



Remuneration Report 2023



REMUNERATION REPORT

The transparent and comprehensible presentation of Executive Board remuneration has been a key element of good corporate governance for the company for many years. The following remuneration report in accordance with Section 162 AktG was prepared by the Executive Board and Supervisory Board of STS Group AG and explains the remuneration of the members of the Executive Board and the Supervisory Board.

RESOLUTION ON THE APPROVAL OF THE REMUNERATION SYSTEM OF THE MANAGEMENT BOARD

The current remuneration system for the Executive Board of STS Group AG was adopted by the Supervisory Board in accordance with Section 87 (1) and Section 87a (1) of the German Stock Corporation Act (AktG) on 1 June 2021 and approved by the Annual General Meeting on 23 July 2021 with a majority of 98.5536% of the capital present.

The Supervisory Board was advised by an independent remuneration consultant on the development of the remuneration system.

Any conflicts of interest in the establishment, implementation and regular review of the remuneration system are handled in accordance with the provisions of the German Stock Corporation Act and the GCGC.

PRESENTATION OF THE REMUNERATION REPORT FOR THE FINANCIAL YEAR 2022

The remuneration report for the 2022 financial year was presented at the Annual General Meeting on 7 July 2023. The Annual General Meeting does not have to pass a resolution on this agenda item 6, as STS Group AG is a listed small corporation within the meaning of Section 120a (5) AktG in conjunction with Section 267 (1) HGB. Accordingly, small corporations are those that do not exceed at least two of the following three criteria: (i) EUR 6,000,000 in total assets, (ii) EUR 12,000,000 in revenue in the twelve months prior to the reporting date and (iii) an annual average of fifty employees.

STS Group AG only exceeds the criterion of total assets, with total assets of EUR 22,836,331 in the 2023 financial year. STS Group AG falls short of the criteria of revenue and number of employees.

§ Section 120a (5) AktG provides for simplifications with regard to the remuneration report for listed small and medium-sized corporations within the meaning of Section 267 (1) and (2) HGB. Accordingly, no resolution on the approval of the remuneration report is required. § Section 120a para. 5 AktG merely stipulates that the Executive Board and Supervisory Board present

the remuneration report to the Annual General Meeting as a separate agenda item for discussion.

The remuneration report was audited by the auditor in accordance with Section 162 (3) AktG to determine whether the statutory disclosures pursuant to Section 162 (1) and (2) AktG were made. The content of the report was not audited by the auditor beyond the statutory requirements. The report on the audit of the remuneration report by the auditor is attached to the remuneration report.

The shareholders did not ask any questions about the remuneration system at the Annual General Meeting.

CHANGES IN THE BOARD OF DIRECTORS

Appointments to the Executive Board and any Executive Board service contracts are prepared by the Supervisory Board of STS Group AG, negotiated with the respective Executive Board member and finalised following approval by the entire Supervisory Board.

There were no changes to the Executive Board in the reporting year.

APPLICATION OF THE MANAGEMENT BOARD REMUNERATION SYSTEM

The Executive Board remuneration system approved at the Annual General Meeting on 23 July 2021 was not applied in the 2021, 2022 and 2023 financial years. Alberto Buniato already had an employment contract with the Adler Pelzer Group when he took up his position on the Executive Board of the STS Group and was seconded from this position to the STS Group. The company has therefore decided to give preference to continuity in Mr Buniato's employment relationship and to continue the existing employment contract for the time being.

OVERALL PRESENTATION OF COMPENSATION IN THE REPORTING PERIOD

The following table shows the remuneration components paid to the members of the Executive Board of STS Group AG in the 2023 and 2022 financial years. One-year variable remuneration components for the respective financial year (remuneration components owed) are not paid out until the respective annual financial statements are adopted in the following year.

Remuneration is deemed to have been granted within the meaning of Section 162 para. 1 sentence 1 AktG if it actually accrues to the board member, i.e. actually flows to him and thus becomes part of his assets, irrespective of whether the accrual is made to fulfil an obligation or without legal grounds. The following table therefore shows the remuneration granted to the members of the Executive Board within the meaning of Section 162 para. 1 sentence 1 AktG.

REMUNERATION OF THE MANAGEMENT BOARD

in kEUR	Alberto Buniato CEO				Andreas Becker CEO				Total			
	from February 1, 2022				until June 30, 2020 / from July 1, 2021							
	2023	in %	2022	in %	2023	in %	2022	in %	2023	in %	2022	in %
Fixed remuneration	-	-	-	-	-	-	25	97	-	-	25	14
Remuneration from third parties	164	100	150	100	-	-	-	-	164	100	150	85
Additional services	-	-	-	-	-	-	1	3	-	-	1	1
Total	164	100	150	100	-	-	26	100	164	100	176	100
Severance payment	-	-	-	-	-	-	-	-	-	-	-	-
One-year variable compensation	-	-	-	-	-	-	-	-	-	-	-	-
Multi-year variable compensation	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-
Pension commitments	-	-	-	-	-	-	-	-	-	-	-	-
Total compensation	164	100	150	100	-	-	26	100	164	100	176	100

Remuneration components granted by third parties

Alberto Buniato exercised the Executive Board mandate in personal union with his duties in the Adler Pelzer Group. There was no separate Executive Board service agreement with STS Group AG.

