

Remuneration policy for the Management Board and Supervisory Board of Stabilus S.A.

Preamble

As a result of the implementation of the Shareholder Rights Directive II into Luxembourg law, Stabilus S.A. has to disclose the remuneration policy for the Supervisory and the Management Board in accordance with Article 7bis of the Luxembourg law of May 24, 2011 on Shareholders Rights, as amended. This requirement came into immediate effect on August 24, 2019.

The remuneration policy of the Management Board, effective from October 1, 2018 was presented to and approved by the 2019 Annual General Meeting. The remuneration policy for the Supervisory Board, effective from October 1, 2016 was presented to and approved by the 2017 Annual General Meeting.

To comply with the above mentioned latest legal requirements the Supervisory Board and the Management Board have consolidated the existing remuneration policies into one remuneration policy for the Management Board and the Supervisory Board of Stabilus S.A.

The following remuneration policy for the Management Board and Supervisory Board discloses all relevant information according to Article 7bis of the Luxembourg law of May 24, 2011 on Shareholders Rights, as amended.

Remuneration policy of the Management Board members of Stabilus S.A. (effective since October 1, 2018)

The remuneration policy for the Management Board of Stabilus S.A. plays an important role in successfully promoting and fostering the implementation of the corporate strategy and the short-term as well as long-term development of the company. The remuneration policy is based on transparent, performance-related parameters that are geared to the company's success, and the variable compensation is predominantly measured on a multi-year basis. It supports the implementation of our long-term strategy and provides incentives to align the interests of our shareholders and other stakeholders with the interests of the Management Board members. The objective of the remuneration policy is to compensate the Management Board members in accordance with their performance and in accordance with Luxembourg regulatory requirements. Furthermore, it follows best practice among corporations listed in Germany as Stabilus is listed in the SDAX.

The main objectives of the remuneration policy for the Management Board can be summarized as follows:

- ✓ Ambitious incentives for sustainable company performance
- ✓ Assessment of variable compensation exclusively based on forward-looking performance
- ✓ Alignment of interests between shareholders as well as other stakeholders and Management Board
- ✓ Consideration of current corporate strategy and high focus on economic performance

Process for determining, implementing and reviewing the remuneration system

The Remuneration Committee develops the remuneration system and makes recommendations to the Supervisory Board regarding the remuneration system as well as compensation levels of the Management Board members.

At the beginning of each year, the Supervisory Board determines the target and maximum compensation levels of the individual members of the Management Board.

The Supervisory Board reviews regularly the remuneration system and the individual compensation components for the members of the Management Board. It assesses the appropriateness of the compensation of the Management Board in horizontal and vertical respects.

In doing so, it has examined the horizontal appropriateness of the compensation by comparing Stabilus with companies of similar size. Since Stabilus is listed in the SDAX, companies of the SDAX are suitable for comparisons of compensation. In addition, the Supervisory Board drew up a vertical comparison of the compensation of the Management Board members with that of senior management and other employees and included it in its review of appropriateness.

Avoidance of conflicts of interest

Supervisory Board members are obliged to disclose conflicts of interest to the Supervisory Board in accordance with the rules of procedure for the Supervisory Board and its committees. In the event that a Supervisory Board member has, directly or indirectly, a financial interest which is in conflict to the interest of the company in any transaction of the company that is submitted to the approval of the Supervisory Board such Supervisory Board member shall make known to the Supervisory Board such conflict of interest at that meeting and shall cause a record of his statement to be included in the minutes of the meeting. The Supervisory Board member may not take part in the deliberations relating to that transaction and may not vote on the resolutions relating to that transaction. The transaction, and the member's interest therein, shall be reported to the next following General Meeting.

Elements of the remuneration policy and the total target compensation

The remuneration policy consists of fixed as well as variable compensation components, the total of which determines the total compensation of the Management Board members.

