

# STABILUS

## ANNUAL GENERAL MEETING 2021

### PROPOSED RESOLUTIONS AND COMMENTS FROM THE MANAGEMENT BOARD

#### AGENDA AND PROPOSED RESOLUTIONS FOR THE MEETING

1. Presentation of the management report regarding the annual accounts of the Company and the consolidated financial statements for the fiscal year ended September 30, 2020.

*No resolution required.*

2. Presentation of the report of the Supervisory Board of the Company regarding the annual accounts and the consolidated financial statements of the Company for the fiscal year ended September 30, 2020.

*No resolution required.*

3. Presentation of the reports of the independent auditor (*cabinet de révision agréé*) of the Company regarding the annual accounts and the consolidated financial statements of the Company for the fiscal year ended September 30, 2020.

*No resolution required.*

4. Approval of the annual accounts of the Company for the fiscal year ended September 30, 2020.

*The Management Board proposes that the Meeting approve the annual accounts of the Company for the fiscal year ended September 30, 2020.*

5. Acknowledgement of the loss of the Company made with respect to the fiscal year ended September 30, 2020 and resolution concerning the allocation of the results of the Company for the fiscal year ended September 30, 2020.

*The Management Board proposes that the MEETING acknowledge that the Company made a loss with respect to the financial year ended on 30 September 2020 in an aggregate amount of EUR 1,881,478.88 (one million eight hundred eighty-one thousand four hundred seventy-eight Euros and eighty-eight cents) (the loss), and that the MEETING resolves to set-off the loss against a corresponding amount of profits carried forward from the previous financial year in an aggregate amount of EUR 122,414,773.14 (one hundred twenty-two million four hundred fourteen thousand seven hundred seventy-three Euros and fourteen cents).*

*The Management Board further proposes that the MEETING resolve to approve the distribution of a dividend in an amount of EUR 0.50 (fifty cents) per share resulting in an aggregate dividend distribution in an amount of EUR 12,350,000 (twelve million three hundred fifty thousand Euros) out of the profits carried forward from the previous financial year which amounts to EUR 120,533,294.26 (one hundred twenty million five hundred thirty-three thousand two hundred ninety-four Euros and twenty-six cents) and to carry forward the resulting balance of profits in an aggregate amount of EUR 108,183,294.26 (one hundred eight million one hundred eighty-three thousand two hundred ninety-four Euros and twenty-six cents) to the next financial year.*

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*The dividend shall be payable within 3 days as of the MEETING.*

6. Approval of the consolidated financial statements of the Company for the fiscal year ended September 30, 2020.

*The Management Board proposes that the Meeting approve the consolidated financial statements of the Company for the fiscal year ended September 30, 2020.*

7. Discharge (*quitus*) to Dr. Michael Büchsner, as member of the Management Board, for the performance of his duties as member of the Management Board for and in connection with the fiscal year ended September 30, 2020.

*The Management Board proposes that the Meeting approve the discharge of Dr. Michael Büchsner, as member of the Management Board, for the performance of his duties as member of the Management Board for and in connection with the fiscal year ended September 30, 2020.*

8. Discharge (*quitus*) to Mr. Mark Wilhelms, as member of the Management Board, for the performance of his duties as member of the Management Board for and in connection with the fiscal year ended September 30, 2020.

*The Management Board proposes that the Meeting approve the discharge of Mr. Mark Wilhelms, as member of the Management Board, for the performance of his duties as member of the Management Board for and in connection with the fiscal year ended September 30, 2020.*

9. Discharge (*quitus*) to Mr. Markus Schädlich, as member of the Management Board, for the performance of his duties as member of the Management Board until June 30, 2020.

*The Management Board proposes that the Meeting approve the discharge of Mr. Mark Wilhelms, as member of the Management Board, for the performance of his duties as member of the Management Board up to the expiration of his mandate on June 30, 2020.*

10. Discharge (*quitus*) to Mr. Andreas Sievers, as member of the Management Board, for the performance of his duties as member of the Management Board for and in connection with the fiscal year ended September 30, 2020.

*The Management Board proposes that the Meeting approve the discharge of Mr. Andreas Sievers, as member of the Management Board, for the performance of his duties as member of the Management Board for and in connection with the fiscal year ended September 30, 2020.*

11. Discharge (*quitus*) to Mr. Andreas Schröder, as member of the Management Board, for the performance of his duties as member of the Management Board for and in connection with the fiscal year ended September 30, 2020.

*The Management Board proposes that the Meeting approve the discharge of Mr. Andreas Schröder, as member of the Management Board, for the performance of his duties as member of the Management Board for and in connection with the fiscal year ended September 30, 2020.*

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12. Discharge (*quitus*) to Dr. Stephan Kessel, as member of the Supervisory Board, for the performance of his duties as member of the Supervisory Board for and in connection with the fiscal year ended September 30, 2020.

*The Management Board proposes that the Meeting approve the discharge of Dr. Stephan Kessel, as member of the Supervisory Board, for the performance of his duties as member of the Supervisory Board for and in connection with the fiscal year ended September 30, 2020.*

13. Discharge (*quitus*) to Dr. Joachim Rauhut, as member of the Supervisory Board, for the performance of his duties as member of the Supervisory Board for and in connection with the fiscal year ended September 30, 2020.

