STABILUS

ANNUAL GENERAL MEETING 2020

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, 2019.

   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, 2019.

   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, 2019.

   No resolution required.

4. Approval of the annual accounts of the Company for the fiscal year ended September 30, 2019.

   The Management Board proposes that the Meeting approve the annual accounts of the Company for the fiscal year ended September 30, 2019.

5. Acknowledgement of the loss of the Company made with respect to the fiscal year ended September 30, 2019 and resolution concerning the allocation of the results of the Company for the fiscal year ended September 30, 2019.

   The Management Board proposes that the Meeting acknowledge that the Company made a loss with respect to the financial year ended on September 30, 2019 in an aggregate amount of EUR 1,076,726.10 (one million seventy-six thousand seven hundred twenty-six Euros and ten cents) (the Loss), and that the Meeting resolve to set-off the loss against a corresponding amount of profits carried forward from the previous financial year in an aggregate amount of EUR 150,661,499.24 (one hundred fifty million six hundred sixty-one thousand four hundred ninety-nine Euros and twenty-four cents).

   The Management Board further proposes that the Meeting resolve to approve the distribution of a dividend in an amount of EUR 1.10 (one Euro and ten cents) per share resulting in an aggregate dividend distribution in an amount of EUR 27,170,000 (twenty-seven million one hundred seventy thousand Euros) out of the profits carried forward from the previous financial year which amounts to EUR 149,584,773.14 (one hundred forty-nine million five hundred eighty-four thousand seven hundred seventy-three Euros and fourteen cents) and to carry forward the resulting balance of profits 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) to the next financial year. The dividend shall be payable within three days as of the Meeting.

6. Approval of the consolidated financial statements of the Company for the fiscal year ended September 30, 2019.

   The Management Board proposes that the Meeting approve the consolidated financial statements of the Company for the fiscal year ended September 30, 2019.

7. Acknowledgment of the termination of the mandate of Dr. Stephan Kessel as member of the Management Board with effect as from July 31, 2019, and discharge (*quitus*) to Dr. Stephan Kessel, 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, 2019.

   The Management Board proposes that the Meeting (i) acknowledge the termination of the mandate of Dr. Stephan Kessel as member of the Management Board with effect as from July 31, 2019 and (ii) approve the discharge to Dr. Stephan Kessel, 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, 2019.

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, 2019.

   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, 2019.

9. 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, 2019.

   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, 2019.

10. 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, 2019.

    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, 2019.

11. Discharge (*quitus*) to Mr. Markus Schädlich, 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, 2019.

    The Management Board proposes that the Meeting approve the discharge of Mr. Markus Schädlich, 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, 2019.

12. Acknowledgment of the resignation/termination of the mandate of Mr. Udo Stark as member of the Supervisory Board with effect as from July 31, 2019, and discharge to Mr. Stark for the performance of his duties as member of the Supervisory Board for and in connection with the fiscal year ended September 30, 2019.

    *The Management Board proposes that the Meeting (i) acknowledge the resignation/termination of the mandate of Mr. Udo Stark as member of the supervisory board of the Company (the "**Supervisory Board"**) with effect as from July 31, 2019, and (ii) approve the discharge to Mr. Udo Stark with respect to the performance of his duties as member of the Supervisory Board for and in connection with the fiscal year ended September 30, 2019.*

13. 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, 2019.

    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, 2019.

14. 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, 2019.

    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, 2019.

15. 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, 2019.

    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, 2019.

16. 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, 2019.

    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, 2019.

17. Acknowledgment of the resumption of Dr. Stephan Kessel's mandate as member of the Supervisory Board with effect as from August 1, 2019 and until the annual general meeting of the Company to be held in the year 2023.

    No resolution required.

    <u>Comment:</u> Following the departure of the previous CEO of the Company, Dr. Stephan Kessel, then member of the Supervisory Board, was appointed member of the Management Board and interim CEO by the Supervisory Board, and his mandate as member of the Supervisory

Board was consequently suspended. After twelve month in office, Dr. Stephan Kessel retired as interim CEO and the suspension was lifted, for him to resume his former function in the Supervisory Board.

18. Renewal of the mandate of the independent auditor (*cabinet de révision agréé*) of the Company, KPMG Luxembourg, represented by partner Mr. Thomas Feld, in relation to the annual accounts and the consolidated financial statements for the fiscal year ending on September 30, 2020.

    The Management Board proposes that the Meeting renew the mandate of KPMG Luxembourg, represented by partner Mr. Thomas Feld, 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, 2020.

19. Presentation of and advisory vote on the remuneration policy for the members of the Management Board and the Supervisory Board.

    The Management Board proposes that the Meeting pass an advisory vote on the remuneration policy for the members of the Management Board and the Supervisory Board as set out in Annex 1 to the convening notice.

    Comment: The Supervisory Board and the Management Board presented a remuneration policy for members of the Management Board in the Annual General Meeting 2019 and for members of the Supervisory Board in the Annual General Meeting 2017, which were both approved in the respective annual general meetings. These policies remain unchanged and are still effective today.

    As a result of the implementation of Directive (EU) 2017/828 of the European Parliament and of the Council of May 17, 2017 (the "**Shareholder Rights Directive II**") amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement into Luxembourg law through the Luxembourg law of August 1, 2019, amending the Luxembourg law of May 24, 2011 on shareholders rights, and which became effective on August 24, 2019 (the "**Shareholders Rights Law**"), the Company has to draw up a remuneration policy for the Supervisory as well as Management Board in accordance with Article 7bis of the Shareholders Rights Law. The Supervisory Board has thus merged the pre-existing policies into one single remuneration policy for the remuneration of the Management Board and the Supervisory Board (as set out in Annex 1 to the convening notice) and submits it to the advisory vote of the Meeting as required by Article 7bis of the Shareholders Rights Law. The remuneration policy will next be submitted to an advisory vote by the general meeting at the earlier of a material change or in four years' time.