The fixed compensation comprises the base salary, fringe benefits and pension contributions. The variable, performance-related compensation comprises two elements: a Short-term incentive (STI) in the form of an annual bonus and a Long-term incentive (LTI) in the form of a forward-looking multi-year variable compensation based on virtual shares of Stabilus S.A. (Performance Share Plan).

The Supervisory Board sets an individual target amount for the Short-term incentive and an individual target amount for the Performance Share Plan for each fiscal year and for each Management Board member.

Fixed compensation	Base salary	<ul style="list-style-type: none"> Fixed annual salary which is paid in 12 equal monthly instalments 	
	Fringe benefits	<ul style="list-style-type: none"> E.g. company car, accident insurance, D&O insurance, personnel tax advice, relocation support 	
	Pension contribution	<ul style="list-style-type: none"> Annual contribution to external pension schemes in the amount which equals 30% of the base salary 	
Variable compensation	Short-term incentive	Plan type	<ul style="list-style-type: none"> Target bonus
		Maximum amount	<ul style="list-style-type: none"> 200% of target amount
		Performance targets	<ul style="list-style-type: none"> 70%: Adj. Earnings before interests and taxes – EBIT 30%: Adj. Free Cashflow Modifier (0.8 – 1.2) for individual performance, team performance and stakeholder goals
	Payout	<ul style="list-style-type: none"> After the Annual General Meeting following the respective fiscal year in cash 	
	Long-term incentive	Plan type	<ul style="list-style-type: none"> Performance Shares (virtual)
		Maximum amount	<ul style="list-style-type: none"> 250% of target amount
		Performance targets	<ul style="list-style-type: none"> 70%: Relative Total Shareholder Return - TSR 30%: Adj. EBIT margin
		Payout	<ul style="list-style-type: none"> After the 3-year performance period in cash
		Malus	<ul style="list-style-type: none"> Payout can be adjusted downwards by a malus factor in case of compliance infringements
	Share Ownership Guidelines	<ul style="list-style-type: none"> Obligation to buy and hold shares during appointment Four year build-up phase, target amount annual gross base salary 	

Figure 1: Overview of the remuneration policy

Structure of the target compensation

For the Chief Executive Officer and Chief Financial Officer the fixed compensation (base salary and pension contributions, excluding fringe benefits) accounts for 47% of the total target compensation while the variable compensation accounts for 53% of the total target compensation (Ratio of Long-term incentive to Short-term incentive is 60:40). The target amount of the Long-term incentive exceeds the one of the Short-term incentive due to the focus on the long-term and sustainable success of Stabilus without neglecting the annual operational objectives. The compensation structure can vary between individual Management Board members (e.g. to reflect different areas of responsibility). Due to the volatility of the expenses of fringe benefits received by Management Board members, the relative

proportion of fringe benefits in the total compensation changes yearly and differs between the Management Board members. In fiscal year 2019, the Management Board members received fringe benefits in the amount of 3% to 20% of their respective base salary.

