

Declaration on Corporate Governance

Information on Company Management Practices

The Management Board conducts the business of the company in accordance with the statutory laws and legislation, the Articles of Association, and other relevant regulations. It ensures compliance with the statutory regulations and internal company guidelines and ensures that they are observed by the Group companies. The Management Board and the Supervisory Board observe the recommendations of the German Corporate Governance Code provided that no deviations are listed in the Declaration of Compliance.

The management of SURTECO GROUP SE pursues the objective of generating long-term Economic Value Added in the interests of the company. The management process takes into account the interests of the shareholders, the company's employees, and the other groups affiliated with the company (shareholders). The Management Board develops the strategic direction of the company, agrees it with the Supervisory Board, and implements the strategy. The Management Board and the Supervisory Board work closely together to promote the well-being of the company.

The Management Board controls the Group through the Decoratives, Profiles and Technical Segments. The holding company implements strategic planning and controlling, group-wide finance, and investment management, human resources strategy, Group accounting, IT management and investor relations activities. The individual subsidiary companies of the Group manage their business on the basis of group-wide parameters.

The Management Board is also responsible for the internal management and risk controlling system within the SURTECO Group. However, the executive management of SURTECO aims to implement a prudent system of management that goes beyond the statutory requirements and the recommendations of the Corporate Governance Code. To this end, the Management Board has approved a Code of Conduct for the SURTECO Group. The code contains additional regulations governing cooperation within the company and with respect to business partners and third parties.

Dependability, commitment, transparency, integrity and fairness are further key values held by our company. These include the following principles:

- Legal and ethical conduct, and observance of legal and cultural framework conditions;
- Loyalty to the company;
- Fair, polite and respectful approach to employees and people outside the company;
- Taking reasonable account of the interests of customers and business partners;
- Social commitment;
- Commitment to environmental protection and health and safety at work;
- Fair competition and refraining from any form of preferential treatment during initial approaches, allocation or processing of an order;
- Prohibition of any form of discrimination on grounds of gender, ethnic origin, religious affiliation, or any other salient characteristics;
- Responsible and transparent conduct in dealing with risks;
- Professional approach, fairness and dependability in all business relationships.

Composition and method of working of the Management Board

Tasks and Responsibilities

The Management Board of SURTECO GROUP SE manages the company with the objective of generating long-term organic Economic Value Added. It performs its duty independently and in the interests of the company, and takes into account the requirements of its shareholders, its employees and the groups affiliated with the company (stakeholders). The members of the Management Board are jointly responsible for the management. The chairman of the Management Board coordinates the activities of the board. The Management Board develops the strategic direction of the company, agrees it with the Supervisory Board and implements the strategy. It ensures compliance with the statutory regulations and internal company guidelines and ensures that they are observed by the Group companies. For this purpose, a compliance management system was implemented, based on the Code of Conduct of the Company. Compliance with this Code of Conduct is monitored by Internal Auditing. Furthermore, software will be introduced worldwide for the internal control system, and for certain compliance violations, an annual Group-wide query on sustainability reporting takes place. In addition, the Management Board has implemented appropriate risk management and risk controlling within the company as well as an internal audit.

Composition

The Management Board comprises two members. The members of the Management Board are appointed and dismissed by the Supervisory Board. Rules of Procedure govern the allocation of business and cooperation in the Management Board. The Supervisory Board has determined a target of one female member on the Management Board. There has not yet been an opportunity to appoint a suitably qualified woman to the Management Board of SURTECO GROUP SE. Board members should not be active longer than the statutory retirement age for the company.

Conflicts of interest

Members of the Management Board have a duty to act in the interests of the company. They are not permitted to pursue any personal interests in the decisions they reach, are subject to a comprehensive prohibition on competitive activity whilst acting for the company and may not exploit for themselves any business opportunities available to the company. Every member of the Management Board must disclose to the Supervisory Board any conflict of interest and must inform the other Management Board members of such conflict.

Transactions requiring Agreement

The Supervisory Board has determined for the Management Board in the Rules of Procedure certain types of transaction that require the agreement of the Supervisory Board. These include transactions with persons or companies with whom a member of the Management Board has a close relationship.

Composition and method of working of the Supervisory Board

Tasks and Responsibilities

The Supervisory Board regularly advises the Management Board on the management of the company and monitors its actions. He appoints and dismisses members of the Management Board and decides on the number of the Management Board members, the required qualifications and the filling of individual positions by suitable personalities. The Supervisory Board decides on the compensation for individual members of the Management Board, the compensation system for the Management Board and works together with the Management Board to establish long-term succession planning. To this end, the Personnel Committee of the Supervisory Board regularly analyses the situation of the Management Board members and discusses the principles for long-term succession planning, such as the requirements profile or the search for suitable candidates. The Supervisory Board is governed by Rules of Procedure This is published on the company's website. The Supervisory Board must also agree the annual financial plan and approve the annual financial statements of SURTECO GROUP SE and the consolidated financial statements of the Group. The Management Board provides the Supervisory Board with regular, timely and comprehensive reports on all issues of strategy, planning, business development, risk position, risk management and compliance relevant to the company. The Management Board addresses all deviations in the current business situation from the plans and goals that have been prepared and provides reasons for such deviations.