20. Presentation of and advisory vote on the remuneration report for the members of the Management Board and the Supervisory Board in the fiscal year 2019.

    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 2 to the convening notice.

    Comment: As a result of the implementation of the Shareholder Rights Directive II into Luxembourg law, the Company has to draw up a report on the remuneration of the members of the Management Board and the Supervisory Board in the fiscal year 2019, as set out in Annex 2 to the convening notice, and submit it to the advisory vote of the Meeting as required by Article 7ter of the Shareholders Rights Law.

21. Authorization to buy back shares of the Company.

The Management Board proposes that the Meeting approve to give the Management Board a general authorization to repurchase shares, under the conditions that

i. *the maximum number of shares to be acquired, in whole or in part from time to time, shall be 2 million shares (i.e. around 8% of the total number of shares outstanding);*

ii. *the purchase shall be effected either through the stock exchange or on the basis of a public purchase offer to all shareholders;*

iii. *the consideration payable per share shall not exceed by more than 10% and shall not undercut by more than 20% the arithmetic mean of the closing price in XETRA trading on the Frankfurt Stock Exchange on the last three days of trading prior to the decision to repurchase shares;*

iv. *the duration of the period for which the authorization is given shall be five years from the date of this resolution;*

v. *the repurchased shares may be used for any legally permissible purpose;*

vi. *such acquisitions must not result in the net assets of the Company falling below the aggregate amount of the subscribed capital and the reserves which may not be distributed under the Company Law or the articles of association. Only fully paid-up shares may be repurchased.*

Comment: The Company's capital allocation is generally aimed at investing into the growth of the Company, to repay external debt and to pay dividends to the Company's shareholders. At the same time the Company must maintain a reasonable level of liquidity. However, situations may arise where the most efficient way of using available funds would be the repurchase of own shares. To be able to do so, the Company requires the prior authorization of its shareholders. Consequently, the Company is seeking the approval of this possibility.

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

Preamble

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

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

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

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

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

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

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

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

Process for determining, implementing and reviewing the remuneration system

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

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

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

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

Avoidance of conflicts of interest

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

Elements of the remuneration policy and the total target compensation

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

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

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

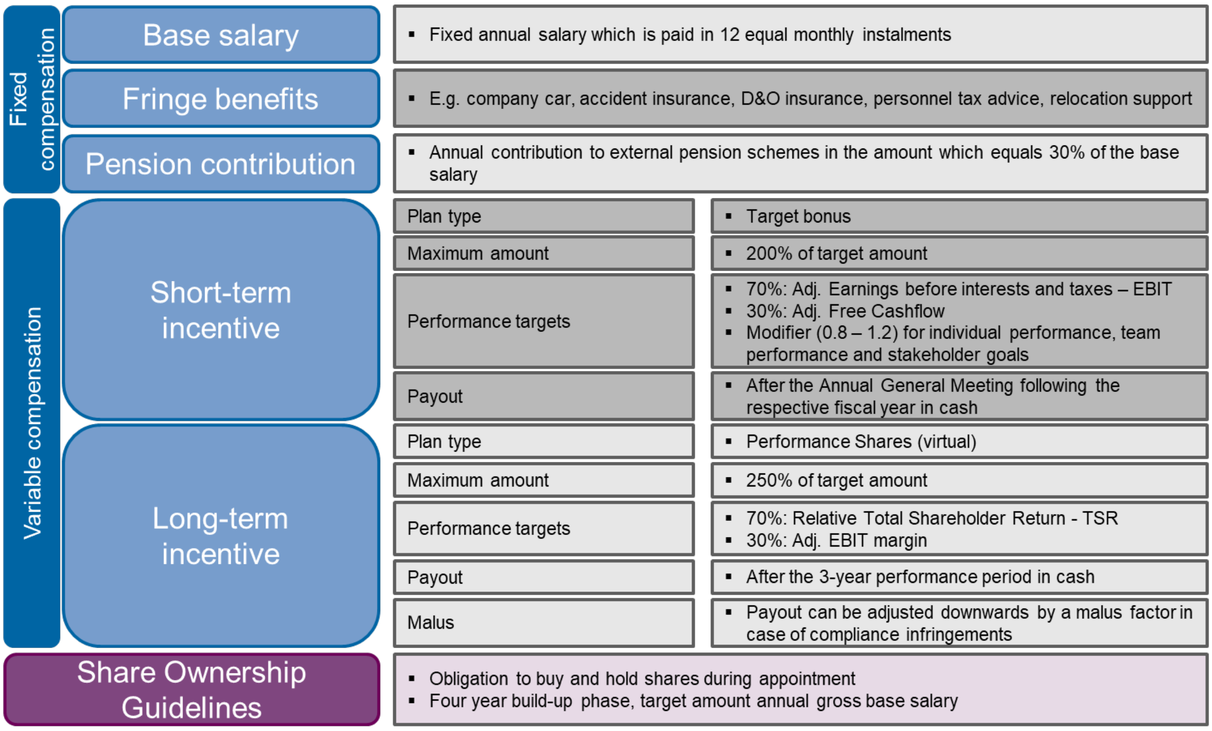

Figure 1: Overview of the remuneration policy

Structure of the target compensation

For the Chief Executive Officer and Chief Financial Officer the fixed compensation (base salary and pension contributions, excluding fringe benefits) accounts for 47% of the total target compensation while the variable compensation accounts for 53% of the total target compensation (Ratio of Long-term incentive to Short-term incentive is 60:40). The target amount of the Long-term incentive exceeds the one of the Short-term incentive due to the focus on the long-term and sustainable success of Stabilus without neglecting the annual operational objectives. The compensation structure can vary between individual Management Board members (e.g. to reflect different areas of responsibility). Due to the volatility of the expenses of fringe benefits received by Management Board members, the relative proportion of fringe benefits in the total compensation changes yearly and differs between the Management Board members. In fiscal year 2019, the Management Board members received fringe benefits in the amount of 3% to 20% of their respective base salary.

