Description of the compensation system for the Management Board

SYNLAB

Principles and support of the business strategy and the long-term development of SYNLAB AG

The compensation for the members of the Management Board ("**Management Board**") of SYNLAB AG ("**SYNLAB**" or the "**Company**") includes performance measures of both a financial and a non-financial nature, which ensures results-oriented compensation. These performance measures ensure a focus on the promotion of a long-term and sustainable corporate development. In particular, the variable components (short-term incentive ("**STI**") and long-term incentive ("**LTI**")) are tied to the strategy and the operational success of SYNLAB. The SYNLAB strategy is reflected in the "FOR YOU" program. The strategy's target is to maintain the position of SYNLAB as the leading provider of clinical laboratory services in Europe. "FOR YOU" places patients and customers at the heart of everyday work at SYNLAB, which, in combination with medical excellence, is the basis of the strategy. Additionally, to operate in the medical services industry, a solid alignment of the strategy with the vision and values of the Company is required, supported by a deep respect for the environmental and social context in which the Company operates. While a relevant portion of the STI is based on environmental, social and governance ("**ESG**") targets and therefore ensures a focus on the sustainable development of the Company, the LTI focuses on the long-term development of the Company. Overall, a transparent and comprehensible compensation system aligns the interests of shareholders and other stakeholders.

The compensation system is compliant with the provisions of the German Stock Corporation Act (Aktiengesetz, "AktG") as amended by the Act on the Implementation of the Second Shareholders' Rights Directive[1] ("ARUG II") and the recommendations and the suggestions for the compensation system for Management Board members set forth in section G of the latest version of the German Corporate Governance Code as of December 16th, 2019.

Procedures for the determination, implementation and monitoring of compensation

The Supervisory Board of SYNLAB (the "**Supervisory Board**") is responsible for the overall structure of the compensation system. The Supervisory Board's Presiding Committee submits proposals to the plenum of the Supervisory Board for the structure of the compensation system. Furthermore, the Supervisory Board determines appropriate compensation for each individual Management Board member, based on their duties and performance as well as their seniority, considering the situation of the Company in their assessment. The Supervisory Board appoints an external expert to develop the compensation system and ensures that the expert is independent of the Company, the Management Board, and any affiliated companies.

All Supervisory Board members are obliged to act in the best interests of the Company and must therefore not pursue personal or third-party interests. For all decisions regarding the compensation system and its implementation, the regulations on avoiding conflicts of interest apply.

The individual compensation for a Management Board member is regularly reviewed and adjusted by the Supervisory Board subject to the limitations as outlined in the compensation system, in particular the maximum compensation, to ensure its appropriateness. In addition, the Supervisory Board ensures the competitiveness of the compensation system as well as its conformity with market standards. This includes, on the one hand, a comparison with the compensation of comparable enterprises ("**Horizontal Benchmarking**") and, on the other hand, an internal comparison within the Company. Here, the compensation of senior management and the workforce as a whole is compared, and reviews how the compensation has developed over time ("**Vertical Benchmarking**").

The Horizontal Benchmarking mainly considers companies from Germany and Europe that are comparable to SYNLAB in terms of size and complexity, whereby certain parameters are used as quantitative characteristics, e.g., enterprise value, EBITDA, number of employees etc. For the assessment of appropriateness within SYNLAB, the average compensation of senior management and the workforce as a whole is evaluated over time.

In the event of significant changes to the compensation system, but at least every four years, the compensation system is submitted for approval to the Annual General Meeting ("**AGM**"). If the AGM does not approve the

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[1] „Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie."

compensation system, an amended compensation system is presented for approval no later than at the following AGM.

Pursuant to section 87 para. 1 sentence 3 half-sentence 2 AktG, the Supervisory Board is entitled to adjust variable compensation components in the case of extraordinary developments (e.g., a financial or economic crisis). The limitation only applies to the variable compensation components, hence the STI and the LTI. Extraordinary developments include, in particular (i) a change of EBITDA due to acquisitions or divestments of companies or parts by the Company, (ii) a realization of hidden reserves, or (iii) the occurrence of an internal or external event, which is to be qualified as a significant change of the circumstances which became the basis of the relevant contract within the meaning of section 313 of the German Civil Code (Bürgerliches Gesetzbuch, "**BGB**") being applicable mutatis mutandis, e.g. a financial and economic crisis.