Tasks and Authorities of the Chairman of the Supervisory Board

The Chairman of the Supervisory Board is elected by the Supervisory Board from among its members, coordinates the work of the Supervisory Board, chairs its meetings and represents the requirements of the Supervisory Board in the public domain. He is also chairman of the committees with the exception of the Audit Committee. This is chaired by another member of the Supervisory Board. The Chairman of the Supervisory Board maintains regular contact with the Chairman of the Management Board between meetings and discusses with the Chairman issues of strategy, planning, business development, risk situation, risk management and compliance of the company. He will be promptly informed by the Chairman of the Management Board of any material events that are material to the assessment of the Company's position, performance and management.

Formation of Committees

The Supervisory Board of SURTECO GROUP SE has a Presiding Board and a Personnel Committee and an Audit Committee.

The Audit Committee addresses issues related in particular to monitoring the accounting process, the effectiveness of the internal controlling system, the risk management system and the internal auditing system, the year-end auditing system (here in particular the independence of the auditor), the additional services provided by the auditor, the appointment of the auditor to carry out the audit, the determination of the focuses of the audit, the agreement of the fee, and compliance. The Chairman of the Audit Committee has special knowledge and experience in the application of accounting principles and internal controlling procedures. The Chairman is independent and is not a former member of the Management Board of the company. When monitoring the conduct of business, the Audit Committee works closely with the auditors and has agreed with them to inform them of significant findings and events in the context of the audit. The auditor informs the Supervisory Board of any inaccuracies in the declaration. After each final exam, the Audit Committee assesses the quality of the audit. Chairman of the Audit

Committee is Mr. Andreas Engelhardt. The other members are Dr. Ing. Jürgen Großmann, Jörg Wissemann and Tobias Pott.

The Presiding Board prepares the resolutions of the Supervisory Board and in accordance with the Rules of Procedure can take the place of the Supervisory Board and grant consent to specific measures and transactions requiring approval in urgent cases. Chairman of the Presiding Board is Mr. Dr.-Ing. Jürgen Großmann. The other members are Dr. Chrstioph Amberger, Andreas Engelhardt and Tobias Pott.

The Personnel Committee engages with the long-term planning of human resources in the Management Board. To this end, the Personnel Committee analyses the situation on a regular basis and discusses the principles of long-term succession planning such as the requirement profiles and, if necessary, initiates a search. The Personnel Committee also prepares the proposals for the compensation of the members of the Management Board. Chairman of the Presiding Board is Dr.-Ing. Jürgen Großmann. The other members are Dr. Chrstioph Amberger, Andreas Engelhardt and Tobias Pott.

The relevant committee chairmen regularly report to the Supervisory Board about the work of the committees.

Composition

The composition of the Supervisory Board is based on § 95 sentence 2 of the Stock Corporation Act (AktG) in conjunction with Article 8 Section 1 of the Articles of Association and the provisions of the agreement pursuant to §§ 13 Paragraph 1 sentence 1, 21 SE Participation Act (Gesetz über die Beteiligung der Arbeitnehmer in einer Europäischen Gesellschaft, SEBG) between the special negotiating committee and the management of SURTECO AKTIENGESELLSCHAFT relating to the participation of the employees of SURTECO GROUP SE dated 13 February 2007. This states that the Supervisory Board of the Company shall be composed of nine members. Six members are elected by the Annual General Meeting. Three members are nominated to the Supervisory Board as employee representatives in accordance with the provisions of the agreement referred to above by the Works Councils of the three German companies of SURTECO GROUP with the most employees. The shareholder representatives and employee representatives are equally committed to the company's interest.

For election to the Supervisory Board, any personal or business relationships of the candidates with the Company, the Company's bodies and significant shareholders are disclosed. The nomination will be accompanied by a curriculum vitae and published annually updated on the company's website. Elections will be conducted as a single election and a petition for judicial appointment until the next Annual General Meeting.

A Supervisory Board member shall not accept more than five Supervisory Board mandates and a Supervisory Board member who is a member of any Management Board of a listed company shall not accept more than two Supervisory Board mandates in non-group listed companies or comparable functions with an appointment as Chair of the Supervisory Board being counted twice. The Supervisory Board should not have more than two former members of the Management Board. Members of the Supervisory Board should not be older than 63 years of age when they take up their office. The Supervisory Board should have a minimum of 6 independent members and at least one woman. The defined targets were achieved with the exception of the age limit and the membership of one woman. The exception from the age limit related to the Members of the Supervisory Board Björn Ahrenkiel and Dr.-Ing. Jürgen