*The Management Board proposes that the Meeting approve the discharge of Dr. Joachim Rauhut, as member of the Supervisory Board, for the performance of his duties as member of the Supervisory Board for and in connection with the fiscal year ended September 30, 2020.*

14. Discharge (*quitus*) to Dr. Ralf-Michael Fuchs, as member of the Supervisory Board, for the performance of his duties as member of the Supervisory Board for and in connection with the fiscal year ended September 30, 2020.

*The Management Board proposes that the Meeting approve the discharge of Dr. Ralf-Michael Fuchs, as member of the Supervisory Board, for the performance of his duties as member of the Supervisory Board for and in connection with the fiscal year ended September 30, 2020.*

15. Discharge (*quitus*) to Dr. Dirk Linzmeier, as member of the Supervisory Board, for the performance of his duties as member of the Supervisory Board for and in connection with the fiscal year ended September 30, 2020.

*The Management Board proposes that the Meeting approve the discharge of Dr. Dirk Linzmeier, as member of the Supervisory Board, for the performance of his duties as member of the Supervisory Board for and in connection with the fiscal year ended September 30, 2020.*

16. Renewal of the mandate of the independent auditor (*cabinet de révision agréé*) of the Company, KPMG Luxembourg, represented by partner Mr. Philippe Meyer, in relation to the annual accounts and the consolidated financial statements for the fiscal year ending on September 30, 2021.

*The Management Board proposes that the Meeting renew the mandate of KPMG Luxembourg, represented by partner Mr. Philippe Meyer, as independent auditor (cabinet de révision agréé) of the Company in relation to the annual accounts and the consolidated financial statements, for a term which will expire at the end of the annual general meeting of the shareholders of the Company called to approve the annual accounts and the consolidated financial statements for the fiscal year ending on September 30, 2021.*

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17. Presentation of and advisory vote on the remuneration report for the members of the Management Board and the Supervisory Board in the fiscal year 2020.

*The Management Board proposes that the Meeting pass an advisory vote on the remuneration report for the members of the Management Board and the Supervisory Board as set out in Annex to the convening notice.*

## **Remuneration report of Stabilus S.A. for fiscal year 2020**

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

To comply with these legal requirements the Supervisory Board and the Management Board have to prepare a remuneration report that is presented to the Annual General Meeting and has to be disclosed on the corporate homepage.

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

The remuneration report presents the remuneration policy for the Management Board and the Supervisory Board members and provides information on the compensation of the Management Board and the Supervisory Board members of Stabilus S.A. awarded and/or due for fiscal year 2020.

### **Remuneration policy of the Management Board**

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 has been put to an advisory vote to the Annual General Meeting 2020 on February 12, 2020 and has been approved with a majority of 97.9%. 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 of 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

## 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.

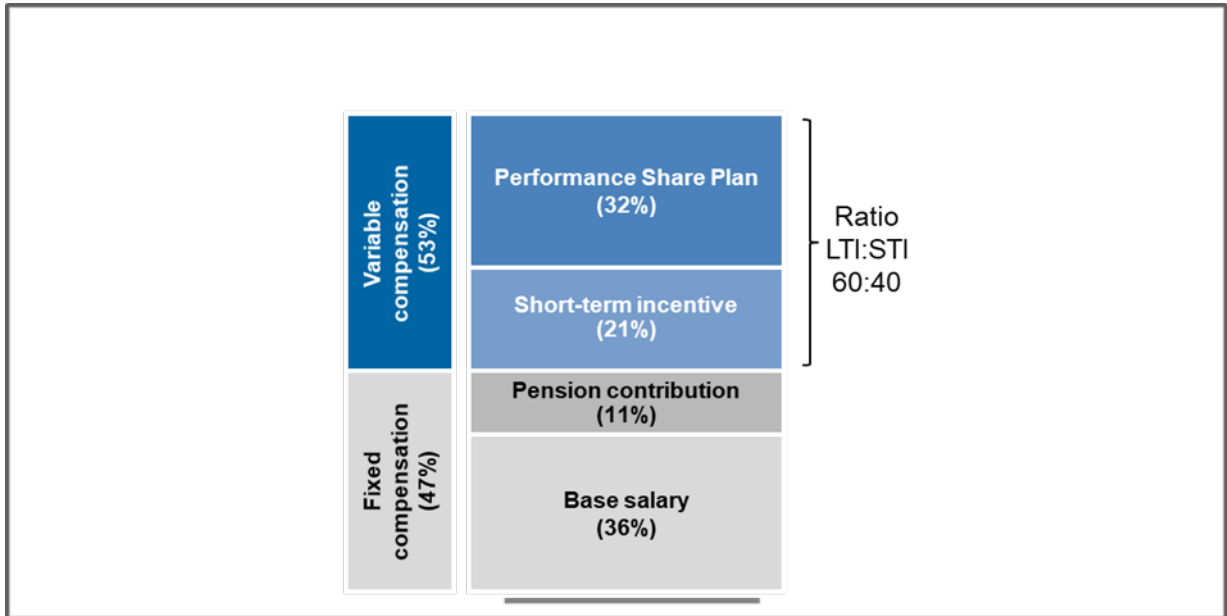
Fixed compensation	Base salary	<ul style="list-style-type: none"> <li>Fixed annual salary which is paid in 12 equal monthly instalments</li> </ul>	
	Fringe benefits	<ul style="list-style-type: none"> <li>E.g. company car, accident insurance, D&amp;O insurance, personnel tax advice, relocation support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

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. Due to the volatility of the expenses of fringe benefits received by Management Board members, the relative proportion of fringe benefits in the total com-

pensation changes yearly and differs between the Management Board members (e.g. to reflect different areas of responsibility). In fiscal year 2020, the Management Board members received fringe benefits in the amount of 0% to 8% 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 provides for 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 2020 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 contract.