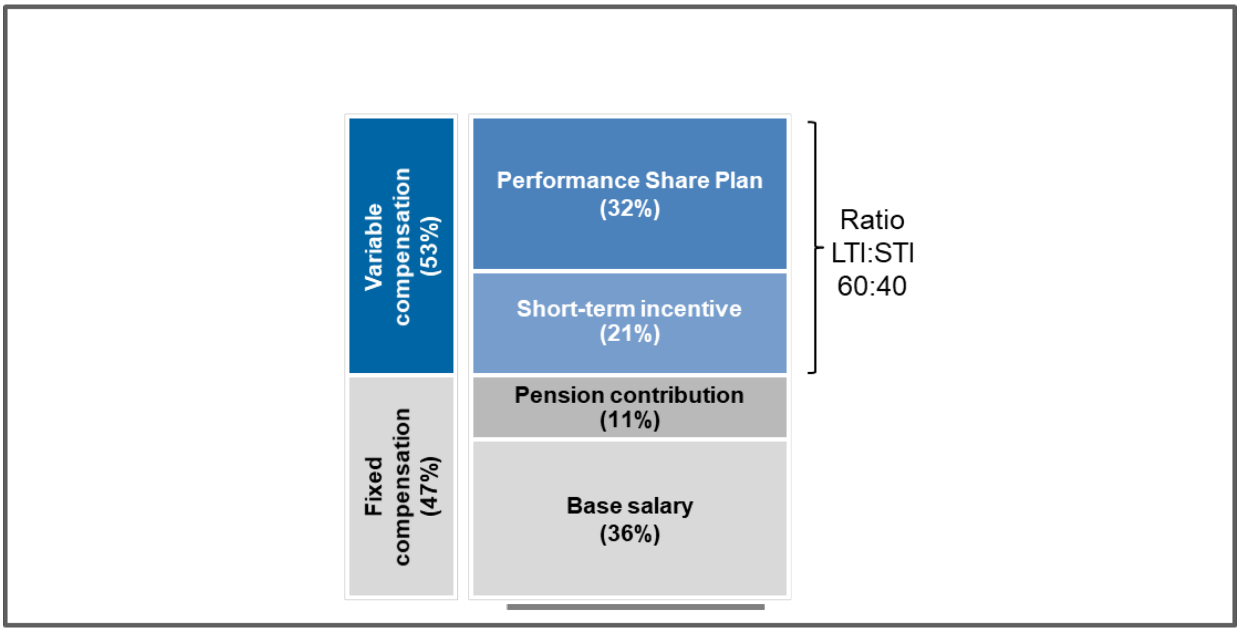

Figure 2: Structure of the target compensation without fringe benefits based on the compensation of the CEO and CFO

I. Fixed compensation

1. Base Salary

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

2. Fringe benefits

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

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

3. Pension contribution

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

II. Variable compensation

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

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

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

Figure 3: Connection of performance targets to corporate strategy

1. Short-term incentive

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

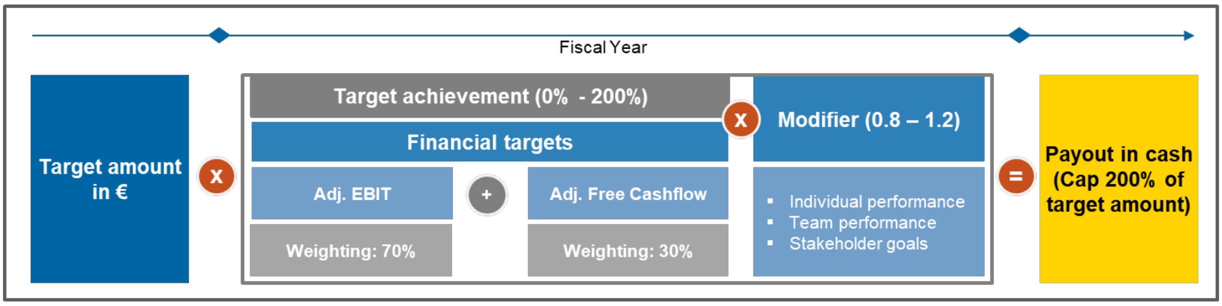

Figure 4: Design of the Short-term incentive. For individual Management Board members adjusted EBIT and adjusted Free Cashflow can be measured separately for Stabilus Group and for the area of responsibility.