Großmann who was appointed as Members of the Supervisory Board again due to her special knowledge and experience and many years of experience. There has not yet been an opportunity to appoint a suitably qualified woman to the Supervisory Board of SURTECO GROUP SE. The independent Members of the Supervisory Board appointed to represent the shareholders are Dr.-Ing. Jürgen Großmann, Dr. Christoph Amberger, Jörg Wissemann, Tobias Pott, Tim Fiedler and Andreas Engelhardt. Dr. Amberger is Deputy Chairman of the Supervisory Board of Klöpfer und Königer GmbH & Co. KG, Garching, which has a significant shareholding in SURTECO GROUP SE, but is not a controlling shareholder. Insofar, there is a business relationship between Dr. Amberger and Klöpfer und Königer GmbH & Co. KG. Otherwise, Dr. Amberger is independent pursuant the German Corporate Governance Code (DCGK). In this respect, the Chairman of the Supervisory Board, the Chairman of the Audit Committee and the Chairman of the Personnel Committee are independent within the meaning of the German Corporate Governance Code (DCGK). The Supervisory Board has not set a regular limit for the membership of the Supervisory Board for its members.

The period of membership of the Supervisory Board is published on the homepage of the company together with the curriculum vitae. No member of the Supervisory Board was a former member of the Company's Management Board or has an executive function with key competitors of the company. There is also no personal relationship between a Supervisory Board and a major competitor of the Company.

The Supervisory Board is composed of members such that its members have the necessary knowledge, skills and specialist experience to be in a position to perform the necessary functions properly and appropriately. For this purpose, the Supervisory Board has drawn up a competence profile setting out the personal and specialist requirements of the candidates for the Supervisory Board. A statutory gender quota does not exist due to the agreement in accordance with §§ 13 para. 1 sentence 1, 21 SEBG.

The members of the Supervisory Board are responsible for the training and professional development required for their tasks. At the time of their inauguration, the Company inform the Supervisory Board members about details of restricted trading periods, insider information and transactions, disclosure requirements and relevant legal provisions. The Company offers the reimbursement of expenses for training and professional development.

Resolutions of the Supervisory Board

The Supervisory Board makes all resolutions by a simple majority vote. If there is parity of voting, the Chairman of the Supervisory Board holds the casting vote.

Conflicts of Interest

Every member of the Supervisory Board has a duty to act in the interests of the company. Members of the Supervisory Board are not permitted either to pursue any personal interests in the decisions they reach, nor to exploit for themselves any business opportunities available to the company. Each Member of the Supervisory Board will disclose to the Supervisory Board any conflicts of interest, in particular such conflicts which may arise as a result of consultancy or exercise of official duties with customers, suppliers, lenders or other third parties. The Supervisory Board will provide information on any conflicts of interest that have occurred in its report to the Annual General meeting and on how these conflicts have been dealt with. Any substantial conflicts of interest to which a Member of the Supervisory Board is subject, and which are not temporary should lead to termination of membership of the Supervisory Board.

Examination of Efficiency

The Supervisory Board of SURTECO GROUP SE will review the efficiency of its activities on a regular basis and discusses the result in plenary. Due to the small deviation of the individual self-evaluations in previous years, the self-evaluation will be carried out every two years, most recently in December 2019 for the financial years 2018 and 2019.

Function of the Annual General Meeting

The shareholders exercise their rights regularly at the Annual General Meeting. The Annual General Meeting decides in particular on the appropriation of profits and the discharge of the Executive and Supervisory Boards and elects the six shareholder representatives and the auditor.

Transparency and external reporting

Shareholders and other interested parties are informed about the consolidated financial statements, the management report and financial information during the year. The Company also publishes first and third quarter financial statements as of the semi-annual report, which are publicly accessible within 45 days of the end of the reporting period. In principle, the company treats all shareholders equally with information.

Diversity Concept

The diversity concept of SURTECO GROUP SE for appointments to the Management Board and the Supervisory Board is based on the recommendations of the German Corporate Governance Code. According to the code, at least one woman should be a Member of the Management Board and the Supervisory Board. Unfortunately, there has not yet been an opportunity to appoint a suitably qualified woman for the Management Board or to propose a woman as a candidate to be a Member of the Supervisory Board, although appropriate efforts have been made to achieve this objective. A competence profile is used to identify suitable candidates for the Supervisory Board and the Management Board. This particularly takes into account the career background and the professional qualifications and competence of the candidates.

Law on equal participation of women and men in leadership positions

The Management Board takes account of diversity when making appointments to management positions within the company and, in doing so, seeks to achieve reasonable representation of women. In accordance with § 76 Paragraph 4 of the German Stock Corporation Act (AktG), the Management Board has set a target of at least 22% for the proportion of women in the second tier of management. This target has already been achieved within the reporting period. A proportion of 16% was defined for women in the first tier of management below the Management Board. This target has also been achieved within the reporting period.

In respect of the composition of the Management Board, the Supervisory Board respects Diversity and aims to appoint at least one woman. A statutory gender quota for the Supervisory Board does not exist due to the agreement in accordance with §§ 13 para. 1 sentence 1, 21 SEBG. Nevertheless, the Supervisory Board has set itself the goal of having at least one woman on the Supervisory Board.