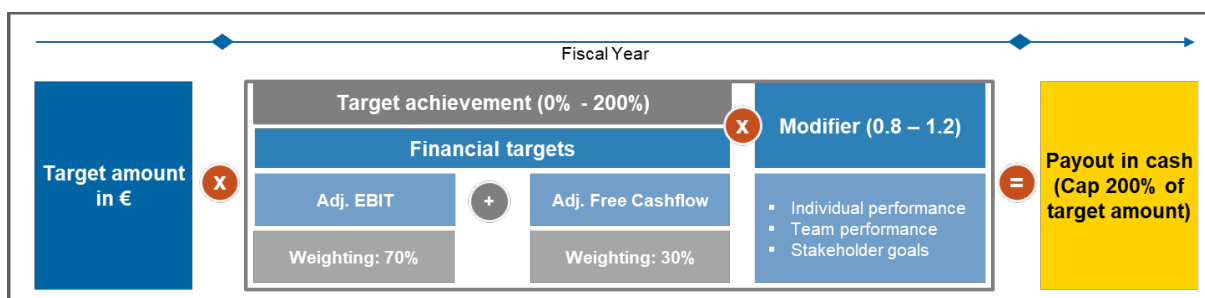


Figure 4: Design of the Short-term incentive.

### 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.

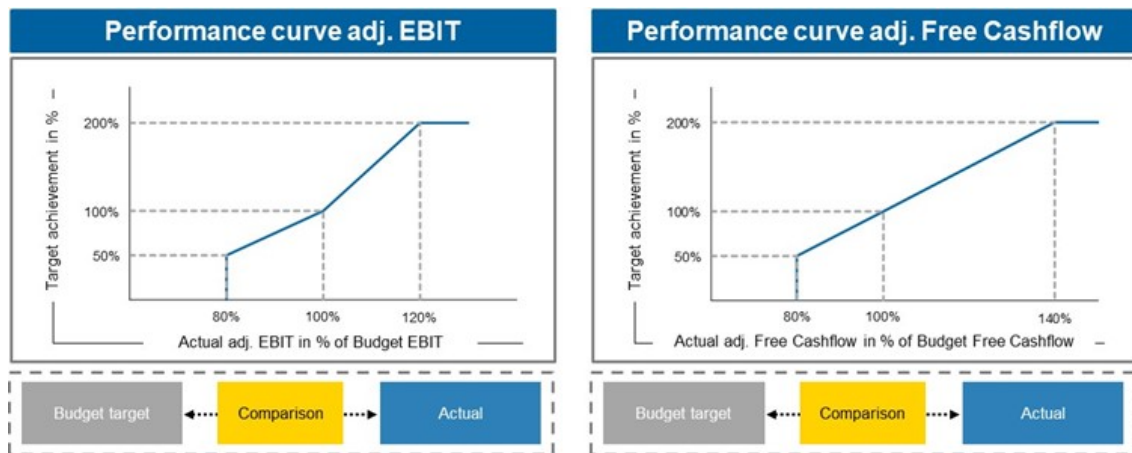


Figure 5: Performance curves for the financial targets of the STI

For fiscal year 2020, the following target corridors apply:

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.

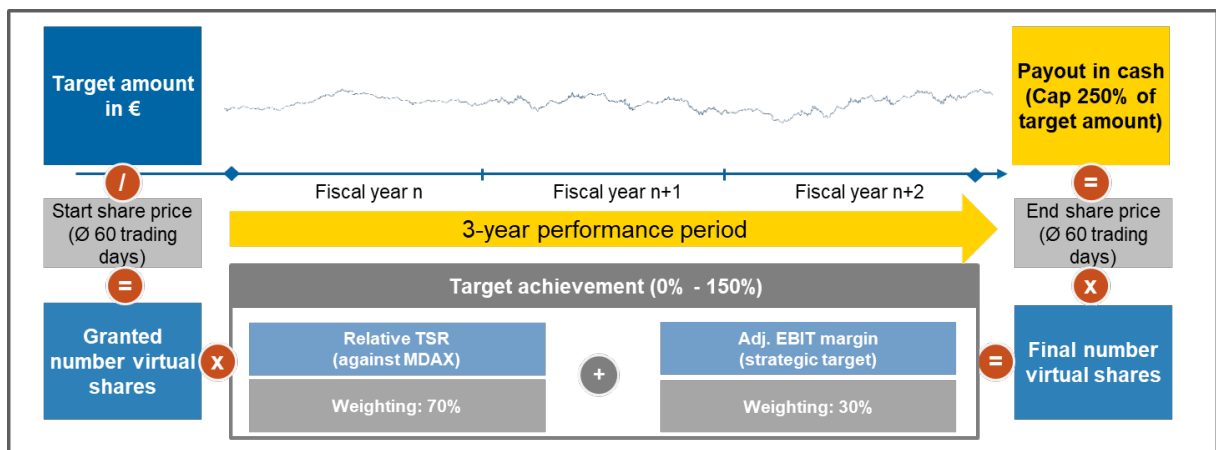


Figure 6: Overview of the LTI

In order to determine the target number of virtual shares granted, an individual 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.

