

Remuneration policy for the Management Board of S&T AG

The remuneration policy defines the principles that are applied when determining the remuneration of the Executive Board of S&T AG within the S&T Group.

The primary objective of remuneration policy is to promote the long-term and sustainable development of the company, in particular in the interests of shareholders. These principles were adopted by the Supervisory Board on May 20, 2020, and will be presented to the Annual General Meeting of S&T AG on June 16, 2020, for approval in accordance with § 78 of the Austrian Stock Corporation Act. The principles set out below form the framework that the Supervisory Board will observe when drafting the employment contracts with members of the Management Board and the performance-based variable remuneration for executives. These principles have already been largely implemented in the Management Board contracts concluded in 2020. Any necessary adjustments will be discussed with the members of the Management Board and presented in the remuneration report for the 2021 Annual General Meeting.

Remuneration policy principles

The Supervisory Board is responsible for the preparation, regular review and implementation of the remuneration policy for the Management Board. If necessary, support is exceptionally provided by an external compensation consultant. In order to avoid conflicts of interest, the Supervisory Board ensures that a consultant who may be called upon does not at the same time advise the Management Board on remuneration issues.

The following principles apply to the structure of compensation for the members of the Management Board of S&T AG:

- Compensation should promote a balance between the conduct, actions and performance of the members of the Management Board and the expectations and interests of all stakeholders of S&T AG and the S&T Group, in particular the shareholders and investors of S&T AG.
- Compensation should be consistent with, reflect and support the short and long-term strategic objectives of the Company and the Group.
- The compensation should reflect the scope of responsibility and performance of each member of the Management Board.
- The relationship between the various remuneration components should be reasonable and balanced.
- The total remuneration should be based on that of the companies in the peer group.
- The remuneration should be transparent and easy to understand.

The remuneration of the Management Board is generally made up of a fixed remuneration (basic salary) and a variable performance bonus. In addition, all members of the Management Board have the opportunity (as well as selected executives) to participate in a stock option program that is based on a sustainable share price and earnings performance of the Company. In determining the remuneration of the Management Board, a distinction is made between the individual Management Board members with regard to the variable remuneration components in respect to the overall responsibility of the Management Board and the economic relationship between the individual business segments. The decisive factors are the own business segment and its significance. With regard to the fixed salary components, the Supervisory Board takes into account the tasks and professional experience of the individual members of the Management Board, the situation of the company and the customary level of remuneration. The Chairman generally receives higher total remuneration due

to his special responsibility and importance for the company. By means of a horizontal compensation comparison with other Austrian and German companies, a market-conform and competitive compensation of the Management Board has to be achieved in order to attract, motivate and retain the most qualified Management Board members for the Company. Furthermore, the remuneration and employment conditions of the Company's employees are taken into account in order to set the remuneration of the Management Board in a reasonable relation to the remuneration structure of the Company.

With regard to Section G.11 of the German Corporate Governance Code (DCGK), to which S&T AG is committed as a company listed in Frankfurt, Germany, the remuneration policy provides that the company may reclaim variable remuneration components if it turns out that these were paid out on the basis of obviously incorrect data.

Basic salary

The basic salary consists of an annual fixed salary, which is paid in 12 or 14 equal instalments depending on the country of residence of the member of the Management Board. This remuneration covers all overtime, travel and travel time as well as benefits that are provided in addition to the normal working hours applicable to employees of the Company. It also covers the assumption of board functions in the Group.

The base salary represents a fixed salary at a competitive level, which encourages the members of the Management Board to act in the best interests of the Company and with due regard to the interests of shareholders and employees and the public interest. The other remuneration mainly relates to taxable remuneration in kind for company cars.

The remuneration policy should express in a simple and clear manner the incentive of the Management Board to improve the earnings situation, which is important for the further development of the Group, and should be easy to understand: If this is necessary due to an extremely poor economic development, the Supervisory Board will approach the members of the Board of Management to persuade them to reduce the fixed remuneration.

Short-term variable performance bonus

The variable component is based solely on the reported results of the respective area of responsibility; there are no non-financial criteria that are decisive for the variable remuneration. S&T AG is active in very different business areas, which is why it does not make sense to define criteria uniformly for the entire Group. The short-term variable performance bonus is dependent on the company's success in the respective past financial year and takes into account the EBITDA reported in the consolidated financial statements as the financial target figure for the CEO & CFO, and for other members of the Management Board the EBITDA of their area of responsibility. The variable performance bonus for all members of the Management Board is limited to half the fixed salary.

