares is to be acquired within four years.

4.5. Absolute cap on compensation

To keep disbursement amounts at appropriate levels and to avoid hazarding inappropriate risks, the remuneration for members of the Management Board is capped in several ways.

First, the disbursement amount of each of the variable compensation components is capped. A disbursement under the Short-Term Incentive, for instance, is limited to 200%, payments under the Performance Share Plan are capped at 250% and those under the ESG-LTI must not exceed 150% of the appropriate target.

In addition, the total remuneration (i.e., base salary, pension substitute, benefits, variable compensation) for members of the Management Board in a given business year is limited in absolute terms by the absolute cap on compensation set by the Supervisory Board pursuant to Section 87a (1) no. 1 AktG. The sum of all disbursements resulting from commitments for a single business year must not exceed such amount. For the chairperson of the Management Board, the absolute cap on compensation equals EUR 3.9 million; for the regular members of the Management Board, it is EUR 2.5 million. Insofar as the calculation of the total remuneration results in an amount exceeding the absolute cap on compensation, the disbursement amount under the compensation component paid out most recently (typically, the Performance Share Plan or the ESG-LTI) is reduced accordingly. The absolute cap on compensation represents a maximum threshold only for the next four years. The commitments made under individual agreements fall significantly short of the absolute cap on compensation at this time.

5. Legal transactions related to compensation

5.1. Terms of service agreement

The service agreements of the members of the Management Board are entered into for the term of the appointment and are renewed for the term of any re-appointment. When members of the Management Board are appointed for the first time, the term of both their appointment and their agreement typically equals three years. If re-appointed, the term of their appointment and their agreement is limited to four years.

5.2. Board compensation

In the event that a member of the Management Board serves on a Supervisory Board within the group, the compensation offered for his or her service on the Management Board of Stabilus SE is adjusted by any consideration received for such other mandate.

Should a member of the Management Board serve on a Supervisory Board outside of the group, the Supervisory Board will determine on a case-by-case basis whether any consideration received for such other mandate is to be applied.

5.3. Post-contractual non-compete clause

Members of the Management Board of Stabilus SE are typically subject to a post-contractual non-compete clause.

Such clause prohibits the members of the Management Board for a period of one year from the discontinuation of the service agreement to take up work for an enterprise that competes with the Company or its affiliates, be it directly or indirectly. While such prohibition binds them, members of the Management Board are compensated at a rate of 50% of their most recent base salary.

Before a service agreement ends, the Company may waive the need to comply with the post-contractual non-compete clause by issuing a written declaration to that effect. In such a case, the Company is released from the obligation to provide compensation six months from the discontinuation of the service agreement.

5.4. Commitments in connection with conclusion of board mandate

In the event that a board mandate ends prematurely in the absence of a compelling reason, such payments as may have been made to the member of the Management Board must not cover more than the remaining term of the service agreement or exceed twice the total annual remuneration (severance cap). The compensation offered under the post-contractual non-compete clause will be adjusted by such severance.

Payments under the Short-Term Incentive, Performance Share Plan and ESG-LTI are made on such dates and subject to such conditions as may have been agreed. In keeping with Code recommendations, exceptions apply in cases of the permanent disability or death of a member of the Management Board; in such cases, a disbursement under the Short-Term Incentive, Performance Share Plan and ESG-LTI is made immediately in the amount of the applicable target.

6. Procedure for determining, implementing and reviewing remuneration system

6.1. Determining, implementing and reviewing remuneration system

The Supervisory Board establishes the system governing the remuneration for members of the Management Board and in so doing is advised by its remuneration and nomination committee. When needed, the Supervisory Board may further consult with external experts that it judges to be independent from the Management Board and the Enterprise.

The remuneration system established by the Supervisory Board is submitted to the general meeting for approval. With the support of its remuneration and nomination committee, the Supervisory Board periodically reviews the remuneration system. Whenever a material change is made, but at least once every four years, the Supervisory Board will re-submit the remuneration system to the general meeting for approval.

If the general meeting does not approve the system as submitted, the Supervisory Board will present the general meeting with a revised remuneration system for approval on or before the following annual general meeting.

6.2. Setting and reviewing remuneration levels

The Supervisory Board determines the rate of remuneration for members of the Management Board, with the remuneration and nomination committee providing assistance with the Supervisory Board's decision. The Supervisory Board makes sure that compensation is commensurate with the tasks as well as the performance of a member of the Management Board on the one hand and the Company's economic standing on the other, and that it does not exceed customary remuneration levels without a compelling reason. For this purpose, the Supervisory Board will regularly conduct a horizontal and a vertical comparison of remuneration levels.

As part of the horizontal comparison, a group composed of enterprises comparable to Stabilus is used as a reference. Most recently, these were the SDAX enterprises since they were quite comparable to Stabilus at the time in terms of size, location and complexity. Given Stabilus' strong growth, the Supervisory Board will also consider MDAX enterprises or selected competitors in the future, if applicable.

For purposes of setting and reviewing remuneration levels, staff pay and employment conditions are taken into account as well. As part of the vertical comparison, the Supervisory Board gives consideration to how the remuneration for members of the Management Board compares to that for senior management and the workforce as a whole – especially over time.

6.3. Measures to prevent and handle conflicts of interest

The rules of the Stabilus SE Supervisory Board for the prevention and handling of conflicts of interest apply likewise to the procedure for determining and implementing as well as reviewing the remuneration system. Should conflicts of interest occur, they are to be disclosed promptly to the chairperson of the Supervisory Board. The Supervisory Board will inform the general meeting of encountered conflicts of interest and how they were handled.

6.4. Extraordinary developments / temporary deviations from remuneration system

In correspondence with Code Recommendation G.11, the Supervisory Board has the option to adjust variable compensation to adequately account for extraordinary developments.

Pursuant to Section 87a (2) sentence 2 AktG, moreover, the Supervisory Board may temporarily deviate from the remuneration system if doing so serves the interest of the Company's long-term well-being. Unfavorable market developments specifically are not to be regarded as extraordinary developments justifying a temporary departure from the remuneration system. And even in cases of a deviation, compensation must continue to be geared toward the sustainable and long-term development of Stabilus SE as well as reflect the success of the Enterprise and the performance of the member of the Management Board .

A temporary departure from the remuneration system by way of a Supervisory Board resolution requires a careful analysis of the extraordinary circumstances as well as of possible responses and must be recommended by the remuneration and nomination committee.

A temporary departure from the remuneration system is possible in reference to the performance targets of variable compensation (Short-Term Incentive, Performance Share Plan and ESG-LTI), the bandwidths of possible degrees of target attainment with respect to individual components of variable compensation as well as the relative shares of individual compensation components. In the event that an adjustment of existing compensation components cannot adequately restore the incentivizing effect of compensation, the Supervisory Board is entitled, for a time, to grant additional compensation components or to replace some compensation components by others. In addition, the Supervisory Board may suspend the allotment and disbursement of compensation components if the economic situation so demands.

In cases of a temporary departure from the remuneration system, the remuneration report for the following year will provide information on specific deviations, including an explanation why departing from the remuneration system was necessary as well as an overview of the specific components affected.

Frankfurt am Main, 8 December 2022

Stabilus SE

Supervisory Board