a. Financial targets of the STI

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

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

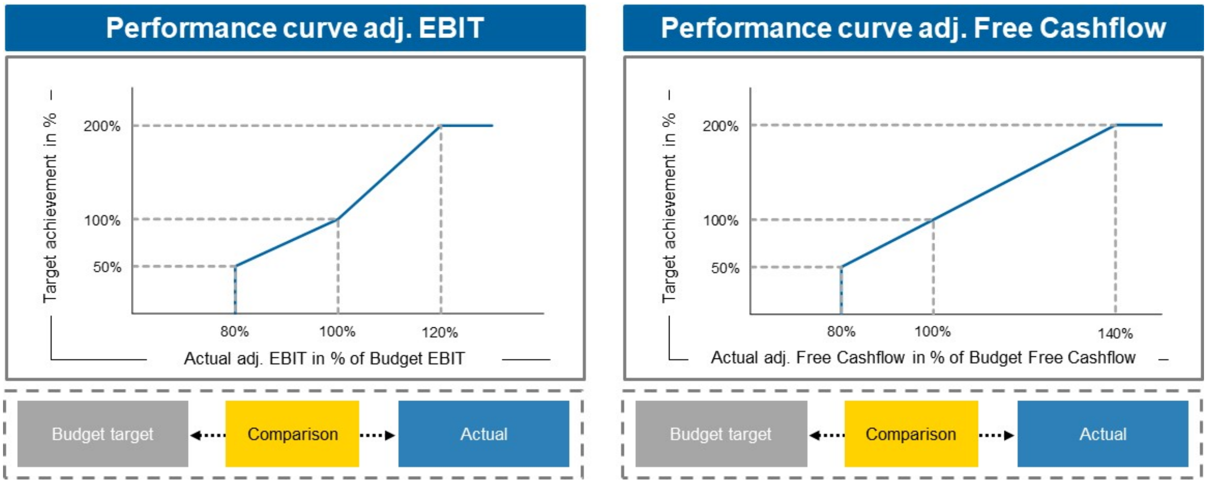

Figure 5: Performance curves for the financial targets of the STI

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

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

b. Modifier

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

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

2. Long-term incentive

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

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

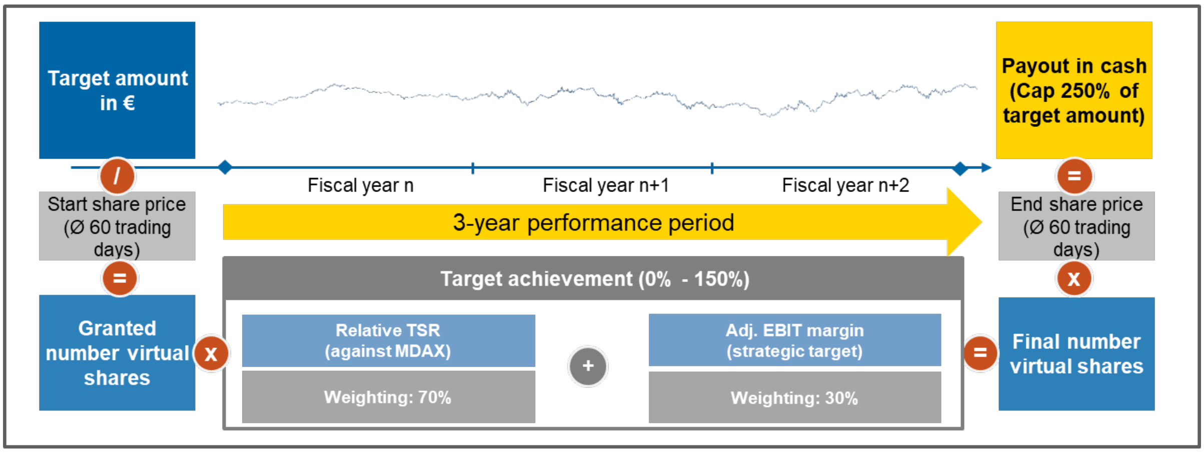

Figure 6: Overview of the LTI

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

a. *Performance targets of the LTI*

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

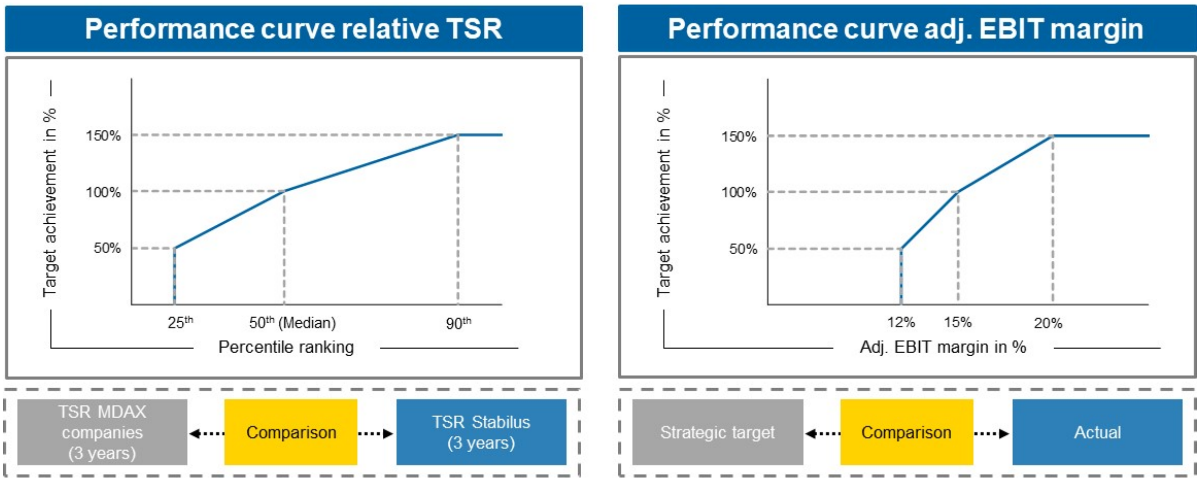

Figure 7: Performance curves for the financial targets of the LTI

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

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

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

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

b. Malus clause

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

a) Substantial violations of the company's applicable compliance rules,

b) Serious breaches of the company's code of conduct,

c) E.g., lack of compliance with fundamental provisions of the company's internal code of conduct, gross negligent and immoral behavior or significant breaches of due diligence.

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

c. Possible ramp-up payments

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

III. Share Ownership Guidelines

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

Other contractual details

1. Term of office and service agreement

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

2. Severance Payment

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

3. Change of Control

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

4. Post-contractual non-compete obligation

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

Exceptional circumstances

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

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

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

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

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

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

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

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

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

Luxembourg, December 23, 2019

Stabilus S.A.

Supervisory Board and Management Board

Remuneration report of Stabilus S.A. for fiscal year 2019

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 the latest 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 2019.