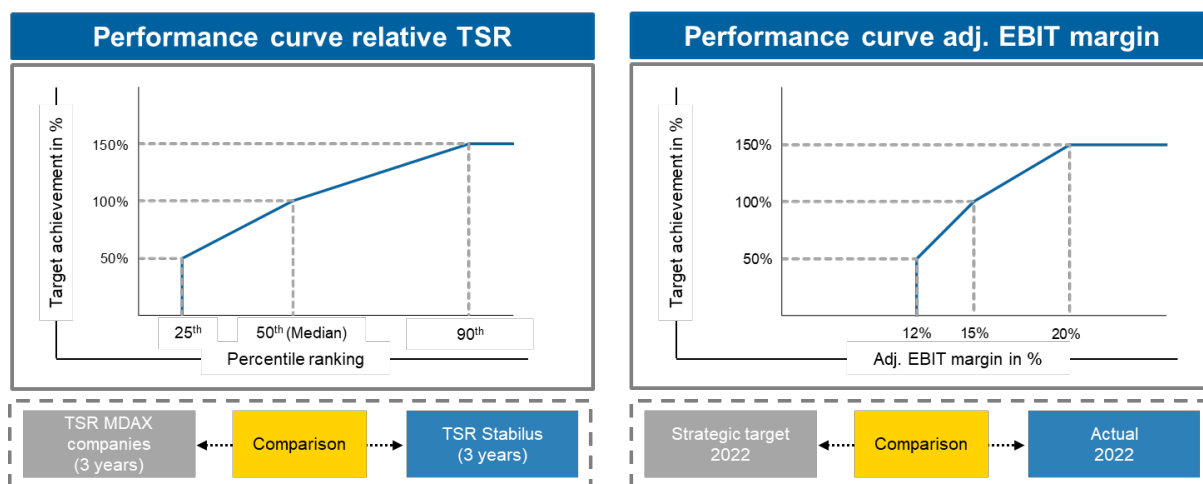


Figure 7: Performance curves for the financial targets of the LTI 2020 - 2022

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 25<sup>th</sup> percentile, the target achievement is 50%. If the company's percentile rank is below the 25<sup>th</sup> percentile, the target achievement is 0%. If the company's percentile rank equals the 50<sup>th</sup> percentile, the target achievement is 100%. In case the company's TSR is at least at the 90<sup>th</sup> 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 the strategic target. To determine the percentage of target achievement, the actual adjusted EBIT margin at the end of the respective 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.

The Supervisory Board has set the following performance curve for the performance period for fiscal years 2020 through 2022: 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.

**III. Share Ownership Guidelines**

To further strengthen the equity culture and align the interests of the Management Board with those of the shareholders, Share Ownership Guidelines are in place. The Management Board members are obliged to purchase and hold shares of Stabilus amounting to one-time their individual 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 contract**

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 contract 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. Further 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.

## **Remuneration policy of the Supervisory Board members**

The remuneration policy for the Supervisory Board members was determined by the Annual General Meeting in 2017 and approved again at the Annual General Meeting 2020 with 97.9%. It consists of a fixed compensation, committee compensation and meeting fees.

Supervisory Board members receive an annual fixed compensation in accordance with their monitoring function and to guarantee the independence of each member. The Chairman of the Supervisory Board receives a compensation of €100 thousand, while the Deputy Chairman receives a compensation of €75 thousand. An ordinary Supervisory Board member receives a compensation of €50 thousand.

Furthermore, Supervisory Board members receive an additional compensation for their work on a committee. The Chairman of the Audit Committee receives an additional compensation of €30 thousand, while ordinary members of the Audit Committee receive an additional compensation of €15 thousand. The Chairman of the Remuneration Committee receives an additional compensation of €20 thousand, while ordinary members of the Remuneration Committee receive an additional compensation of €10 thousand.

Supervisory Board members receive a meeting fee in the amount of €1.5 thousand 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.

## **Compensation for fiscal year 2020**

The Supervisory Board reviews the remuneration policy and the individual compensation components for the members of the Management Board regularly. It determines 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.

Dr. Michael Büchsner was appointed to the position of Chief Executive Officer and member of the Management Board effective on October 1, 2019. Furthermore, the service contracts of Mr. Sievers (Director Group Accounting & Strategic Finance Projects) and Mr. Schröder (Group Financial Reporting Director) were extended until May 4, 2023 by a resolution of the Supervisory Board. Meanwhile, the Supervisory Board and Mr. Schädlich (Head of Asia / Pacific and Rest of the World region) agreed by mutual consent not to extend his service contract. In the context of the expiration of his service con-

tract effective on June 30, 2020, he receives a compensation for his post-contractual non-compete obligation in the amount of €150 thousand. The compensation for the post-contractual non-compete obligation will be paid in equal installments during the period from January to June 2021.