Alberto Buniato received pro rata total remuneration totalling € 164 thousand from the Adler Pelzer Group in the 2023 financial year for his Executive Board activities at STS Group AG.

Remuneration components granted by STS Group AG

No remuneration components were granted by STS Group AG in the 2023 financial year.

Maximum remuneration

In accordance with Section 87a (1) sentence 2 no. 1 AktG, the Supervisory Board has set a maximum remuneration for each member of the Management Board. This includes all non-performance-related and performance-related components of the remuneration and sets the maximum amount that can be paid to a member of the Management Board for a specific financial year, regardless of the payment date.

The maximum remuneration for the Chairman of the Executive Board is EUR 1.5 million, and EUR 1.2 million for each of the ordinary members of the Executive Board.

The maximum remuneration for the members of the Executive Board appointed in the 2023 financial year is as follows

Members of the Executive Board	Actual remuneration Financial year 2023	Maximum remuneration pursuant to § Section 87a (1) sentence 2 no. 1 AktG
Alberto Buniato 01.01.2023 -31.12.2023	164 T€	€ 1,500 thousand p.a.

Payments of performance-related remuneration components in the 2023 financial year based on the previous remuneration system

No performance-related remuneration components from previous remuneration systems were paid out in the 2023 financial year.

PRESENTATION OF THE REMUNERATION SYSTEM APPROVED AT THE ANNUAL GENERAL MEETING ON 23 JULY 2021

Principles of the remuneration system






STS Group AG is a leading global automotive supplier in the passenger and commercial vehicle sector. In its innovation-driven environment, the STS Group aims to expand its excellent market position and drive innovation on the one hand and to increase profits sustainably on the other. The remuneration system for STS Group Executive Board members is geared towards these objectives and thus makes a significant contribution to the realisation of the corporate strategy.

The objective of expanding the competitive position is focussed on the sustainable and long-term performance of STS Group compared to the competition based on the share price performance and the relative total shareholder return compared to relevant competitors. The resulting strong link to STS Group's share price performance, both in absolute and relative terms, contributes significantly to aligning the interests of the Executive Board with those of STS Group's shareholders. In addition to this external perspective, an internal indicator focuses on the STS Group's long-term ability to pay dividends. Furthermore, the remuneration system for STS Group Executive Board members also contributes to securing long-term profitability. To this end, the focus is placed on both sales and the company's earning power. This incentivises profitable growth and the achievement of a sustainably efficient cost structure at an operational level.

By linking remuneration to specific financial performance targets, the remuneration system is strongly orientated towards the success of the company and thus ensures clearly performance-related remuneration (pay for performance).

In addition to financial success, non-financial performance targets are also included in the Executive Board remuneration. This takes into account central, non-financial focus topics and ensures a holistic view of the company and its future viability, for example through sustainability-related targets.

Leitlinien des Vergütungssystems der Vorstandsmitglieder

	Strategiebezug	Förderung der Verwirklichung von Vision und Mission des Unternehmens durch einen klaren Bezug zur Unternehmensstrategie anhand maßgeblicher Kennzahlen und Ziele.
	Aktionärsinteressen	Starke Bindung der Vergütung an die langfristige Entwicklung des Unternehmenswerts und somit eine klare Berücksichtigung der Interessen der Aktionäre der STS Group.
	Zukunftsfähigkeit und Nachhaltigkeit	Einbindung nicht-finanzieller Ziele, die das Unternehmen neben finanziellen Kennzahlen ganzheitlich abbilden und dessen Zukunftsfähigkeit adressieren, z. B. nachhaltigkeitsorientierte Ziele.
	Pay for Performance	Erfolgsabhängige Vergütung, die an zentrale Kennzahlen des Unternehmens gekoppelt ist.
	Regulatorische Konformität	Vergütungssystem entspricht den Vorgaben des AktG und orientiert sich an den Empfehlungen und Anregungen des DCGK.

Determination of the specific target total remuneration and appropriateness of the Executive Board remuneration

When determining the target total remuneration, the Supervisory Board ensures, in accordance with Section 87 (1) AktG, that it is commensurate with the tasks and performance of the respective Executive Board members and the situation of the company. The purpose of setting the target total remuneration is to ensure the competitiveness of the STS Group in order to attract qualified candidates for the Executive Board in the future. It is not without reason that the target total remuneration exceeds the standard market level.