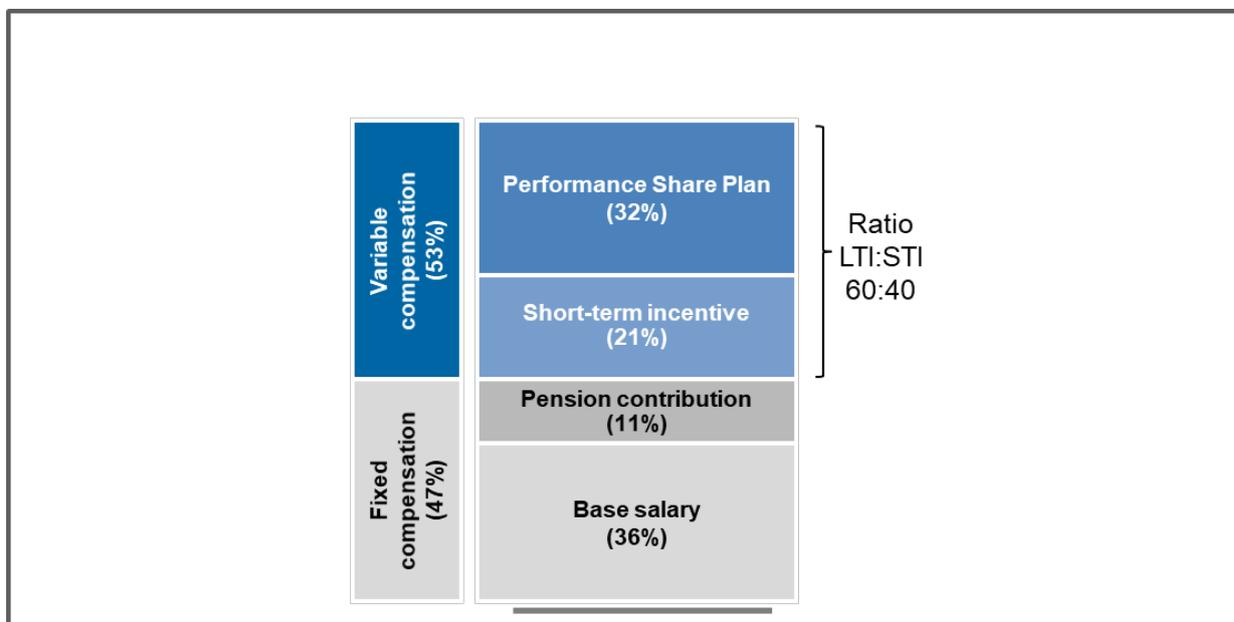


Figure 2: Structure of the target compensation without fringe benefits based on the compensation of the CEO and CFO

I. Fixed compensation

1. Base Salary

The base salary is a fixed compensation per fiscal year, based on the area of responsibility and experience of the respective Management Board member and is paid out in twelve equal monthly instalments.

2. Fringe benefits

Benefits in kind and customary fringe benefits are granted, such as the provision of a mid-sized executive company car which can also be used for private purposes. In addition, individual Management Board members receive relocation support. Stabilus also reimburses the Management Board members for reasonable costs for personnel tax advice or tax declaration filing costs arising out of the Luxembourg employment.

In addition, Stabilus provides customary Director & Officer insurance (D&O insurance) coverage to the Management Board members. The insurance has a deductible of 10% of the damage to be borne by the Management Board members, up to an amount which equals 1.5 times the individual base salary. Furthermore, the Management Board members are provided with an accident insurance.

3. Pension contribution

Individual Management Board members receive an annual pension contribution. The annual contribution of Stabilus to an external pension scheme of individual Management Board members amounts up to 30% of the individual base salary which is due for payment in twelve equal instalments.

II. Variable compensation

The remuneration policy supports the implementation and realization of the long-term strategy of Stabilus. The selection of the financial and non-financial performance targets is based on the alignment with the corporate strategy. The selection of the adjusted earnings before interest and taxes (EBIT) as a performance target in the Short-term incentive ensures the focus on the profitability of the operating business of Stabilus. The selection of adjusted Free Cashflow aligns the remuneration policy with another key focus area of the long-term strategy, i.e. the generation of cash. Where necessary, adjusted EBIT and adjusted Free Cashflow are also adjusted for portfolio changes (e.g. acquisitions or disposals) and consequently focus on organic growth. For the definition and reporting of adjusted EBIT and adjusted Free Cashflow for Stabilus Group (Consolidated financial statements of Stabilus S.A. includes Stabilus and its subsidiaries, hereafter referred to as “Stabilus Group”) we refer to our Annual Report for fiscal year 2019 that is available on our corporate homepage. The modifier allows the Supervisory Board to include long-term strategy goals such as “Internationalization”, “Innovation” and “One Stabilus” into the remuneration scheme and adapt the focus of the modifier each fiscal year while also rewarding the individual performance of each Management Board member.