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 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	▪ Fixed annual salary which is paid in 12 equal monthly instalments	
	Fringe benefits	▪ E.g. company car, accident insurance, D&O insurance, personnel tax advice, relocation support	
	Pension contribution	▪ Annual contribution to external pension schemes in the amount which equals 30% of the base salary	
Variable compensation	Short-term incentive	Plan type	▪ Target bonus
		Maximum amount	▪ 200% of target amount
		Performance targets	▪ 70%: Adj. Earnings before interests and taxes – EBIT ▪ 30%: Adj. Free Cashflow ▪ Modifier (0.8 – 1.2) for individual performance, team performance and stakeholder goals
		Payout	▪ After the Annual General Meeting following the respective fiscal year in cash
	Long-term incentive	Plan type	▪ Performance Shares (virtual)
		Maximum amount	▪ 250% of target amount
		Performance targets	▪ 70%: Relative Total Shareholder Return - TSR ▪ 30%: Adj. EBIT margin
		Payout	▪ After the 3-year performance period in cash
		Malus	▪ Payout can be adjusted downwards by a malus factor in case of compliance infringements
Share Ownership Guidelines		▪ Obligation to buy and hold shares during appointment ▪ Four year build-up phase, target amount annual gross base salary	

Figure 1: Overview of the remuneration policy

Structure of the target compensation

For the Chief Executive Officer and Chief Financial Officer the fixed compensation (base salary and pension contributions, excluding fringe benefits) accounts for 47% of the total target compensation while the variable compensation accounts for 53% of the total target compensation (Ratio of Long-term incentive to Short-term incentive is 60:40). The target amount of the Long-term incentive exceeds the one of the Short-term incentive due to the focus on the long-term and sustainable success of Stabilus without neglecting the annual operational objectives. The compensation structure can vary between individual Management Board members (e.g. to reflect different areas of responsibility). Due to the volatility of the expenses of fringe benefits received by Management Board members, the relative proportion of fringe benefits in the total compensation changes yearly and differs between the Management Board members. In fiscal year 2019, the Management Board members received fringe benefits in the amount of 3% to 20% of their respective base salary.

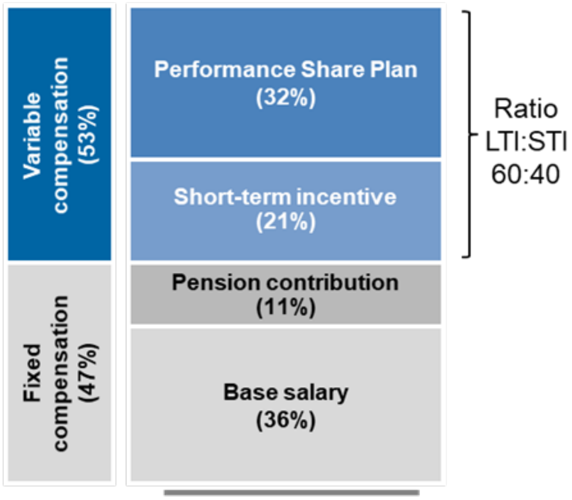

Figure 2: Structure of the target compensation without fringe benefits based on the compensation of the CEO and CFO

I. Fixed compensation

1. Base Salary

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

2. Fringe benefits

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

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

3. Pension contribution

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

II. Variable compensation

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

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

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

Figure 3: Connection of performance targets to corporate strategy

1. Short-term incentive

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

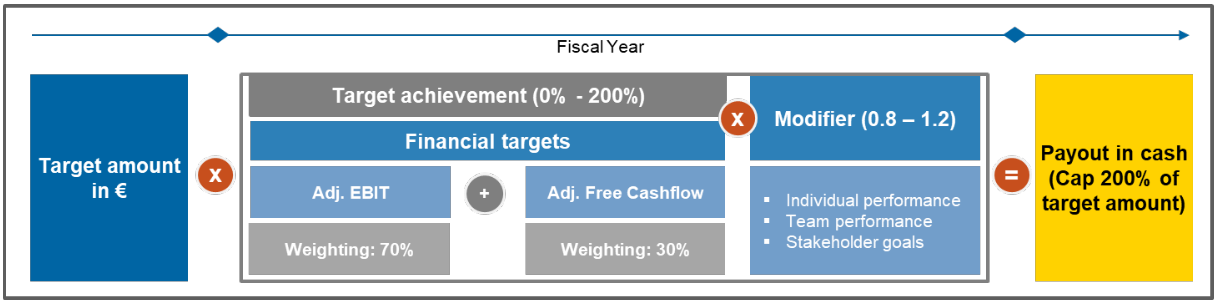

Figure 4: Design of the Short-term incentive. For Mr. Schädlich (Head of Asia/Pacific and Rest of World) adjusted EBIT and adjusted Free Cashflow were measured separately for Stabilus Group (40% weighting) and for the Region Asia/Pacific and Rest of World (60% weighting). In fiscal year 2019, the STI of Mr. Sievers and Mr. Schröder consisted of the financial targets adjusted EBIT (weighted with 50%) and adjusted operating Cashflow (weighted with 50%).

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.

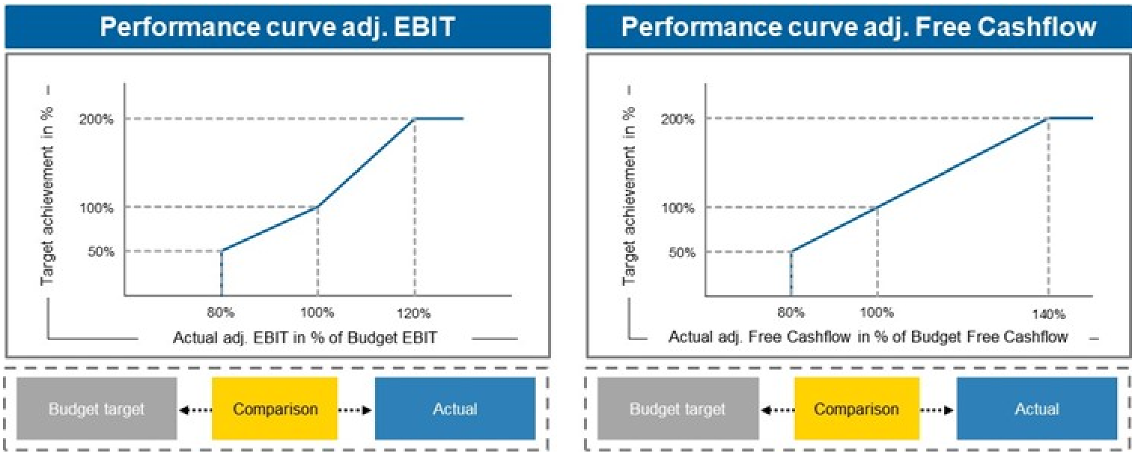

Figure 5: Performance curves for the financial targets of the STI

For fiscal year 2019, 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.