If the Supervisory Board temporarily adjusts the compensation system according to section 87a para. 2, sentence 2 AktG, it is required to report on this in a transparent manner, particularly on the process of the adjustment and which components of compensation have been adjusted. The Supervisory Board may temporarily deviate from all compensation components of the compensation system, as well as from the maximum compensation, if this is necessary in the interest of the long-term success of the Company. The deviation from the compensation system may not exceed a period of two years. Such temporary deviation from the compensation system requires that the Supervisory Board, on the recommendation of the Presiding Committee, determines by a majority of the votes cast (i) that a situation exists which requires a temporary deviation from the compensation system in the interests of the long-term success of the Company, and (ii) determines what specific deviations are required in its view.

Overview of compensation components

The target compensation consists of three fixed components and two variable components. The fixed components include the Base Salary, Other Benefits, and a contribution to the Pension Scheme (each defined below, and jointly referred to as "**Fixed Compensation**"). In addition, there are two variable performance-based components ("**Variable Compensation**"). The Variable Compensation is divided into an annual bonus (STI) and a long-term element (LTI), designed in the form of tranches granted annually, each with a term of four years. The LTI is geared to the development of the Company's equity value and therefore serves as a sustainable incentive to align the interests of Management Board members and shareholders. The Fixed Compensation is paid to each Management Board member in 12 monthly instalments, irrespective of performance, while the payment of variable components depends on the achievement of annual (STI) or long-term targets (LTI).

The relative share of Fixed Compensation in the target compensation is between 25% and 45%. With a relative share of 30% to 40%, the LTI exceeds the STI (25% to 35%) and therefore ensures the long-term focus of the compensation as well as a preponderance of the share price-based incentivization.

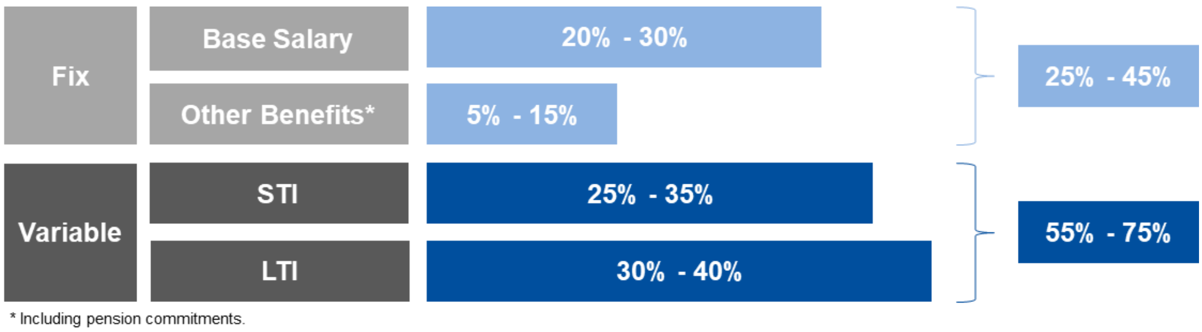

Figure 1: Relative share of compensation components (illustrative)

The Supervisory Board may at its reasonable discretion and under consideration of the principles of appropriateness according to section 87, para. 1 AktG and the maximum compensation, grant a Management Board member a special bonus for extraordinary performance or special payments for newly appointed Management Board members, e.g., a sign-on bonus.

If the situation of the Company deteriorates after the compensation of a Management Board member has been determined, so that continued payment of compensation at the agreed level would be unreasonable for the Company, the Supervisory Board, pursuant to section 87, para. 2, sentence 1 AktG, or in the case of section 85, para. 3 AktG, the court upon petition of the Supervisory Board, may reduce compensation to a reasonable level.