The selection of the financial performance targets of the Long-term incentive further aligns the remuneration of the Management Board members with the corporate strategy. The relative Total Shareholder Return (TSR) ensures a high degree of alignment of the remuneration with the interests of shareholders while the relative comparison incentivizes to outperform the capital market. The TSR equals the theoretical growth in value of a share held over a period, assuming that (gross) dividends are directly re-invested. The selection of the adjusted EBIT margin aligns the remuneration with the goal of focussing on high margin business. Where necessary, the adjusted EBIT margin is also adjusted for portfolio changes (e.g. acquisitions or disposals).

	Performance targets	Connection to corporate strategy
STI	Adjusted EBIT	Reflects the profitability of the operating business of Stabilus
	Adjusted Free Cashflow	Alignment with a focus area of Stabilus' long-term strategy, i.e. the generation of cash
	Modifier (0.8 – 1.2) for individual performance, team performance and stakeholder goals	Possibility for the Supervisory Board of including long-term strategy goals like "Internationalization", "Innovation" and "One Stabilus" into the remuneration scheme
LTI	Relative TSR	Higher degree of alignment with interests of shareholders and incentive to outperform the capital market
	Adjusted EBIT margin	Alignment with the goal of focussing on high margin business

Figure 3: Connection of performance targets to corporate strategy

1. Short-term incentive

The Short-term incentive depends on the economic success in the respective fiscal year. The Short-term incentive is calculated via the degrees of target achievement (0% - 200%) determined for the fiscal year for the financial targets adjusted EBIT and adjusted Free Cashflow of Stabilus Group, as well as via a modifier (factor 0.8 to 1.2) to assess the individual and team performance of the Management Board members as well as the achievement of predefined stakeholder goals. The final payout is limited to a maximum of 200% ("Cap") of an individual target amount that has been agreed with each Management Board member in the service agreement.



Figure 4: Design of the Short-term incentive. For individual Management Board members adjusted EBIT and adjusted Free Cashflow can be measured separately for Stabilus Group and for the area of responsibility.

a. Financial targets of the STI

The financial performance indicators adjusted EBIT and adjusted Free Cashflow are key figures for Stabilus' operational and economic success. EBIT is a commonly-used measure of operational performance in the industry that measures profitable growth and is also considering depreciation and amortization. Free Cashflow is an important indicator for measuring cash returns and is a common calculation basis employed for cashflow-based company valuations. For shareholders, Free Cashflow is also an important indicator for the generation of funds available for debt servicing and / or distribution of dividends to shareholders.

The target achievements for adjusted EBIT and adjusted Free Cashflow are based on a comparison with budget targets. The actual adjusted EBIT and Free Cashflow are compared to the respective target values of the relevant year. The target values for adjusted EBIT and adjusted Free Cashflow will be set at the beginning of each fiscal year by the Supervisory Board and are derived from the budget planning of Stabilus.