### **Variable compensation for fiscal year 2020**

The initial target amount was set at 60% of the individual base salary for Dr. Büchsner, Mr. Wilhelms as well as Mr. Schädlich and at 40% of the individual base salary for Mr. Schröder as well as Mr. Sievers. The target values for adjusted EBIT and adjusted Free Cashflow were set at the beginning of the fiscal year by the Supervisory Board and were derived from the budget planning. In fiscal year 2020, the total target achievement for the financial performance was 0% (2019: 60% to 94% depending on the Management Board members area of responsibility). In the course of the appointment of Dr. Büchsner to the position of Chief Executive Officer effective on October 1, 2019, it was agreed in advance that he receives a payout of the Short-term incentive for fiscal year 2020 in the amount of his target amount (€288 thousand). Furthermore, in the course of the expiration of the service contract of Mr. Schädlich effective on June 30, 2020, it was agreed that he receives an early payout of the Short-term incentive for fiscal year 2020 in the amount of his pro rata temporis target amount (€75 thousand).

The total payout of the Short-term incentive of the Management Board members for fiscal year 2020 amounted to €363 thousand (2019: €447 thousand). The Supervisory Board did not make use of the Modifier in fiscal year 2020 due to the target achievement of 0% for the financial performance.

On October 1, 2019, the Supervisory Board has granted the second tranche of the Performance Share Plan (performance period for fiscal years 2020 through 2022) and allocated virtual shares to the members of the Management Board. The contractually promised target amount is 90% of the individual base salary for Dr. Büchsner, Mr. Wilhelms and Mr. Schädlich and 30% of the individual base salary for Mr. Sievers and Mr. Schröder. The development of the value of this tranche depends on the performance criteria relative TSR and adjusted EBIT margin as well as the share price development of the shares of Stabilus S.A. The actual payments made to the Management Board members may therefore - under certain circumstances - deviate significantly from the target amount. In order to facilitate the transition to the forward-looking Performance Share Plan, the Management Board members receive advance payments for the first two tranches. In fiscal year 2020, Mr. Wilhelms and Mr. Schädlich received advance payments for the first tranche of the Performance Share Plan (performance period for fiscal years 2019 through 2021) in the amount of €160 thousand respectively €157.5 thousand. In the course of the expiration of the service contract of Mr. Schädlich, he received as well his pro rata temporis advance payment for the second tranche of the Performance Share Plan (performance period for fiscal years 2020 through 2022) in the amount of €67.5 thousand. The advance payments will be offset against the actual payouts of the Performance Share Plan which will be calculated after the end of the respective three-year performance period.



### Performance Share Plan (PSP)

Name of Director, position	Specification of plan	The main conditions of the (virtual) Performance Share Plan			Opening balance (01/10/2019)
		Award date	Vesting date	Performance period	Shares awarded before the beginning of the year
Dr. Michael Büchsner (since October 1, 2019), Chief Executive Officer	PSP 2020	01/10/2019	30/09/2022	01/10/2019 - 30/09/2022	-
Mark Wilhelms, Chief Financial Officer	PSP 2019	01/10/2018	30/09/2021	01/10/2018 - 30/09/2021	4,394
	PSP 2020	01/10/2019	30/09/2022	01/10/2019 - 30/09/2022	-
Markus Schädlich (until June 30, 2020), Head of Asia / Pacific and Rest of the World region	PSP 2019	01/10/2018	30/09/2021	01/10/2018 - 30/09/2021	3,662
	PSP 2020	01/10/2019	30/09/2022	01/10/2019 - 30/09/2022	-
Andreas Schröder, Director Group Financial Reporting	PSP 2020	01/10/2019	30/09/2022	01/10/2019 - 30/09/2022	-
Andreas Sievers, Director Group Accounting and Strategic Finance Projects	PSP 2020	01/10/2019	30/09/2022	01/10/2019 - 30/09/2022	-

### Performance Share Plan (PSP) (continued)

Name of Director, position	Specification of plan	Information regarding the reported fiscal year						
		During the year				Closing balance (30/09/2020)		
		Shares awarded		Shares vested	Shares forfeited	Shares awarded and still unvested	Shares vested at year end	
Number of shares	Grant value in € thousand*	Number of shares	Payout value in € thousand					
Dr. Michael Büchsner (since October 1, 2019), Chief Executive Officer	PSP 2020	10,342	401	-	-	10,342	-	-
Mark Wilhelms, Chief Financial Officer	PSP 2019	-	-	-	-	4,394	-	-
	PSP 2020	7,757	301	-	-	7,757	-	-
Markus Schädlich (until June 30, 2020), Head of Asia / Pacific and Rest of the World region	PSP 2019	-	-	-	1,525	2,137	-	-
	PSP 2020	6,464	251	-	4,848	1,616	-	-
Andreas Schröder, Director Group Financial Reporting	PSP 2020	1,034	40	-	-	1,034	-	-
Andreas Sievers, Director Group Accounting and Strategic Finance Projects	PSP 2020	1,336	52	-	-	1,336	-	-
<b>Total:</b>		<b>26,933</b>	<b>1,045</b>	<b>-</b>	<b>6,373</b>	<b>28,616</b>	<b>-</b>	<b>-</b>

\* Fair Value at grant date is based on an actuarial valuation and is reflecting initial number of shares awarded at grant date. Shares forfeited during the fiscal year are not deducted from grant date value presented (e.g. 75% forfeited shares of Markus Schädlich due to the expiration of his service contract).