The Supervisory Board regularly reviews the appropriateness of Executive Board remuneration. A horizontal (external) comparison is made with comparable companies. Here, attention is paid to the suitability of the external peer group in terms of size, country and industry. A vertical (internal) comparison is also carried out, in which the remuneration of the Executive Board is compared with the remuneration of senior management and the workforce as a whole.

Remuneration system for the Executive Board

REMUNERATION STRUCTURE FOR THE MEMBERS OF THE EXECUTIVE BOARD

The remuneration system complies with the requirements of the German Stock Corporation Act and is based on the recommendations of the German Corporate Governance Code.

The target total remuneration of the members of the Executive Board is made up of non-performance-related and performance-related remuneration.

The non-performance-related remuneration consists of the fixed remuneration of the Executive Board members and the fringe benefits granted and accounts for a total of 40% to 50% of the target total remuneration.

The performance-related remuneration consists of the one-year and multi-year variable remuneration and accounts for a total of 50% to 60% of the target total remuneration. The one-year variable remuneration (EVV) accounts for 15% to 25% and the multi-year variable remuneration (MVV) for 25% to 35% of the target total remuneration. Due to the high proportion of variable remuneration, the structure reflects the pay for performance concept and, through the ratio of one-year to multi-year variable remuneration, places a clear focus on the orientation of remuneration towards the sustainable and long-term development of the STS Group.

The remuneration system also regulates whether and which payments can be made in the event of premature termination of a Management Board member's contract. The total amount and the parameters are reviewed regularly every two years.

In the event of an employee joining or leaving the company during the year, the fixed remuneration and the performance-related remuneration for the corresponding year are generally paid or granted *pro rata temporis*.

The following table provides an overview of the remuneration components and their basic structure.

ERFOLGSUNABHÄNGIGE VERGÜTUNG	
Festvergütung	<ul style="list-style-type: none"> Auf das laufende Geschäftsjahr bezogene Barvergütung, die sich am Verantwortungsbereich des jeweiligen Vorstandsmitglieds orientiert Die Auszahlung erfolgt in zwölf gleichen Monatsraten zum Monatsende
Nebenleistungen	<ul style="list-style-type: none"> Beiträge zu Kranken- und Pflegeversicherung Dienstwagen D&O-Versicherung nach gesetzlichen Anforderungen (§93 Abs. 2 AktG)
ERFOLGSABHÄNGIGE VERGÜTUNG	
Einjährige variable Vergütung (EVV)	
Ausgestaltungsform	<ul style="list-style-type: none"> Zielbonussystem
Cap	<ul style="list-style-type: none"> 150 % des Zielbetrags
Erfolgsziele	<ul style="list-style-type: none"> Umsatz Adjusted EBITDA (Betriebsergebnis vor Abschreibungen) Modifier für individuelle und kollektive Ziele (u. a. ESG-Ziele)
Auszahlung	<ul style="list-style-type: none"> Jährlich in bar
Mehrjährige variable Vergütung (MVV)	
Ausgestaltungform	<ul style="list-style-type: none"> Performance Share Plan
Performance-Zeitraum	<ul style="list-style-type: none"> 4 Jahre
Cap	<ul style="list-style-type: none"> 200 % des Zielbetrags
Erfolgsziele	<ul style="list-style-type: none"> Adjusted Earnings per Share (EPS) Relativer Total Shareholder Return (TSR)
Auszahlung	<ul style="list-style-type: none"> Nach Ende des Performance-Zeitraums in bar
WEITERE KOMPONENTEN UND VERTRAGLICHE REGELUNGEN	
Malus / Clawback	<ul style="list-style-type: none"> Möglichkeit zum Einbehalt (Malus) bzw. zur Rückforderung (Clawback) von erfolgsabhängigen Vergütungsbestandteilen im Falle eines fehlerhaften Konzernabschlusses oder im Falle von Compliance-Verstößen.
Maximalvergütung	<ul style="list-style-type: none"> Gemäß §87a Abs. 1 Satz 2 Nr. 1 AktG vorgesehene Maximalvergütung von EUR 1,5 Mio. für den Vorstandsvorsitzenden und EUR 1,2 Mio. für Ordentliche Vorstandsmitglieder.
Karenzentschädigung	<ul style="list-style-type: none"> Entschädigung von 50 % der Ziel-Direktvergütung (Festvergütung + Zielwert EVV + letzten MVV) eines Jahres.
Abfindungszahlungen	<ul style="list-style-type: none"> Abfindungen dürfen den Wert von zwei Jahresvergütungen nicht übersteigen (Abfindung-Cap). Abfindungen werden auf etwaige Karenzentschädigungen angerechnet.

