

2022

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 2022 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 to date with the then valid contracts of service for the Board Members Wolfgang Moyses and Manfred Bracher, and the remuneration for the Management Board in accordance for the approved compensation system for the Board Member Andreas Pötz (appointment on 1 April 2022). Furthermore, this report provides information about the remuneration for the Supervisory Board in accordance with the Articles of Association of the company in the version of the resolution passed by the Annual General Meeting held on 2 October 2020. 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 96.9% of the Annual General Meeting for the compensation system and for the last compensation report (97.0 %), 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 and Manfred Bracher are defined in

accordance with the contracts of service currently 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 Member of the Management Board 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 2022, 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 and Manfred Bracher

The currently applicable contracts of service for Board Members provide for 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 provide for a discretionary bonus of 4 % of EBT for Chairman of the Management Board Mr. Wolfgang Moyses and a discretionary bonus of 2.5 % of EBT for Mr. Manfred Bracher (from 2022 of 3.0 %). 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) are 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
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If a Board Member steps down from their office, the contracts of service make provision 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. The retained 25 % of the retention will be paid out through the regular settlement of the retention after expiry of the reference period for the former Member of the Management Board Dr.-Ing Herbert Müller (until 30 September 2019). Since the company has 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 has asserted a claim for payment of bonuses. The litigation has not yet been concluded.

Bonus for Andreas Pötz

In accordance with the defined compensation system, the level of the bonus of Mr. Andreas Pötz 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, (standard amount) which applies for the target attainment of 100 % of all goals.

If the target is exceeded, the pro rata amount increases 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 by 0.63 % 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 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%	270,130
free cash flow	100%	10%	70,000
Strategic targets	100%	10%	70,000
Sustainable goals	100%	10%	70,000
Total		100%	480,130

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 in the case of Mr. Andreas Pötz 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 contract of employment stipulates that Mr. Andreas Pötz 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.

Maximum compensation

The currently applicable contract of service provides for an upper limit of bonus for the Chairman of the Management Board, Mr. Wolfgang Moyses, with a total amount of € 1,500,000 p.a. The basic salary is fixed at € 550,000, which also defines the upper limit for the basic salary. The allowance for his retirement pension is fixed at € 300,000, which also defines the upper limit. There is no agreed upper limit for fringe benefits.

The basic salary for Mr. Manfred Bracher is fixed at € 300,000, which also defines the upper limit for the basic salary. The currently valid contract of service provides for a maximum remuneration for basic salary including bonus totalling € 1,000,000 p.a. There is 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. Manfred Bracher and 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 contracts 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).

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 2022 (inflows) as well as the non-cash and other remuneration for the business

year 2022. 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 2021 was € 000s 69,970. Insofar, the bonus for Mr. Wolfgang Moyses (discretionary bonus of 4 % of EBT less basic salary for 2021 of € 000s 550) amounts to a total of € 000s 2,249, which would exceed the bonus upper limit. The bonus was therefore defined at a total of € 000s 1,500. The one-year variable remuneration of € 000s 1,125 was paid out in the business year 2022 and € 000s 375 was deposited in the bonus bank

for the multi-year variable remuneration. Mr. Wolfgang Moyses was also awarded a one-off payment of € 000s 450 for the business year 2021. The bonus for Mr. Manfred Bracher (discretionary bonus of 2.5 % less basic salary in 2021 of € 000s 300) of EBT amounted to a total of € 000s 1,449 for 2021. This amount would exceed the maximum remuneration of € 000s 1,000 for the basic amount and bonus. Insofar, the bonus was defined accordingly at € 000s 700, of which the one-year variable remuneration of € 000s 525 was paid out in the business year 2022 and € 000s 175 was placed in the bonus bank for the multi-year variable remuneration. The return on sales was 9.2 % in 2021.

In the business year 2022, no bonus was paid out for Mr. Andreas Pötz in accordance with the contract of service for the Management Board since this bonus for the business year 2022 will only take place in 2023.