The bonus entitlement resulting from the achievement of the financial performance criteria may be increased for exceptional performance not reflected in the financial criteria. This can be particularly relevant when it comes to the establishment and integration of new business areas, the achievement of special goals to increase sustainability or the implementation of far-reaching restructuring measures. Such bonuses can be granted irrespective of the achievement of financial performance criteria.

The Supervisory Board reserves the right to supplement the financial performance criterion with alternative performance criteria such as gross profit, revenue growth, operating or free cash flow, EBITDA or EBIT margin under special circumstances (particularly in a phase of corporate restructuring). This should enable management to focus on generating positive cash flows in critical phases of the business, taking profitability trends into account. The time and amount limits remain unaffected.

Long-term incentives through stock option programs

As a further variable, but long-term, component, the Management Board (as well as senior executives) have already been granted stock options or stock warrants in the past, which provide for additional variable long-term remuneration in the event of a positive development of the S&T AG share price.

When designing the stock option programs 2020, 2021 and 2022, the sustainability aspect was taken into account by providing for a 36-month waiting period from the granting of the warrants and the criterion of an increase of at least 80% compared to the price of the S&T share at the time the option was granted. The warrants can only be exercised after the end of the waiting period and if this target (180% increase in the S&T AG share price) is achieved. If these criteria are not met, the warrant expires without replacement. The term of the warrants is limited to 60 months. S&T AG is free to choose whether to settle the warrants in cash or by means of new or treasury shares.

The bonus scheme and the stock option program align the interests of the Management Board with those of shareholders and other stakeholders. This enables a comprehensive and balanced assessment of the performance of the members of the Management Board. The financial targets are objective and transparent and can hardly be influenced significantly by short-term measures, thus promoting the business strategy and the long-term development of the company.

Special gratuities and bonuses

The Compensation Committee reserves the right to grant special bonuses for special achievements over and above the variable performance bonuses mentioned above, provided that these special achievements have created future-related benefits for the Company, particularly in the areas of sustainability and "health & safety". The possible special bonuses are intended to motivate the members of the Board of Management to manage the company in a long-term and sustainable manner. They are limited to the simple fixed salary of one year.

It is permissible to grant sign on and stay bonuses to members of the Board of Directors. This may be necessary in order to attract particularly qualified members of the Management Board to the Company or to bind them to the Company.

Remuneration in kind and other benefits

The Company may take out a "Directors and Officers" (D&O) insurance policy for members of the Management Board, an accident insurance policy and other insurance policies required for the activity as a member of the Management Board, such as a legal expenses or foreign travel health insurance. The Company may provide the members of the Management Board with a company car. In addition, the Management Board members may be reimbursed for reasonable service expenses associated with their position as Management Board members as well as for their travel expenses (in accordance with S&T AG's guidelines for business travel). Social security contributions are divided between the members of the Management Board and the Company in accordance with the statutory key, and the Company either pays the legally required contribution to a staff provision fund or provides severance payments in accordance with section 23 of the Austrian Employee Act or a comparable regulation if the Management Board member is resident abroad.

Derogation from the remuneration policy in exceptional circumstances

In exceptional circumstances, the Compensation Committee of the Supervisory Board may temporarily deviate from this compensation policy in order to ensure the long-term development of the Company or its profitability, while safeguarding contractual entitlements.

In the event that a member of the Supervisory Board takes over a Management Board mandate on an interim basis, which is only possible in a special exceptional situation, the variable remuneration components may be determined differently in order to provide the Management Board member delegated from the Supervisory Board with an incentive commensurate with the situation.

In addition, under exceptional circumstances that are particularly challenging for the Company, either macroeconomically or specifically, temporary deviating short and long-term performance bonuses may be determined in order to attract particularly suitable Executive Board members and motivate them accordingly through compensation incentives.

Terms of office of the members of the Management Board

As a rule, Management Board mandates are limited to three years, and to two years for first-time appointments.

Termination of a Management Board mandate

The employment contracts of the members of the Management Board are concluded for a limited period of time. They can only be terminated at any time without notice for important reasons, in particular those of § 27 of the Austrian Salaried Employees Act (grounds for dismissal within the meaning of the Labour Law) as well as gross breach of duty. In case of permanent occupational disability and after more than six months of illness, the employment contract may be terminated with three months' notice to the end of the month. In this case, the entitlement to the fixed salary remains for the remaining term of the contract, but for no longer than 6 months. This also applies in the event of premature termination of the Executive Board appointment in the absence of good cause.