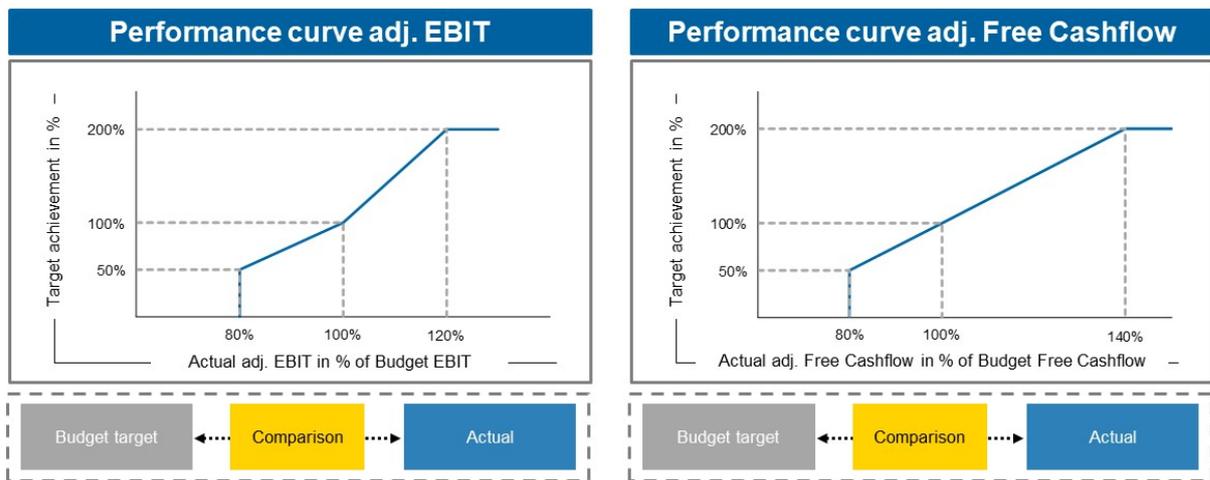


Figure 5: Performance curves for the financial targets of the STI

If the actual adjusted EBIT of the respective year equals 80% of the budget, the target achievement is 50%. If the actual adjusted EBIT of the respective year is less than 80% of the budget, the target achievement is 0%. If the actual adjusted EBIT equals 100% of the budget, the target achievement is 100%. In case the actual adjusted EBIT of the respective year amounts to 120% of the budget, this leads to a target achievement of 200%. Further increases in adjusted EBIT do not lead to a higher target achievement (Cap). The target achievements between these points are determined by linear interpolation.

If the actual adjusted Free Cashflow of the respective year equals 80 % of the budget, the target achievement is 50%. If the actual adjusted Free Cashflow of the respective year is less than 80% of the budget, the target achievement is 0%. If the actual adjusted Free Cashflow equals 100% of the budget, the target achievement is 100%. In case the actual adjusted Free Cashflow of the respective year amounts to 140% of the budget, this leads to a target achievement of 200%. Further increases in adjusted Free Cashflow do not lead to a higher target achievement (“Cap”). The target achievements between these points are determined by linear interpolation.

b. Modifier

To reflect the Management Board members’ individual as well as team performance and to consider stakeholder goals, the Supervisory Board assesses the individual achievement of each Management Board member based on predefined criteria. The specific criteria are agreed upon between the Supervisory Board and the Management Board at the beginning of each fiscal year. Relevant criteria could include customer satisfaction, corporate social responsibility, successful M&A and strategic projects. Furthermore the modifier allows the Supervisory Board to include long-term strategy goals such as

“Internationalization“, “Innovation“ and “One Stabilus“ into the remuneration scheme. The resulting modifier for adjusting the Short-term incentive can take a value between 0.8 and 1.2. The modifier thereby functions as a bonus/malus mechanism. The modifier is set to 1.0 by default and is used mainly in case of extraordinary developments or if financial performance does not reflect true management performance.

2. Long-term incentive

The Long-term incentive is structured as a multi-year variable compensation based on virtual shares of Stabilus. Tranches are granted annually, each with a forward-looking three-year performance period. Payout occurs in cash following the end of the performance period.

The Long-term incentive combines internal and external performance and depends to a high degree on the share price development of Stabilus. The final number of virtual shares depends on the target achievements of the performance measures relative TSR and adjusted EBIT margin of Stabilus Group, while the absolute share price development defines the value of the virtual shares.