NON-PERFORMANCE-RELATED REMUNERATION COMPONENTS

Fixed remuneration

The fixed remuneration is a cash payment relating to the current financial year, which is based on the area of responsibility of the respective Executive Board member and is paid out in twelve equal monthly instalments in arrears at the end of the month.

Fringe benefits

As fringe benefits, the members of the Executive Board are granted the statutory contributions to health and long-term care insurance, the provision of a company car and D&O insurance with a deductible of 10% up to an amount of one and a half times the annual fixed remuneration in accordance with statutory requirements (Section 93 (2) sentence 3 AktG).

Pension scheme and pension commitments

The Executive Board of STS Group AG does not receive any pension commitments or other retirement benefits. The Executive Board organises its own pension provision in full.

PERFORMANCE-RELATED REMUNERATION COMPONENTS

Structure of the performance-related remuneration

The performance-related remuneration consists of the one-year variable remuneration (EVV) and the multi-year variable remuneration (MVV). The EVV is structured as a target bonus system and the MVV as a performance share plan. Payment of the performance-related remuneration components is dependent on the achievement of the targets defined for EVV and MVV and therefore follows a clear pay-for-performance approach. By limiting the amount of the variable remuneration components, excessive risk-taking is avoided and a balanced opportunity/risk profile is achieved. In addition, the effects of extraordinary developments are limited.

One-year variable remuneration (EVV): Main features

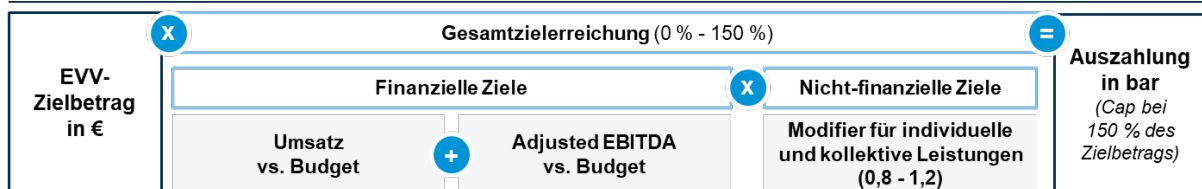
The EVV is designed as a target bonus system whose targets are based on the company's performance indicators and thus incentivise the operational implementation of the corporate strategy. The performance period of the EVV is one year and relates to the respective financial year.

At the beginning of each financial year, an individual contractual target amount is agreed with the members of the Executive Board. At the end of the financial year, this amount is multiplied by the total target achievement over the performance period and paid out in cash. The amount paid out is limited to 150% of the target amount (cap).

Target achievement is calculated from the two additively linked financial targets of sales and adjusted EBITDA as well as a modifier for individual and collective performance, which is multiplied by the target achievement of the financial targets.

The targets are incorporated into the model for one-year variable remuneration as follows:

Einjährige variable Vergütung – Zielbonussystem



- *Turnover with 50 % weighting*

The use of turnover in relation to the budget incentivises the strategic goal of further growth for the STS Group.

- *Adjusted EBITDA with 50 % weighting*

Adjusted EBITDA (adjusted earnings before interest, taxes, depreciations and amortisation) is a key financial performance indicator for the STS Group and represents the operating result before depreciation and amortisation. This is set in relation to the budget, taking into account extraordinary expenses, for example. The use of adjusted EBITDA incentivises long-term profitable corporate growth while taking sustainable cost structures into account.

- *Modifier for individual and collective benefits 0.8-1.2*

Possible targets for individual and collective performance include sustainability targets that cover the three areas of environment, social affairs and governance (so-called ESG targets).

The overall target achievement of EVV is limited to 150%.

One-year variable remuneration (EVV): Target setting and target achievement in the 2023 financial year

From 1 February 2022, Mr Alberto Buniato took over the Executive Board mandate in personal union with his duties in the Adler Pelzer Group. There was no separate Executive Board service agreement with STS Group AG. Therefore, no targets were agreed for the time being in terms of the one-year variable remuneration structure.