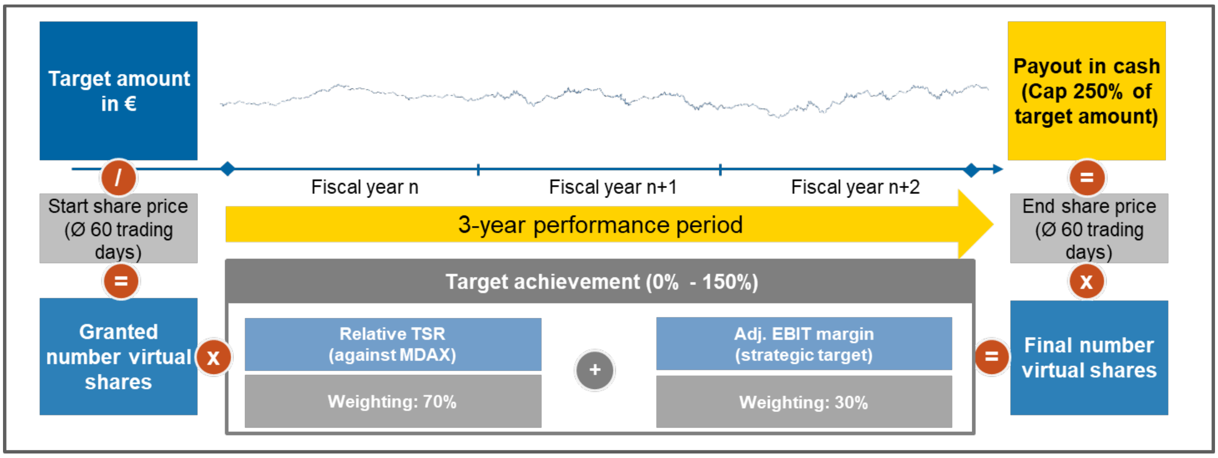

Figure 6: Overview of the LTI

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.

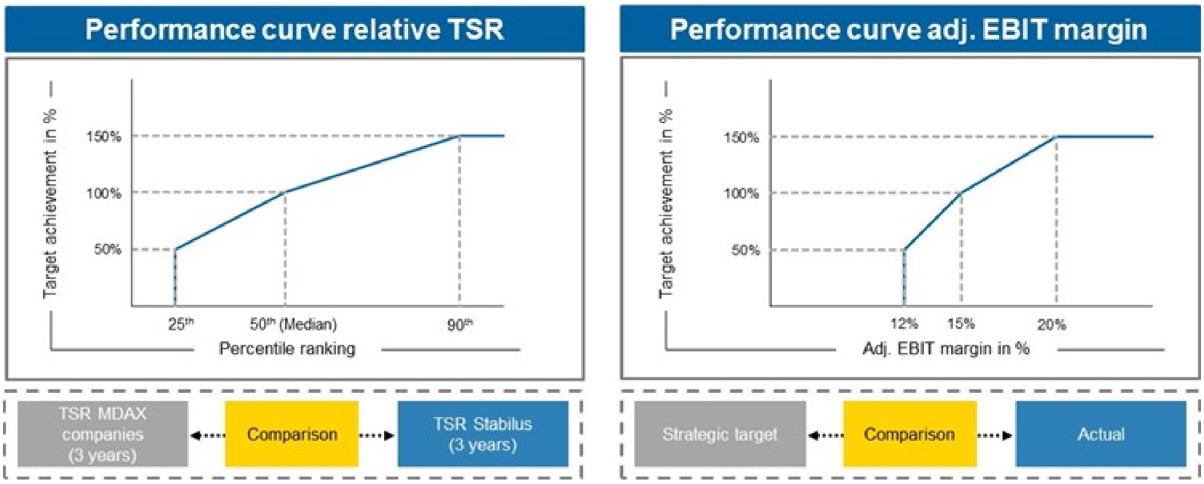

Figure 7: Performance curves for the financial targets of the LTI

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

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

The target achievement for adjusted EBIT margin is based on a comparison with 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.

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

b. Malus clause

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

a) Substantial violations of the company's applicable compliance rules,

b) Serious breaches of the company's code of conduct,

c) E.g., lack of compliance with fundamental provisions of the company's internal code of conduct, gross negligent and immoral behavior or significant breaches of due diligence.

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

III. Share Ownership Guidelines

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

Other contractual details

1. Term of office and service agreement

The Management Board members are elected for a term of up to four years for the Management Board member designated by the Supervisory Board as Chief Executive Officer and up to three years for any other Management Board member. The Annual General Meeting of the shareholders of Stabilus has the right to remove the Management Board members prior to the expiration of the term, at any time in accordance with the law. The term of the service agreement of the Management Board members coincides with their respective term of office and terminates automatically after the expiry of the term of office without notice of termination unless the agreement is extended. 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 consists of 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 2019

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.

Mr. Dr. Stephan Kessel acted as Interim CEO of Stabilus Group from August 1, 2018 to July 31, 2019. In fiscal year 2019, he received a fixed compensation of €500 thousand for his duties as Interim CEO. His activity as Chairman of the Supervisory Board was temporarily suspended during that period.