Before the new Performance Share Plan was implemented as part of the Remuneration Policy, effective from October 1, 2018, the variable compensation for the members of the Management Board included a Matching Stock Program. The Matching Stock Program (the "MSP") provides for four annual tranches granted each year during the financial year ending September 30, 2014, until September 30, 2017. The program "MSP A" was extended by one year to September 30, 2018. Participation in the

Matching Stock Program requires Management Board members to invest in shares of the company. The investment has generally to be held for the lock-up period.

As part of the Matching Stock Program A (the "MSP A") for each share the Management Board invests in the company in the specific year (subject to a general cap), the Management Board members receive a certain number of fictitious options for each tranche of the Matching Stock Program. The amount of stock options received depends upon a factor to be set by the Supervisory Board (Remuneration Committee) annually in a range between 1.0 and 1.7 times for a certain tranche. Thus, if a Management Board member were to buy 1,000 shares under the MSP A in the company, he would receive 1,000 to 1,700 fictitious options for a certain tranche. The fictitious options are subject to a lock-up period of four years and may be exercised during a subsequent two-year exercise period.

As part of Matching Stock Program B (the "MSP B") for each share the Management Board holds in the company in the specific year (subject to a general cap), the Management Board members receive a certain number of additional fictitious options for each tranche of the Matching Stock Program. The amount of stock options received depends upon a factor to be set by the Supervisory Board (Remuneration Committee) annually which will be in a range between 0.0 and 0.3 times for a certain tranche. Thus, if a Management Board member were to be holding 1,000 shares under the MSP B in the company, he would receive 0 to 300 fictitious options for a certain tranche.

The fictitious options are subject to a lock-up period of four years and may be exercised during a subsequent two-year exercise period. The options may only be exercised if the stock price of the company exceeds a set threshold for the relevant tranche, which the Supervisory Board will determine at the time of granting the options, and which needs to be between 10% and 50% growth over the base price, which is the share price on the grant date. If exercised, the fictitious options are transformed into a gross amount equaling the difference between the option price and the relevant stock price multiplied by the number of exercised options. The company plans a cash settlement. The maximum gross amounts resulting from the exercise of the fictitious options of one tranche in general is limited in amount to 50% of the base price. Reinvestment of IPO proceeds from previous equity programs is not taken into account for MSP A.

Due to the unpredictable and extraordinary impact of COVID 19 on the share price development of Stabilus, which was beyond the management's influence, the Supervisory Board decided to extend the two-year exercise period for the tranches 2016 to 2018 by two years for the current Management Board members. By this measure the incentive effect of the MSP tranches will be maintained. However, the performance targets including number of options and exercise prices remain unchanged.

The last tranche of the Matching Stock Program (MSP 2018) was granted on October 1, 2018, as the MSP has a backward looking grant logic, to Mr. Wilhelms. In total, the following options under the Matching Stock Program were awarded to the members of the Management Board:

### Matching Stock Program (MSP)

Name of Director, position	Specification of plan	The main conditions of the (virtual) Matching Stock Program					Opening balance (01/10/2019)	
		Award date	Vesting date	Performance period	Exercise period	Exercise price of the option	Share options awarded and unvested before the beginning of the year	Share options awarded and vested before the beginning of the year
**Dietmar Siemssen (until July 31, 2018), Chief Executive Officer	MSP 2015	01/10/2015	30/09/2019	01/10/2015 - 30/09/2019	01/10/2019 - 30/09/2021	31.08 €	-	5,001
	MSP 2016	01/10/2016	30/09/2020	01/10/2016 - 30/09/2020	01/10/2020 - 30/09/2022	48.64 €	7,321	-
	MSP 2017	01/10/2017	30/09/2021	01/10/2017 - 30/09/2021	01/10/2021 - 30/09/2023	74.74 €	5,898	-
Mark Wilhelms, Chief Financial Officer	MSP 2015	01/10/2015	30/09/2019	01/10/2015 - 30/09/2019	01/10/2019 - 30/09/2021	31.08 €	-	14,318
	MSP 2016	01/10/2016	30/09/2020	01/10/2016 - 30/09/2020	01/10/2020 - 30/09/2024***	48.64 €	10,368	-
	MSP 2018	01/10/2018	30/09/2022	01/10/2018 - 30/09/2022	01/10/2022 - 30/09/2026***	74.22 €	10,423	-
Andreas Schröder, Director Group Financial Reporting	MSP 2015	01/10/2015	30/09/2019	01/10/2015 - 30/09/2019	01/10/2019 - 30/09/2021	31.08 €	-	1,264
	MSP 2016	01/10/2016	30/09/2020	01/10/2016 - 30/09/2020	01/10/2020 - 30/09/2024***	48.64 €	340	-
	MSP 2017	01/10/2017	30/09/2021	01/10/2017 - 30/09/2021	01/10/2021 - 30/09/2025**	74.74 €	340	-
Andreas Sievers, Director Group Accounting and Strategic Finance Projects	MSP 2016	01/10/2016	30/09/2020	01/10/2016 - 30/09/2020	01/10/2020 - 30/09/2024***	48.64 €	2,100	-
	MSP 2017	01/10/2017	30/09/2021	01/10/2017 - 30/09/2021	01/10/2021 - 30/09/2025***	74.74 €	1,000	-