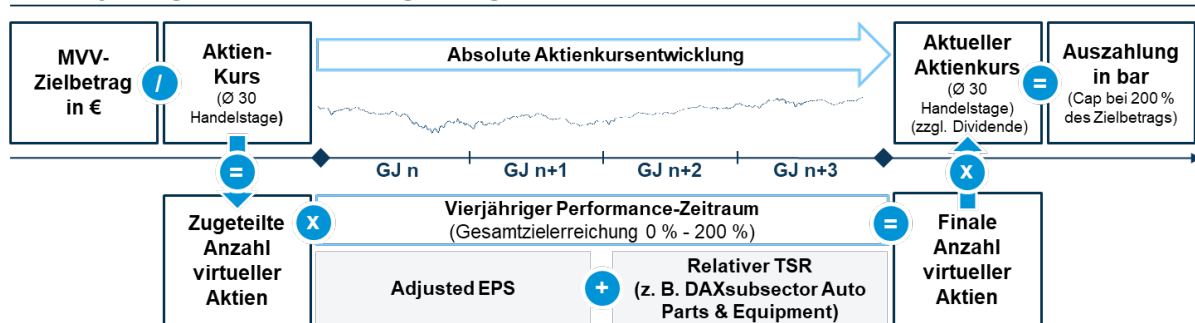
Multi-year variable remuneration (MVV)

STS Group's multi-year variable remuneration is structured as a performance share plan with a term of four years (performance period).

At the beginning of a financial year, an individual contractual target amount is agreed with the members of the Executive Board. This is converted into virtual shares based on the arithmetically averaged closing price of the STS Group share over the last 30 trading days before the start of the performance period.

At the end of the four-year performance period, the final number of virtual shares is determined. For this purpose, the virtual shares allocated at the beginning of the performance period are multiplied by the total target achievement.

Mehrfährige variable Vergütung – Performance Share Plan



The payout amount is calculated by multiplying the final number of virtual shares by the arithmetically averaged closing price of the STS Group share over the last 30 trading days before the end of the performance period plus the dividends paid during the performance period. The payout amount calculated in this way is limited to 200% of the target amount (cap) and is paid out in cash. At the company's discretion, payment can alternatively be made in shares.

The overall target achievement is limited to 200% and is the sum of the two targets adjusted EPS and relative total shareholder return (TSR) of the STS Group, with both targets being weighted at 50%.

The relative TSR takes into account the development of STS Group's share price during the four-year performance period, including reinvested gross dividends, compared to the peer group. The relative development is measured by determining the difference in percentage points between the TSR performance of STS Group and the TSR performance of the peer group

("outperformance"). The DAX subsector Auto Parts & Equipment has been defined as the relevant peer group until further notice. The Supervisory Board can determine another appropriate peer group if necessary.

The Supervisory Board defines an ambitious target achievement curve for MVV's performance targets before the start of each performance period. To this end, the Supervisory Board sets a target value at the beginning of each performance period for both adjusted EPS and relative TSR, which corresponds to 100 % target achievement. An upper limit and a lower limit are also defined. Beyond the lower limit, the target achievement is 0%; beyond the upper limit, it is limited to 200%. Target achievement is interpolated linearly between the lower limit, the defined target value and the upper limit.

Multi-year variable remuneration (EVV): Target setting and target achievement in the 2023 financial year

In the 2023 financial year, no allocations were made under the multi-year variable remuneration structure.

OTHER AGREEMENTS RELEVANT TO REMUNERATION

Contract terms

The employment contracts of the members of the Executive Board have a fixed term. This may not exceed a period of five years. Reappointment is permitted.

There is no right to ordinary termination. This does not affect the statutory right to extraordinary termination of the employment contract for good cause within the meaning of Section 626 BGB. The cancellation must be in writing to be effective.

Members of the Executive Board joining and leaving during the year

In the event of an employee joining or leaving the company during the year, the fixed remuneration and the performance-related remuneration for the corresponding year are generally paid or granted *pro rata temporis*.

Severance payments

In the event of premature termination of Management Board activity by the company or at its instigation without good cause or in the event of premature resignation from office or termination of the service contract by the Management Board member for good cause for which the company is responsible, any severance payment to be made is limited to the value of two years' remuneration, but no more than the remaining term of the contract (severance payment cap). No severance payment is made in the event of termination of the Executive Board mandate by the company for good cause within the meaning of Section 626 BGB or Section 84 (3) AktG or if the Executive Board member resigns without good cause.

Change of control

In the event of a change of control, the members of the Executive Board may be granted a one-off special right of termination to terminate the employment contract with a notice period of three months to the end of the month and to resign from office on the termination date. The special right of cancellation only exists within six months of the Management Board member becoming aware of the change of control. If the special right of termination is exercised, the Executive Board member is entitled to a severance payment. The severance payment, the total amount of which is limited to 100% of the severance payment cap, is made up of the total remuneration no longer accrued and paid due to the premature termination of the employment contract.

A change of control occurs when a third party or several third parties acting in concert acquire more than 51% of the shares in the company and the position of the Executive Board member is more than insignificantly affected as a result of this change. In particular, the position as a member of the Executive Board is affected more than insignificantly if significant changes in the company's strategy or significant changes in the Executive Board member's area of activity occur.