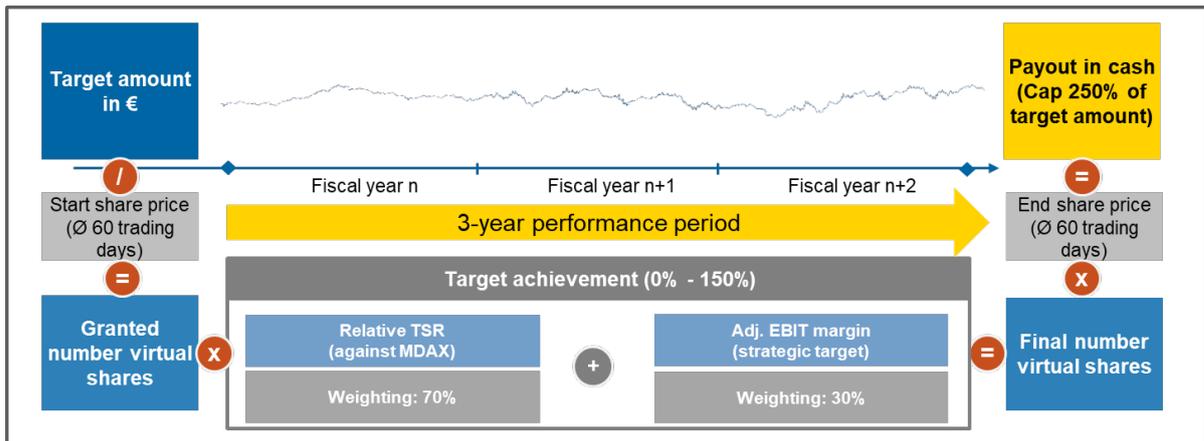


Figure 6: Overview of the LTI

In order to determine the target number of virtual shares granted, an annual target amount for each Management Board member is divided by the Start Share Price, whereas Start Share Price refers to the arithmetic mean of the company’s share closing price during the last 60 trading days prior to the respective performance period start date. The final number of virtual shares is determined by multiplying the overall target achievement with the target number of virtual shares granted. The final number of virtual shares is capped at 150% of the target number of virtual shares granted. The payout of the respective tranche of the Performance Share Plan is determined by multiplying the final number of virtual shares with the relevant End Share Price adding any dividends paid during the performance period. The End Share Price refers to the arithmetic mean of the company’s share closing price during the last 60 trading days prior to the respective performance period end date. The payout is capped at 250% of the annual target amount.

a. Performance targets of the LTI

The Supervisory Board has determined the performance indicators relative TSR and adjusted EBIT margin as key figures for Stabilus' long-term success. The relative TSR incorporates the share price development in comparison to a predefined peer group, while adjusted EBIT margin reflects financial stability and operational excellence in the long-term.