The maximum compensation shall not exceed EUR million 8.0 for the chief executive officer ("**CEO**") and EUR million 5.0 for the chief financial officer ("**CFO**") or any other Management Board member for a single fiscal year. This cap is applicable over the total period of the compensation system, i.e., a maximum of four years or, if earlier, until the approval of a new system by the AGM. The evaluation of whether the cap is applicable for a fiscal year and thus certain compensation elements must be reduced has to incorporate all payments received for a specific fiscal year, including any special bonuses, irrespective of when the actual payment is made. Therefore, the compensation can only be finally calculated when the performance periods of both variable elements have elapsed.

The compensation system for the Management Board members is complemented by Malus und Clawback rules and a Share Ownership Program (each as defined below).

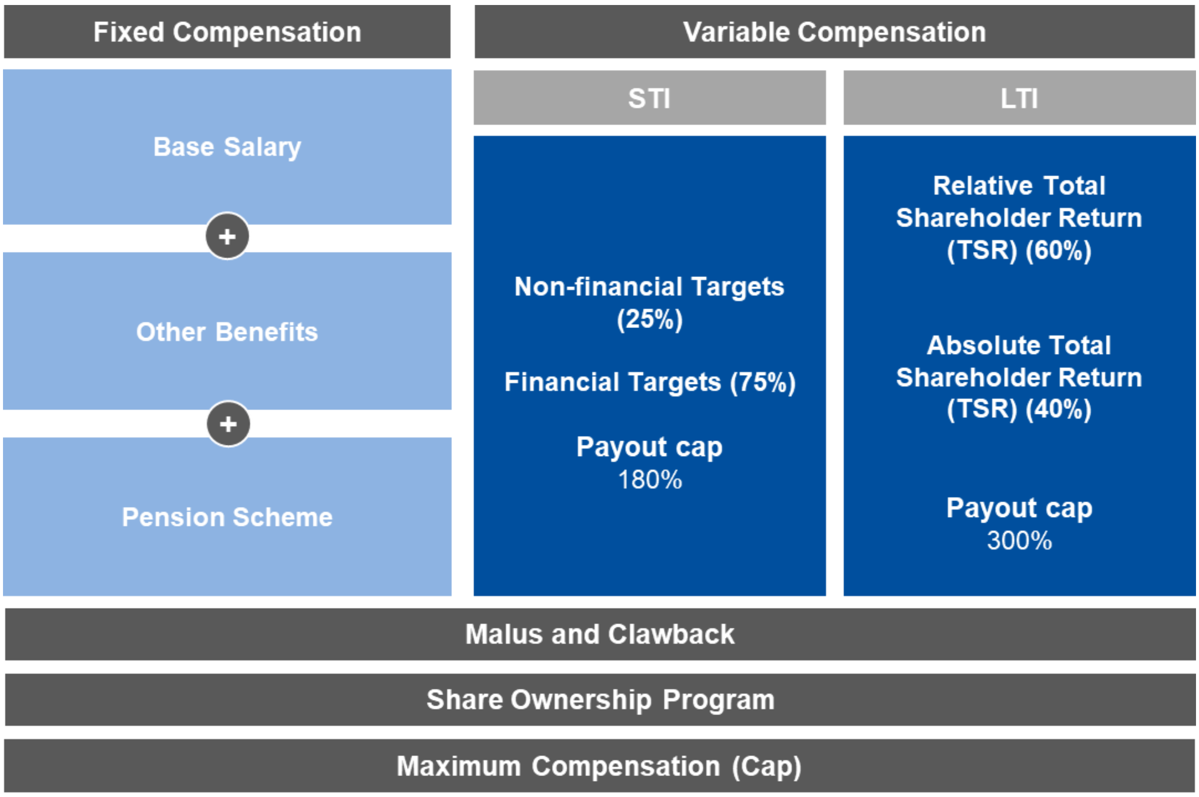

Figure 1: Overview of the compensation system

Fixed Compensation

The Management Board members receive a base salary ("**Base Salary**"), which is paid out in 12 equal monthly instalments. For service agreements with a duration of less than one year, the Base Salary will be paid on a pro-rata basis. In addition, the Management Board members are entitled to a contribution to a pension scheme, concluded by the Management Board members (contribution to the "**Pension Scheme**") and to other benefits. The other benefits include inter alia the use of a company car, including for private purposes, health and invalidity insurance, cost of school attendance and cost of tax advice ("**Other Benefits**").