Compensation for waiting time

A non-competition clause can be agreed with the members of the Executive Board for a period of up to twelve months. In this case, the Executive Board member is entitled to compensation for non-competition amounting to 50% of the target direct remuneration for one year, consisting of fixed remuneration, EVV and MVV. Any severance payment to be made will be offset against the compensation for leave.

There is no entitlement to additional payments in the event of premature termination of the employment relationship.

Performance-related remuneration in the event of premature termination of the employment relationship

In the event of premature termination of the Executive Board appointment or service contract by the company without good cause or in the event of premature resignation from office or termination of the service contract by the Executive Board member for good cause for which the company is responsible, the Executive Board member is entitled to a pro rata payment of variable remuneration already granted, to be determined at the end of the corresponding performance period, based on the defined performance targets.

Any variable remuneration already granted is cancelled without replacement if the employment contract ends during the financial year due to extraordinary termination by the company for good cause in accordance with Section 626 (1) of the German Civil Code (BGB), or due to resignation from office by the Executive Board member without good cause and without a mutually agreed arrangement, or if the appointment is revoked by the Supervisory Board for good cause in accordance with Section 84 (3) AktG during the financial year (except due to a vote of no confidence by the Annual General Meeting).

Malus and Clawback

In certain cases, the Supervisory Board has the option of partially or fully reducing performance-related remuneration components that have not yet been paid out (malus) or reclaiming performance-related remuneration components that have already been paid out in part or in full (clawback).

The malus rule can be applied in the event of significant breaches of duty or compliance by a member of the Executive Board. In such cases, the performance-related remuneration components can be partially or fully reduced by the Supervisory Board at its discretion.

As part of the clawback provision, if performance-related remuneration components are determined or paid out on the basis of incorrect consolidated financial statements, performance-related remuneration components that have already been paid out can be reclaimed by the Supervisory Board following their correction if the corrected consolidated financial statements result in lower variable remuneration (performance clawback). In addition, performance-related remuneration components can be reclaimed at the Supervisory Board's discretion if the Executive Board member has committed material breaches of duty or compliance (compliance clawback).

Any claims for damages by the company pursuant to Section 93 (2) AktG remain unaffected by the malus and clawback provisions.

Incapacity for work and death

If the Executive Board member is unable to perform his or her duties due to illness or accident, the remuneration consisting of fixed remuneration and performance-related remuneration is paid for a period of up to three months, but no longer than until the end of the employment contract. For a further three months of temporary incapacity to work, 80% of the performance-related remuneration is paid.

If the Executive Board member becomes permanently incapacitated for work during the term of the service contract, the service contract shall end at the end of the quarter in which the incapacity for work was established, but no later than the end of the contract term.

In the event of the death of the Executive Board member, the spouse or registered partner and dependent children receive the monthly fixed remuneration as joint creditors for a period of three months from the end of the month of death, but no longer than until the end of the employment contract.

Remuneration of the members of the Executive Board

If a member of the Executive Board serves on the Supervisory Board, Advisory Board or Administrative Board of a company affiliated with the company, any remuneration paid to the Executive Board member for this is offset against the remuneration for the relevant financial year.

The exercise of paid or unpaid secondary employment and the assumption of Supervisory Board, Advisory Board or other mandates or offices, including honorary positions, requires the express written consent of the Supervisory Board prior to exercise. In the event of approval for

external mandates, the Supervisory Board also decides whether and to what extent any remuneration paid for this is to be offset against the remuneration of the Executive Board member by the company.

Temporary deviations from the remuneration system

The Supervisory Board has the option to temporarily deviate from the submitted remuneration system in special and exceptional circumstances in accordance with Section 87a (2) sentence 2 AktG if this is necessary in the interests of the long-term well-being of the STS Group. This applies in particular to extraordinary, unforeseeable developments that could not be influenced by the Executive Board or the STS Group. Such deviations may be necessary, for example, to ensure adequate incentivisation in the event of a serious corporate or economic crisis. Generally unfavourable market developments, on the other hand, do not justify a temporary deviation from the remuneration system. A temporary deviation from the remuneration system is only possible by resolution of the Supervisory Board.

In such cases, the following components of the remuneration system may be temporarily deviated from: the financial and non-financial performance targets of EVV and MVV as well as their weighting, ranges of possible target achievement and the methods for determining target achievement. Irrespective of any deviation from the remuneration system, the remuneration of the members of the Executive Board must continue to be geared towards long-term and sustainable development and ensure an appropriate incentive level of Executive Board remuneration.

Furthermore, the Supervisory Board may temporarily grant additional remuneration components or replace individual remuneration components with other remuneration components if this is necessary to restore an appropriate incentive level of the Executive Board remuneration.