Variable compensation for fiscal year 2019

The total payout of the Short-term incentive of the Management Board members for fiscal year 2019 amounted to €447 thousand (2018: €695 thousand). The initial target amount was set at 60% of the individual base salary for Mr. Wilhelms as well as Mr. Schädlich and about 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 2019, the total target achievement for the financial performance was between 60% and 94% depending on the Management Board members area of responsibility.

The specific targets of the Modifier agreed on by the Supervisory Board and Management Board member at the beginning of the fiscal year were mainly related to the implementation of the strategy STAR, additional tasks until a new CEO was deployed and the integration of acquisitions, especially General Aerospace. As a result of the individual performance during fiscal year 2019, the Modifier was set between 0.9 and 1.2.

On October 1, 2018, the Supervisory Board granted the first tranche of the new Performance Share Plan (performance period for fiscal years 2019 through 2021) and allocated virtual shares to Mr. Wilhelms and Mr. Schädlich. The contractually promised target amount is 90% of the individual base salary. 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. The first tranche of the new forward-looking Performance Share Plan will be paid out after the Annual General Meeting in February 2022. In order to facilitate the transition to the new Performance Share Plan with a longer performance period, Mr. Wilhelms and Mr. Schädlich will receive an advance payment in fiscal year 2020. The advance payment will be offset against the actual payout of the Performance Share Plan which will be paid out after the Annual General Meeting in February 2022.

Performance Share Plan (PSP)

Name of Director, position	Specification of plan	The main conditions of the (virtual) Performance Share Plan			Opening balance (01/10/2018)
		Award date	Vesting date	Performance period	Shares awarded before the beginning of the year
Mark Wilhelms, Chief Financial Officer	PSP 2019	01/10/2018	30/09/2021	01/10/2018 - 30/09/2021	-
Markus Schädlich (since July 1, 2018), Head of Asia / Pacific and Rest of the World region	PSP 2019	01/10/2018	30/09/2021	01/10/2018 - 30/09/2021	-

Performance Share Plan (PSP) (continued)

Name of Director, position	Specification of plan	Information regarding the reported fiscal year						
		During the year				Closing balance (30/09/2019)		
		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
Mark Wilhelms, Chief Financial Officer	PSP 2019	4,394	293	-	-	4,394	-	-
Markus Schädlich (since July 1, 2018), Head of Asia / Pacific and Rest of the World region	PSP 2019	3,662	244	-	-	3,662	-	-
Total:		**8,056**	**537**	**-**	**-**	**8,056**	**-**	**-**

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

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 general cap), the Management Board members receive a certain number of fictitious options to acquire shares in the company 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 fictitious options to acquire shares in the company 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.

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 (01/10/2018)	
		Award date	Vesting date	Performance period	Exercise period	Excerise 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 2014	01/10/2014	30/09/2018	01/10/2014 - 30/09/2018	01/10/2018 - 30/09/2020	24.82 €	-	11,148
	MSP 2015	01/10/2015	30/09/2019	01/10/2015 - 30/09/2019	01/10/2019 - 30/09/2021	31.08 €	14,653	-
	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 2014	01/10/2014	30/09/2018	01/10/2014 - 30/09/2018	01/10/2018 - 30/09/2020	24.82 €	-	8,370
	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 - 30/09/2022	48.64 €	10,368	-
	MSP 2018	01/10/2018	30/09/2022	01/10/2018 - 30/09/2022	01/10/2022 - 30/09/2024	74.22 €	-	-
Andreas Schröder, Group Financial Reporting Director	MSP 2014	01/10/2014	30/09/2018	01/10/2014 - 30/09/2018	01/10/2018 - 30/09/2020	24.82 €	-	70
	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 - 30/09/2022	48.64 €	340	-
	MSP 2017	01/10/2017	30/09/2021	01/10/2017 - 30/09/2021	01/10/2021 - 30/09/2023	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 - 30/09/2022	48.64 €	2,100	-
	MSP 2017	01/10/2017	30/09/2021	01/10/2017 - 30/09/2021	01/10/2021 - 30/09/2023	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 (30/09/2019)				
		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 2014	-	-	-	-	-	-	11,148	127	12/12/2018
	MSP 2015	-	-	5,001	9,652	-	5,001	-	-	-
	MSP 2016	-	-	-	-	7,321	-	-	-	-
	MSP 2017	-	-	-	-	5,898	-	-	-	-
Mark Wilhelms, Chief Financial Officer	MSP 2014	-	-	-	-	-	-	8,370	101	12/12/2018
	MSP 2015	-	-	14,318	-	-	14,318	-	-	-
	MSP 2016	-	-	-	-	10,368	-	-	-	-
	MSP 2018	10,423	106	-	-	10,423	-	-	-	-
Andreas Schröder, Group Financial Reporting Director	MSP 2014	-	-	-	-	-	-	70	1	12/12/2018
	MSP 2015	-	-	1,264	-	-	1,264	-	-	-
	MSP 2016	-	-	-	-	340	-	-	-	-
	MSP 2017	-	-	-	-	340	-	-	-	-
Andreas Sievers, Director Group Accounting and Strategic Finance Projects	MSP 2016	-	-	-	-	2,100	-	-	-	-
	MSP 2017	-	-	-	-	1,000	-	-	-	-
Total:		**10,423**	**106**	**20,583**	**9,652**	**37,790**	**20,583**	**19,588**	**229**	**-**

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

** **Dietmar Siemssen receives a reduced payout from the Matching Stock Program 2015 according to his severance agreement (75% of vested share options).**

Total compensation for fiscal year 2019

The total compensation of the Management Board and Supervisory Board members amounted to €3,265 thousand for fiscal year 2019 (2018: €4,148 thousand***).