STI

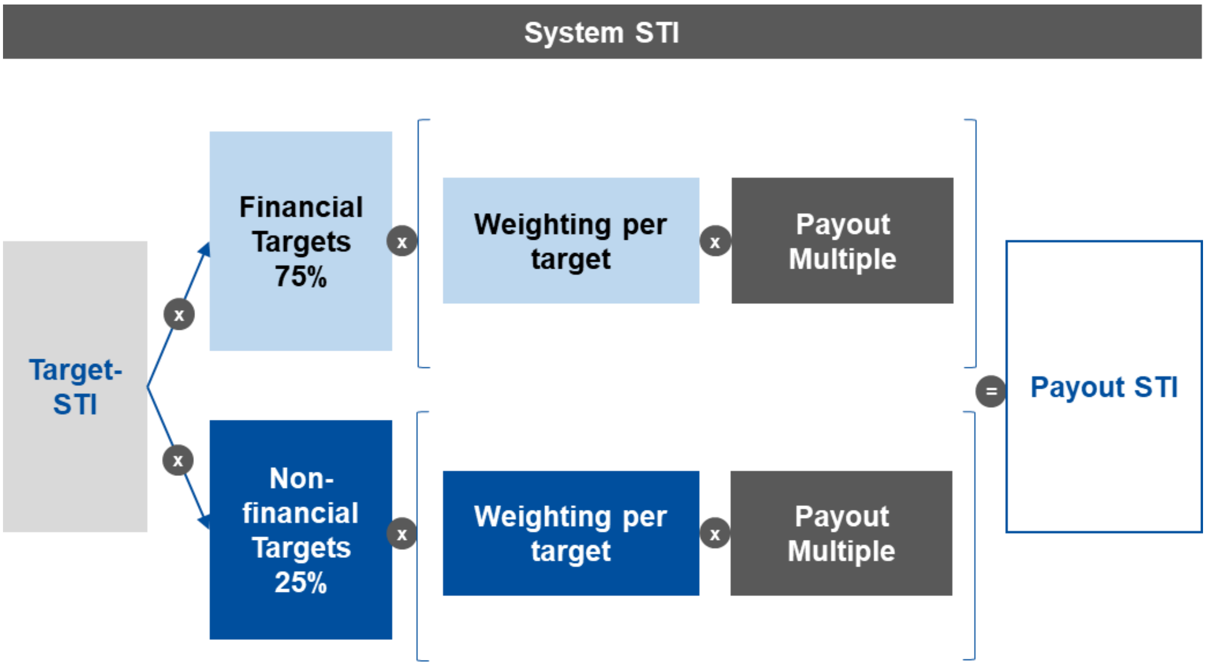

Figure 2: STI structure

Each Management Board member receives an STI for each fiscal year depending on the achievement of Financial Targets and Non-financial Targets (both defined below). The target-STI ("**Target-STI**") and the weighting of targets are determined by the Supervisory Board in good faith, prior to the start of each reference period. For each target, the Supervisory Board sets a range for the target achievement ("**Target Corridor**"). This Target Corridor can differ from target to target and may be adjusted prior to the start of each reference period by the Supervisory Board. 75% of the Target-STI is based on the financial performance of the Company and thus links the compensation of the Management Board members to the economic success of SYNLAB ("**Financial Targets**"). The remaining 25% of the Target-STI depend on several non-financial targets such as the ESG target of employee engagement ("**Non-financial Targets**"). To increase the Company's focus on environmental, social and governance matters, ESG targets need to account for at least 40% of the Non-financial Targets in the compensation system for the Management Board members, ensuring the responsible and sustainable orientation of the Management Board members.

It is not possible to change retrospectively the Financial Targets and Non-financial Targets or the respective Target Corridors decided by the Supervisory Board after the determination of the targets and the Target Corridors.