### Matching Stock Program (MSP) (continued)

Name of Director, position	Specification of plan	Information regarding the reported fiscal year								
		During the year				Closing balance (30/09/2020)				
		Share options awarded		Share options vested	Share options forfeited	Share options awarded and still unvested	Share options vested but not exercised	Share options exercised		
Number of options	Grant value in € thousand*					Number of options	Payout value in € thousand	Exercise date		
**Dietmar Siemssen (until July 31, 2018), Chief Executive Officer	MSP 2015	-	-	-	-	-	-	5,001	78	12.12.2019
	MSP 2016	-	-	3,209	4,112	-	3,209	-	-	-
	MSP 2017	-	-	-	-	5,898	-	-	-	-
Mark Wilhelms, Chief Financial Officer	MSP 2015	-	-	-	-	-	-	14,318	223	12.12.2019
	MSP 2016	-	-	10,368	-	-	10,368	-	-	-
	MSP 2018	-	-	-	-	10,423	-	-	-	-
Andreas Schröder, Director Group Financial Reporting	MSP 2015	-	-	-	-	-	-	1,264	20	12.12.2019
	MSP 2016	-	-	340	-	-	340	-	-	-
	MSP 2017	-	-	-	-	340	-	-	-	-
Andreas Sievers, Director Group Accounting and Strategic Finance Projects	MSP 2016	-	-	2,100	-	-	2,100	-	-	-
	MSP 2017	-	-	-	-	1,000	-	-	-	-
<b>Total:</b>		<b>0</b>	<b>0</b>	<b>16,017</b>	<b>4,112</b>	<b>17,661</b>	<b>16,017</b>	<b>20,583</b>	<b>320</b>	<b>-</b>

\* Fair Value at grant date based on actuarial valuation.

\*\* Dietmar Siemssen receives a reduced payout from the Matching Stock Program 2015 and 2016 according to his severance agreement (forfeiture of 50% respective 25% of vested share options).

\*\*\* Due to the unpredictable and extraordinary impact of COVID 19 on the share price development of Stabilus, which was beyond the management's influence, the Supervisory Board decided to extend the two-year exercise period for the tranches 2016 to 2018 by two years for the current Management Board members.

## Total compensation for fiscal year 2020

The total compensation of the Management Board and Supervisory Board members amounted to €3,634 thousand for fiscal year 2020 (2019: €3,265 thousand<sup>1</sup>).

The overall increase of total compensation is mainly reflecting changes in the composition of the Management Board: Dr. Büchsner joined Stabilus as Chief Executive Officer on October 1, 2019, replacing the interim Chief Executive Officer, Dr. Kessel, who did not have a full compensation package (see also section "Development of the compensation over time" below).

<sup>1</sup> Please note that total compensation for fiscal year 2019 also includes former Management and Supervisory Board members not reflected in the table below.

Individual members of the Management Board and Supervisory Board received the following compensation for fiscal year 2020:

#### Total compensation (€ in thousand)

Name of Director, position	Fiscal year	Fixed compensation				Non-recurring compensation
		Base salary	Fees	Fringe benefits	Pension expense	
*Dr. Michael Büchsner (since October 1, 2019), Chief Executive Officer	2020	480	-	29	144	-
	2019	-	-	-	-	-
Mark Wilhelms, Chief Financial Officer	2020	360	-	13	108	-
	2019	360	-	12	108	-
**Markus Schädlich (until June 30, 2020), Head of Asia / Pacific and Rest of the World region	2020	225	-	9	68	-
	2019	300	-	12	90	-
***Andreas Schröder, Director Group Financial Reporting	2020	144	-	0	2	-
	2019	108	-	21	2	-
***Andreas Sievers, Director Group Accounting and Strategic Finance Projects	2020	186	-	15	0	-
	2019	174	-	11	0	-
****Dr. Stephan Kessel, Chairman of the Supervisory Board	2020	115	30	-	-	-
	2019	23	5	-	-	500
Dr. Joachim Rauhut, Member of the Supervisory Board	2020	80	27	-	-	-
	2019	80	24	-	-	-
Dr. Ralf-Michael Fuchs, Member of the Supervisory Board	2020	60	24	-	-	-
	2019	60	33	-	-	-
Dr. Dirk Linzmeier, Member of the Supervisory Board	2020	50	20	-	-	-
	2019	50	18	-	-	-