Granted and owed remuneration (inflow)	Wolfgang Moyses Chairman of the Management Board		Manfred Bracher Member of the Management Board		Andreas Pötz Member of the Management Board since 1 April 2022	
	€ 000s	2022 in %	2022	2022 in %	2022	2022 in %
Fixed remuneration	550	22	300	35	225	92
Fringe benefits	21	1	26	3	19	8
Total	571	23	326	38	244	100
Single-year variable remuneration (75 %) (granted for the business year 2021 and paid out in 2022)	1,125	46	525	62	-	-
Multi-year variable remuneration (25 %) (Attainment of target depends on the average bonus for the past three years)	-	-	-	-	-	-
One-off payment	450	18	-	-	-	-
Total	2,146	88	851	100	244	100
Pension expenses	300	12	-	-	-	-
Total remuneration	2,446	100	851	100	244	100

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 2021 and a fixed salary of € 000s 300 in the business year 2021.

A maximum limit for the bonus of € 1,500,000 p.a. applies for Mr. Moyses. This amount was not exceeded when the bonus amounting to € 000s 1,500 was granted for the business year 2021.

The maximum remuneration for Mr. Pötz amounts to a total of € 1,250,000 p.a. for the basic remuneration and the variable remuneration. Since only basic remuneration of € 000s 225 was earned in the business year 2022 on the basis of the contract for the Management Board, the maximum remuneration was not exceeded.

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. In accordance with the valid Articles of Association on 31 December 2021, the Members of the Supervisory Board received in the business year 2022, apart from reimbursement of their expenses, compensation payable after the resolution on the appropriation of the profit was passed by the Annual General Meeting in 2022. The basic remuneration is € 400.00 per eurocent dividend per share for the year for which compensation is paid, but a minimum of € 18,000. If the dividend exceeds 90 eurocents per share, the compensation per eurocent shall only be € 200.00 for the part of the dividend which exceeds 90 eurocents. The Annual General Meeting held on 7 June 2022 passed a resolution approving a dividend of € 1.00. 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.

The payout in 2022 relates to the activity of the Supervisory Board in 2021. The payout of fixed remuneration for the Supervisory Board in accordance with the valid Articles of Association from 1 January 2022 will be made in the business year 2023.

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 2022					
in €	Total	Basic remuneration	in %	Remuneration for activities on the Audit Committee	in %
Andreas Engelhardt Chairman	85,000	76,000	89.4	9,000	10.6
Tim Fiedler Deputy Chairman	50,900	50,900	100.0	-	-
Tobias Pott Vice Chairman	66,000	57,000	86.4	9,000	13.6
Jens Krazeisen	38,000	38,000	100.0	-	-
Dirk Mühlenkamp from 1 September 2021	12,700	12,700	100.0	-	-
Jochen Müller	47,000	38,000	80.9	9,000	19.1
Jan Oberbeck from 12 April 2021	27,500	27,500	100.0	-	-
Thomas Stockhausen	38,000	38,000	100.0	-	-
Jörg Wissemann	47,000	38,000	80.9	9,000	19.1
Dr. Christoph Amberger until 8 April 2021 Deputy Chairman	15,300	15,300	100.0	-	-
Heinz-Dieter Stöckler until 23 June 2021	18,800	18,800	100.0	-	-
Summe	446,200	410,200		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
Remuneration for the Management Board		
Wolfgang Moyses	+105	+38
Manfred Bracher	+146	+18
Andreas Pätz	-	-
Remuneration for the Supervisory Board		
Andreas Engelhardt	+79	+40
Tim Fiedler	+720	+59
Tobias Pott	+186	+47
Jens Krazeisen	+78	+19
Dirk Mühlenkamp (from 1 September 2021)	-	-
Jochen Müller (from 2 October 2020)	-	+303
Jan Oberbeck (from 12 April 2021)	-	-
Thomas Stockhausen	+78	+19
Jörg Wissemann	+161	+15
Heinz-Dieter Stöckler (until 23 June 2021)	+96	-41
Christoph Amberger (until 8 April 2021)	+78	-68
Income performance		
Group sales	+21	-1
Group EBIT	+57	-45
Annual result for SURTECO GROUP SE	+27	-59
Workforce		
Total workforce in Germany	+8	-5

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 January 1 to December 31, 2022 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). 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 Assurance Standard: Requirements to quality control for audit firms [IDW Qualitätssicherungsstandard - IDW QS 1]. 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 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, 13. April 2023

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