Individual members of the Management Board and Supervisory Board received the following compensation for fiscal year 2019:

*** **The amount of the total compensation for fiscal year 2018 includes the compensation for the former CEO Dietmar Siemssen (until July 31, 2018).**

Total compensation (€ in thousand)

Name of Director, position	Fiscal year	Fixed compensation: Base salary	Fixed compensation: Fees	Fixed compensation: Fringe benefits	Fixed compensation: Pension expense	Non-recurring compensation
Mark Wilhelms, Chief Financial Officer	2019	360	-	12	108	-
	2018	320	-	12	96	-
*Markus Schädlich (since July 1, 2018), Head of Asia / Pacific and Rest of the World region	2019	300	-	12	90	-
	2018	75	-	3	23	-
**Andreas Schröder, Group Financial Reporting Director	2019	108	-	21	2	-
	2018	98	-	21	2	-
**Andreas Sievers, Director Group Accounting and Strategic Finance Projects	2019	174	-	11	-	-
	2018	157	-	9	-	-
***Dr. Stephan Kessel, Chairman of the Supervisory Board	2019	23	5	-	-	500
	2018	100	29	-	-	100
Dr. Joachim Rauhut, Member of the Supervisory Board	2019	80	24	-	-	-
	2018	80	29	-	-	-
Dr. Ralf-Michael Fuchs, Member of the Supervisory Board	2019	60	33	-	-	-
	2018	60	35	-	-	-
Dr. Dirk Linzmeier (since February 12, 2018), Member of the Supervisory Board	2019	50	18	-	-	-
	2018	31	15	-	-	-
Udo Stark (from August 1, 2018 to July 31, 2019) Interim Chairman of the Supervisory Board	2019	112	35	-	-	-
	2018	73	21	-	-	-

Total compensation (€ in thousand) (continued)

Name of Director, position	Fiscal year	Variable compensation: Short-term incentive (awarded or due)	Variable compensation: Long-term incentive (grant value)	Total compensation	Proportion of fixed and variable compensation (in %)
Mark Wilhelms, Chief Financial Officer	2019	233	399	1,113	43% - 57%
	2018	490	-	918	47% - 53%
*Markus Schädlich (since July 1, 2018), Head of Asia / Pacific and Rest of the World region	2019	98	244	744	54% - 46%
	2018	90	25	216	47% - 53%
**Andreas Schröder, Group Financial Reporting Director	2019	42	18	192	69% - 31%
	2018	46	15	183	66% - 34%
**Andreas Sievers, Director Group Accounting and Strategic Finance Projects	2019	74	18	278	67% - 33%
	2018	69	15	250	66% - 34%
***Dr. Stephan Kessel, Chairman of the Supervisory Board	2019	-	-	527	100% - 0%
	2018	-	-	228	100% - 0%
Dr. Joachim Rauhut, Member of the Supervisory Board	2019	-	-	104	100% - 0%
	2018	-	-	109	100% - 0%
Dr. Ralf-Michael Fuchs, Member of the Supervisory Board	2019	-	-	93	100% - 0%
	2018	-	-	95	100% - 0%
Dr. Dirk Linzmeier (since February 12, 2018), Member of the Supervisory Board	2019	-	-	68	100% - 0%
	2018	-	-	46	100% - 0%
Udo Stark (from August 1, 2018 to July 31, 2019) Interim Chairman of the Supervisory Board	2019	-	-	147	100% - 0%
	2018	-	-	94	100% - 0%

*** Due to Mr. Schädlich's appointment during fiscal year 2018 he received a lump sum of €90 thousand and €25 thousand instead of an STI and LTI grant.**

**** In fiscal year 2019, Mr. Schröder and Mr. Sievers did not receive a grant of the Matching Stock Program 2018, but instead a lump sum in the amount of €18 thousand each.**

***** 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.**

In fiscal year 2019, 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.

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 two 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 increase in compensation of the Management Board members in fiscal year 2019 is mainly due to the increase of the base salary following an external benchmarking supported by an external compensation expert in order to bring the compensation of the Management Board members to an appropriate level in comparison to the peer group:

Comparison of the compensation and company performance

Annual change	2019 vs. 2018
Director's compensation	
Mark Wilhelms, Chief Financial Officer	21%*
Markus Schädlich (since July 1, 2018), Head of Asia / Pacific and Rest of the World region	-13%**
Andreas Schröder, Group Financial Reporting Director	5%
Andreas Sievers, Director Group Accounting and Strategic Finance Projects	11%
Dr. Stephan Kessel, Chairman of the Supervisory Board	0%***
Dr. Joachim Rauhut, Member of the Supervisory Board	0%***
Dr. Ralf-Michael Fuchs, Member of the Supervisory Board	0%***
Dr. Dirk Linzmeier, Member of the Supervisory Board	0%***
Udo Stark (from August 1, 2018 to July 31, 2019) Interim Chairman of the Supervisory Board	0%***
Company performance	
Adjusted Earnings before interests and taxes - EBIT	-4%****
Adjusted Free Cashflow	-10%****
Average compensation on a full-time equivalent basis of employees	
Ø compensation of employees of Stabilus Group	3%

* Due to the transition from a Matching Stock Program (backward looking grant logic) to a Performance Share Plan (forward looking grant logic), Mr. Wilhelms received two LTI grants during fiscal year 2019, i.e. MSP 2018 was also granted on October 1, 2018 but is in fact granted for fiscal year 2018. As such the increase of 21% is biased by this fact. Adjusted for MSP 2018, the increase would be 10%, which is in substance the fair indicator for the growth year over year.

** Due to Mr. Schädlich's appointment during fiscal year 2018, his compensation was annualized for fiscal year 2018 to make it comparable (i.e. €852 thousand).

*** 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 three years.

**** As defined in the Combined Management Report of the Annual Report 2019.

Luxembourg, December 23, 2019

Stabilus S.A.

Supervisory Board and Management Board