The Supervisory Board also has the option of granting new Executive Board members a one-off payment in individual cases. This allows a new member of the Executive Board to be compensated, for example, for any loss of remuneration already granted by their former employer as a result of their move to the STS Group. In this way, the Supervisory Board ensures that it retains the necessary flexibility in finding the best possible candidates. The fixed maximum remuneration remains unaffected by this.

Any deviations are transparently disclosed and explained in the remuneration report.

REMUNERATION OF THE SUPERVISORY BOARD IN THE FINANCIAL YEAR 2023

RESOLUTION ON THE APPROVAL OF THE REMUNERATION SYSTEM OF THE SUPERVISORY BOARD

The remuneration system for the Supervisory Board was increased to a standard market level by resolution of the Annual General Meeting on 23 July 2021, after the Supervisory Board remuneration was temporarily reduced in the 2020 financial year due to the financial impact of the COVID-19 pandemic.

The Annual General Meeting on 23 July 2021 approved the resolution to adjust the remuneration of the Supervisory Board with a majority of 99.5003% of the capital present. § Article 15 of the Articles of Association was amended accordingly.

APPLICATION OF THE SUPERVISORY BOARD REMUNERATION SYSTEM IN FINANCIAL YEAR 2023

From 23 July 2021, the work of the Supervisory Board will be remunerated in accordance with the current remuneration system.

REMUNERATION STRUCTURE FOR THE MEMBERS OF THE SUPERVISORY BOARD

§ Section 15 of the Articles of Association of STS Group AG governs the remuneration of the Supervisory Board. The Annual General Meeting decides on the amount of remuneration. This was last done on 23 July 2021.

From 1 July 2021, each member of the Supervisory Board will receive remuneration of EUR 60,000.00 for each full financial year of membership of the Supervisory Board, and the Chairman of the Supervisory Board will receive remuneration of EUR 100,000.00. The remuneration is payable within one month of the end of the respective financial year.

Until 30 June 2021, the fixed remuneration for simple Supervisory Board membership was EUR 25,000. The Deputy Chairman of the Supervisory Board received remuneration of EUR 37,500 and the Chairman of the Supervisory Board received remuneration of EUR 50,000.

In addition, the members of the Supervisory Board receive reimbursement of their expenses and any value added tax payable on the remuneration or expenses in accordance with Section 15 (2) of the company's Articles of Association.

The members of the Supervisory Board are covered by directors' and officers' liability insurance (D&O insurance) maintained in the interests of the company.

No separate remuneration is paid for the activities of the Audit Committee.

REMUNERATION OF THE SUPERVISORY BOARD

In the 2023 financial year, the actual fixed remuneration of the Supervisory Board totalled EUR 220 thousand (2022: EUR 220 thousand).

The following table shows the remuneration components granted to Supervisory Board members in the 2023 financial year. Remuneration is deemed to have been granted within the meaning of Section 162 para. 1 sentence 1 AktG if it actually accrues to the board member, i.e. actually flows to them and thus becomes part of their assets, regardless of whether it is paid to fulfil an obligation or without legal grounds.

In accordance with the remuneration system adopted on 23 July 2021, the remuneration is to be paid within one month of the end of the respective financial year. Due to the uncertain general market situation at the beginning of the 2022 financial year in connection with the ongoing Covid-19 pandemic, particularly in China, as well as the Ukraine/Russia conflict and the uncertainties regarding the further effects, a delayed payment was agreed with the Supervisory Board. As a result, the fixed remuneration component for the 2021 financial year was only paid out at a later date, namely at the beginning of the 2023 financial year. This therefore represents a deviation from the remuneration system; the remuneration system and the law permit such a deviation.

REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD

in kEUR	2023			2022		
	Fixed Compensation	in%	Total Compensation	Fixed Compensation	in%	Total Compensation
Paolo Scudieri - Chairman of the Supervisory Board since 23. July 2021	144	100%	144	-	0%	-
Pietro Gaeta - Dep. Chairman of the Supervisory Board since 23. July 2021	87	100%	87	-	0%	-
Pietro Lardini - Member of the Supervisory Board since 23 July 2021	87	100%	87	-	0%	-
Dr. Wolfgang Lichtenwalder - Dep. Chairman of the Supervisory Board from 22 June 2020 until 23 July 2021	-	0%	-	21	100%	21
Bernd Maierhofer - Dep. Chairman of the Supervisory Board until 23. July 2021	16	100%	16	-	0%	-
Total	334	100%	334	21	100%	21

COMPARATIVE PRESENTATION OF THE DEVELOPMENT OF REMUNERATION AND EARNINGS

The following comparative presentation shows the annual change in the remuneration granted and owed to current and former members of the Management Board and Supervisory Board, the company's earnings performance and the remuneration of employees on a full-time equivalent basis. The comparative presentation of employees is based on the average wages and salaries of employees at all German locations and thus forms an appropriate benchmark.