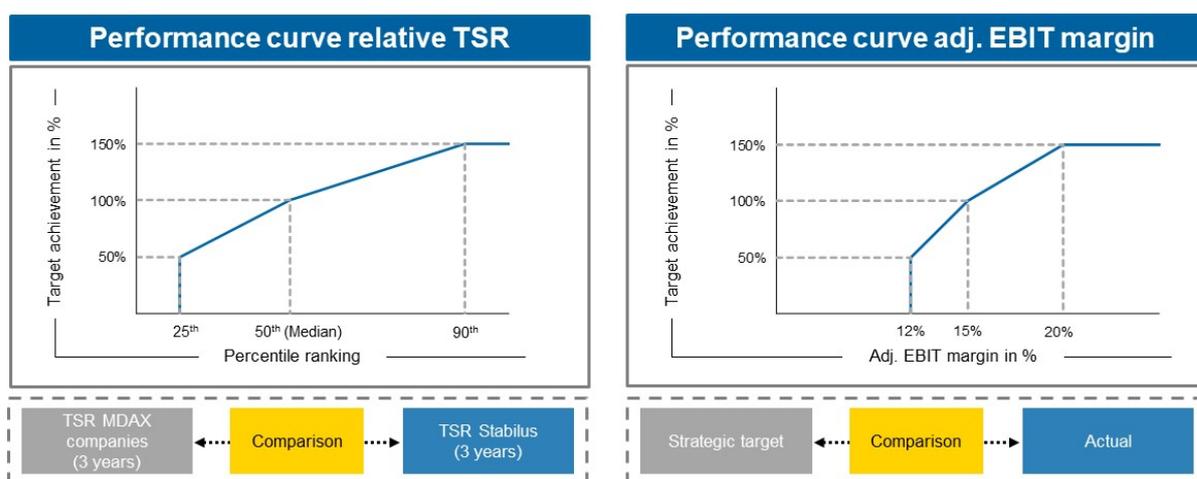


Figure 7: Performance curves for the financial targets of the LTI

The target achievement for relative TSR is based on a comparison with the constituents of the MDAX index. The Supervisory Board of Stabilus considers the MDAX as appropriate peer group, as Stabilus is listed in Germany and the MDAX reflects Stabilus' ambitious growth plans. In order to determine the relative TSR, firstly, the absolute TSR values of Stabilus as well as each index constituent of the MDAX over the respective performance period are calculated. The absolute TSR value of each company equals the theoretical growth in value of a share holding over the performance period, assuming that (gross) dividends are directly re-invested. The initial value of a share is calculated by using the arithmetic mean of the closing price of the last 60 trading days prior to the begin of the performance period. The final value of a share is determined analogously as the arithmetic mean of the closing price of the last 60 trading days prior to the end of the performance period. The growth in value is calculated through a comparison between the initial and final value assuming that (gross) dividends are directly re-invested. Secondly, the calculated absolute TSR values of Stabilus and each index constituent are sorted by size and receive a rank (i.e., the highest absolute TSR at rank 1, the second highest absolute TSR at rank 2 and so on). Each rank receives a percentile rank as well.

If the company's percentile rank is at the 25th percentile, the target achievement is 50%. If the company's percentile rank is below the 25th percentile, the target achievement is 0%. If the company's percentile rank equals the 50th percentile, the target achievement is 100%. In case the company's TSR is at least at the 90th percentile, this leads to a target achievement of 150%. Higher percentile ranks do not lead to a higher target achievement (Cap). Target achievements between these points are determined by linear interpolation.

The target achievement for adjusted EBIT margin is based on a comparison with a strategic target. To determine the percentage of target achievement, the actual adjusted EBIT margin at the end of the re-

spective performance period is compared with the strategic EBIT margin defined for the respective performance period. The performance curve is set at reasonable discretion of the Supervisory Board within the first three months of each performance period.

For the performance period for fiscal years 2019 through 2021, the performance curve is as follows: if the actual adjusted EBIT margin at the end of the performance period equals 12%, the target achievement is 50%. If the actual adjusted EBIT margin at the end of the performance period is less than 12%, the target achievement is 0%. If the actual adjusted EBIT margin at the end of the performance period equals 15%, the target achievement is 100%. In case the actual adjusted EBIT margin at the end of the performance period amounts to 20% or more, this leads to a target achievement of 150%. Further increases of the adjusted EBIT margin do not lead to a higher target achievement (Cap). Target achievements between these points are determined by linear interpolation.

b. *Malus clause*

The payout of the Performance Share Plan can be adjusted downwards by a malus factor. Such an adjustment will be made in case of:

- a) Substantial violations of the company's applicable compliance rules,
- b) Serious breaches of the company's code of conduct,
- c) E.g., lack of compliance with fundamental provisions of the company's internal code of conduct, gross negligent and immoral behavior or significant breaches of due diligence.

The size of the adjustment ranges up to full forfeiture of the payout and is at the reasonable discretion of the company's Supervisory Board.

c. *Possible ramp-up payments*

In order to offer an attractive remuneration package and to ensure an adequate compensation during the performance period, the Supervisory Board reserves the right to make advance payments to new members of the Management Board. The advance payments will be offset against the actual payout of the Performance Share Plan.

III. *Share Ownership Guidelines*

To further strengthen the equity culture and align the interests of the Management Board with those of the shareholders, obligations of the Management Board members to purchase and hold shares of Stabilus are in place. The Management Board members are obliged to buy or hold shares amounting to one-time gross base salary (100% of Share Ownership target) during their appointment. The required number of shares should be acquired within four years. Shares already held by a Management Board member also count towards meeting the Share Ownership target. A Management Board member is free to buy shares at any time – under consideration of the Market abuse regulation (MAR) – at his own discretion. Not meeting the requirements of the Share Ownership Guideline will lead to the forfeiture of the LTI.