#### Total compensation (€ in thousand) (continued)

Name of Director, position	Fiscal year	Variable compensation		Total compensation	Proportion of fixed and variable compensation (in %)
		Short-term incentive (awarded or due)	Long-term incentive (grant value)*****		
*Dr. Michael Büchsner (since October 1, 2019), Chief Executive Officer	2020	288	401	1,343	49% - 51%
	2019	-	-	-	-
Mark Wilhelms, Chief Financial Officer	2020	0	301	782	62% - 38%
	2019	233	399	1113	43% - 57%
**Markus Schädlich (until June 30, 2020), Head of Asia / Pacific and Rest of the World region	2020	75	251	627	44% - 56%
	2019	98	244	744	54% - 46%
***Andreas Schröder, Director Group Financial Reporting	2020	0	58	204	71% - 29%
	2019	42	18	192	69% - 31%
***Andreas Sievers, Director Group Accounting and Strategic Finance Projects	2020	0	70	271	74% - 26%
	2019	74	18	278	67% - 33%
****Dr. Stephan Kessel, Chairman of the Supervisory Board	2020	-	-	145	100% - 0%
	2019	-	-	527	100% - 0%
Dr. Joachim Rauhut, Member of the Supervisory Board	2020	-	-	107	100% - 0%
	2019	-	-	104	100% - 0%
Dr. Ralf-Michael Fuchs, Member of the Supervisory Board	2020	-	-	84	100% - 0%
	2019	-	-	93	100% - 0%
Dr. Dirk Linzmeier, Member of the Supervisory Board	2020	-	-	70	100% - 0%
	2019	-	-	68	100% - 0%

For the footnotes to this table please refer to the next page.

- \* In the course of the appointment of Dr. Büchsner to the position of Chief Executive Officer effective on October 1, 2019, it was agreed in advance that he receives a payout of the Short-term incentive for fiscal year 2020 in the amount of his target amount.
- \*\* In the course of the expiration of the service contract of Mr. Schädlich effective on June 30, 2020, it was agreed that he receives an early payout of the Short-term incentive for fiscal year 2020 in the amount of his pro rata temporis target amount.
- \*\*\* For fiscal years 2018 and 2019, Mr. Schröder and Mr. Sievers did not receive a Long-term incentive grant, but instead a lump sum in the amount of €18 thousand granted in fiscal year 2019 (for fiscal year 2018) and fiscal year 2020 (for fiscal year 2019) respectively.
- \*\*\*\* Dr. Stephan Kessel acted as Interim CEO of the Group from August 1, 2018 to July 31, 2019. In fiscal year 2019, he received a fixed compensation of €500 thousand. His office as Chairman of the Supervisory Board was temporarily suspended during that period.
- \*\*\*\*\* Fair Value at grant date is based on an actuarial valuation and is reflecting initial number of shares awarded at grant date. Shares forfeited during the fiscal year are not deducted from grant date value presented (e.g. 75% forfeited shares of Markus Schädlich due to the expiration of his service contract).

In fiscal year 2020, Stabilus S.A. and its subsidiaries did not grant any loans or advances to the Management Board or Supervisory Board members or enter into any contingent liabilities in their favor.

### **Payments made to former Management Board members**

In fiscal year 2020, the total compensation of former Management Board members amounted to €78 thousand.

### **Development of the compensation over time**

The Supervisory Board has examined the development of the compensation of the individual Supervisory Board and Management Board members over the past three years and has compared it to the development of the financial situation of Stabilus as well as the development of the average compensation of the employees of Stabilus over the same period. The decrease in compensation for the Management Board members in fiscal year 2020 is mainly due to the low target achievement of 0% in the short-term incentive which is also in line with the significant decrease of the company performance caused by the extraordinary impact of COVID 19. As a result of the first-time grant of the Performance Share Plan to Mr. Schröder and Mr. Sievers on October 1, 2019, their total compensation did not decrease to the same extent. In addition, Dr. Büchsner and Mr. Schädlich received a payout of the short-term incentive in the amount of their respective target amounts (pro rata temporis in the case of Mr. Schädlich).

## Comparison of the compensation and company performance

Annual change	2020 vs. 2019	2019 vs. 2018
<b>Director's compensation</b>		
Dr. Michael Büchsner (since October 1, 2019), Chief Executive Officer	-	-
Mark Wilhelms, Chief Financial Officer	-30%	21%
Markus Schädlich (until June 30, 2020), Head of Asia / Pacific and Rest of the World region	-16%	-13%
Andreas Schröder, Group Financial Reporting Director	6%	5%
Andreas Sievers, Director Group Accounting and Strategic Finance Projects	-2%	11%
Dr. Stephan Kessel, Chairman of the Supervisory Board	0%*	0%
Dr. Joachim Rauhut, Member of the Supervisory Board	0%*	0%
Dr. Ralf-Michael Fuchs, Member of the Supervisory Board	0%*	0%
Dr. Dirk Linzmeier, Member of the Supervisory Board	0%*	0%
<b>Company performance</b>		
Adjusted Earnings before interests and taxes - EBIT	-32%**	-4%
Adjusted Free Cashflow	-31%**	-10%
<b>Average compensation on a full-time equivalent basis of employees</b>		
Ø compensation of employees of Stabilus Group	-1%	2%

\* The compensation of the Supervisory Board members consists of a fixed compensation, committee compensation and meeting fees. Yearly changes of compensation are mainly the result of the number of meetings. The absolute amount of the fixed compensation and fee per meeting has remained unchanged for the past four years.

\*\* As reported in the annual report 2020.

Luxembourg, December 18, 2020

Stabilus S.A.

Supervisory Board and Management Board