COMPARATIVE PRESENTATION OF THE DEVELOPMENT OF COMPENSATION AND EARNINGS

	Remu-neration	Change vs. previous year (in %)	Remu-neration	Change vs. previous year (in %)	Remu-neration	Change vs. previous year (in %)	Remu-neration	Change vs. previous year (in %)	Remu-neration
	2023	2023 vs 2022	2022	2022 vs 2021	2021	2021 vs 2020	2020	2020 vs 2019	2019
in kEUR									
Current members of the Management Board									
Alberto Buniato	164	9%	150	-	-	-	-	-	-
Former members of the Management Board									
Andreas Becker	-	-100%	26	-84%	156	-88%	1.337	100%	669
Mathieu Purrey	-	-	-	-100%	120	-21%	151	-	-
Dr. Ulrich Hauck	-	-	-	-	-	-100%	511	129%	223
Patrick Oschust	-	-	-	-	-	-100%	170	-58%	404
Stephan Vrublovsky	-	-	-	-	-	-	-	-100%	62
Current members of the Supervisory Board									
Paolo Scudieri (Chairman since 07/21)	144	-	-	-	-	-	-	-	-
Pietro Gaeta (Deputy Chairman since 07/21)	87	-	-	-	-	-	-	-	-
Pietro Lardini	87	-	-	-	-	-	-	-	-
Previous members of the Supervisory Board									
Dr. Wolf Cornelius (Vorsitzender 06/20 bis 07/21)	-	-	-	-100%	58	-	-	-	-
Dr. Wolfgang Lichtenwalder (Stell. Vorsitzender 06/20 bis 07/21)	-	-100%	21	0%	21	-	-	-	-
Bernd Maierhofer	16	-	-	-100%	38	-24%	50	47%	34
Robin Laik (Vorsitzender bis 06/20)	-	-	-	-	-	-100%	147	154%	58
Dr. Christian Schleede (stell. Vorsitzender 06/20)	-	-	-	-	-	-100%	110	151%	44
Employees									
Ø Employees in Ger.	30	-48%	57	-20%	72	-43%	126	14%	110
Earnings performance									
Adj. EBITDA of the Group (Mio. EUR)	20	122%	9	-55%	20	11%	18	0%	18
Adj. EBITDA of the STS Group AG	-3	6%	-4	-192%	-1	93%	-17	<-100%	-7
Net Profit of the STS Group AG	1	>100%	2	>100%	1	>100%	-9	-71%	-5

Independent auditor's report on the audit of the remuneration report in accordance with Section 162 (3) AktG

To the STS Group AG, Hagen

Audit judgement

We have audited the remuneration report of STS Group AG, Hagen for the financial year from 1 January to 31 December 2023 as to whether the disclosures pursuant to Section 162 (1) and (2) AktG 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 accompanying remuneration report includes, in all material respects, the disclosures required by section 162 (1) and (2) AktG. Our audit opinion does not cover the content of the remuneration report.

Basis for the audit opinion

We conducted our audit of the remuneration report in accordance with § 162 Abs. 3 AktG and the IDW Auditing Standard: The Audit of the Remuneration Report in Accordance with Section 162 (3) AktG (IDW PS 870 (09.2023)). Our responsibilities under those requirements and this standard are further described in the "Auditor's Responsibilities" section of our report. As an audit firm, we have fulfilled the requirements of the IDW Quality Management Standard: Requirements for Quality Management in the Auditing Practice (IDW QMS 1 (09.2022)) have been applied. We have complied with the professional requirements of the German Public Auditors' Code and the Professional Code for German Public Auditors / Chartered Accountants, including the independence requirements.

Responsibility of the legal representatives and the Supervisory Board

The legal representatives and the Supervisory Board are responsible for the preparation of the remuneration report, including the related disclosures, in accordance with the requirements of Section 162 AktG. In addition, they are responsible for such internal control as they have determined necessary to enable the preparation of a remuneration report that is free from material misstatement, whether due to fraud (i.e. fraudulent manipulation of accounting records or misrepresentation of assets) or error.

Responsibility of the auditor

Our objective is to obtain reasonable assurance about whether the remuneration report includes, in all material respects, the disclosures required by section 162 (1) and (2) AktG and to issue an auditor's report thereon.

We planned and performed our audit such that we can determine the formal completeness of the remuneration report by comparing the disclosures made in the remuneration report with the disclosures required by section 162 (1) and (2) AktG. In accordance with § 162 Abs. 3 AktG, we have not audited the content of the disclosures, the completeness of the individual disclosures or the fair presentation of the remuneration report.

Munich, 27 March 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Christian Königppa
Certified Public Accountant

. Bernhard Obermayr
Certified Public Accountant