Other contractual details

1. Term of office and service agreement

The Management Board members are elected for a term of up to four years for the Management Board member designated by the Supervisory Board as Chief Executive Officer and up to three years for any other Management Board member. The annual general meeting of the shareholders of Stabilus has the right to remove the Management Board members prior to the expiration of the term, at any time in accordance with the law. The term of the service agreement of the Management Board members coincides with their respective term of office and terminates automatically after the expiry of the term of office without notice of termination unless the agreement is extended. Furthermore, the term of agreement terminates on the date on which a resolution adopted by the Supervisory Board of the company removing the Management Board member becomes effective and is, in any event, terminated simultaneously when the Management Board members are removed for cause.

2. Severance Payment

Payments made to the Management Board members on the occasion of a premature termination of their agreements other than for cause, if any, do not exceed the value of two times the annual compensation ("Severance Payment Cap") and compensates no more than the remaining term of the applicable agreement. For this purpose the value of the annual compensation is the sum of the fixed base salary, the annual short-term variable compensation and the annual long-term variable compensation both assessed at their target amounts (100% target achievement). In case of termination for cause, no severance payment is due.

3. Change of Control

In case of a takeover of more than 50% of the voting rights in the company, each Management Board member has the right to terminate his agreement within six months after the effectiveness of the takeover. If a Management Board member terminates his agreement, any payments made to him, if any, do not exceed one and half time the Severance Payment Cap.

4. Post-contractual non-compete obligation

For a period of one year following the effective date of termination of the agreement of a Management Board member, the Management Board member shall neither directly nor indirectly work for a competitor of Stabilus. During the term of a post-contractual non-compete obligation, the Management Board member receives a compensation amounting to 50% of his last base salary.

Exceptional circumstances

In exceptional circumstances, Stabilus can temporarily derogate from the remuneration policy. Exceptional circumstances are situations in which the derogation from the remuneration policy is necessary to serve the long-term interest and the sustainability of the company or to assure its viability.

A derogation from the remuneration policy in the aforementioned exceptional circumstances is only possible through a resolution by the Supervisory Board assessing the exceptional circumstances and the necessity of a derogation.

The parts of the remuneration policy that can be derogated from in exceptional circumstances through a resolution by the Supervisory Board are the performance period, the performance targets as well as the determination of the payout Caps of the variable compensation. Furthermore, the Supervisory Board may have the right to grant special payments to new Management Board members in order to compensate for forfeiting salary from previous employers or to cover expenses resulting from a relocation.

Remuneration policy of the Supervisory Board members of Stabilus S.A. (effective since October 1, 2016)

The remuneration policy for the Supervisory Board members was determined by the Annual General Meeting in 2017 and the fees remained unchanged.

In accordance with their monitoring function and to guarantee the independence of each member, the Supervisory Board members receive a fixed compensation. Additionally, Supervisory Board members receive committee fees and meeting fees.

Supervisory Board members receive an annual base salary. The Chairman of the Supervisory Board receives two times the compensation of ordinary members. The Deputy Chairman receives 1.5 times the compensation of ordinary members.

Furthermore, Supervisory Board members receive an additional compensation for their work in a committee. The Chairman of a committee receives two times the additional compensation of ordinary committee members. In addition, Supervisory Board members receive a meeting fee for each meeting, including participation by phone and conference calls. Meeting fees are capped at one meeting fee per day.

Additionally, Stabilus reimburses the Supervisory Board members their expenses related to the Supervisory Board mandate. Stabilus provides D&O insurance coverage for the Supervisory Board members with a deductible of 10%. The maximum of the deductible is 1.5 times of the annual compensation of the respective Supervisory Board member.

Luxembourg, December 23, 2019

Stabilus S.A.

Supervisory Board and Management Board