The STI calculation after the end of the 12-month reference period is based on the Target Achievement (as defined below) for the individual targets. First, the target achievement within the Target Corridor is determined for each individual target, i.e., the actual achievement is compared with the target amount within the Target Corridor ("**Target Achievement**"). Based on the Target Achievement and by applying the relevant bonus curve, the payout multiple can be determined ("**Payout Multiple**"). The bonus curve specifies the correlation between the Target Achievement and the respective Payout Multiple for every target, whereby the bonus curve needs to be determined by the Supervisory Board in advance of each fiscal year.

By multiplying the relevant Payout Multiple with the STI Per Target (as defined below) for each individual target, the respective target payment amount is calculated (the "**Target Payment Amount**"). The STI per target is calculated by multiplying the Target-STI either by 75% for Financial Targets or by 25% for Non-financial Targets; the result is multiplied with the weighting factors of the individual target within the Financial or Non-financial Targets ("**STI Per Target**"). The sum of the Target Payment Amounts of each individual target finally generates the amount to be paid out for the STI of a specific fiscal year (the "**Payout STI**").

In total, the STI is capped at 180% of the Target-STI. The compensation report for each fiscal year needs to explain the targets and the respective Target Corridor, Target Achievements and Payout Multiples as well as the detailed calculation of the Payout STI for the respective fiscal year.

If a Management Board member does not serve the Company for a full 12-month period within a fiscal year, the annual bonus shall be reduced on a pro-rata basis. The annual bonus is paid in the month after approval of the consolidated financial statements for the relevant fiscal year.

LTI

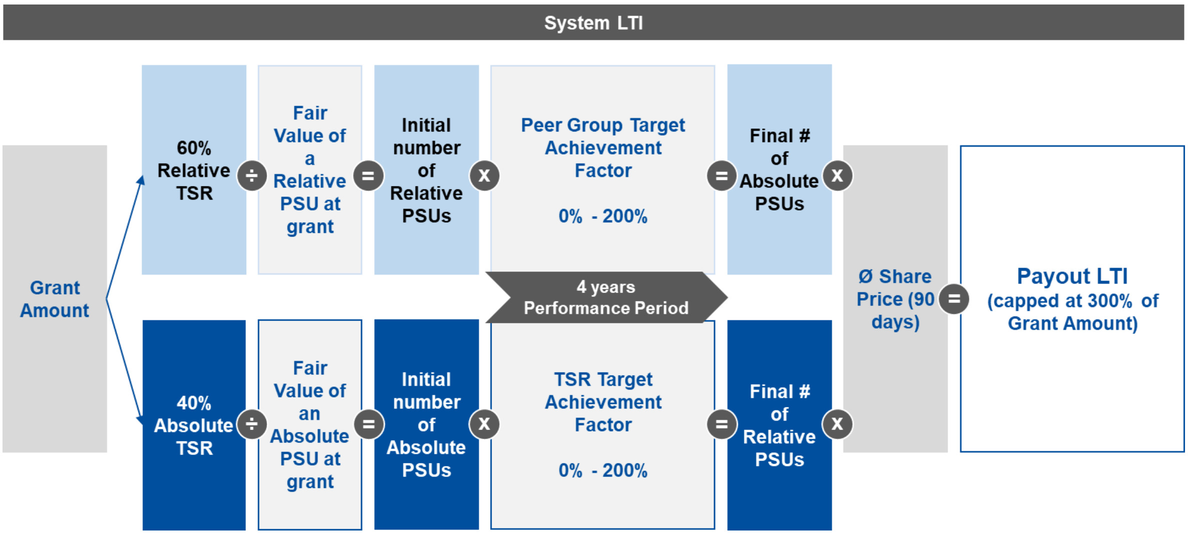

Figure 3: LTI structure

While the STI compensates for performance during a single fiscal year, the LTI covers a term of four years (“**Performance Period**”). For each tranche, a certain amount in Euro is granted (“**Grant Amount**”). The first tranche was granted on the date of the initial public offering (“**IPO**”). A new tranche is allocated every 12 months after that. The LTI depends on the total shareholder return (“**TSR**”), i.e., the share price development including dividends in the corresponding period. Two targets are set for the LTI: the Absolute TSR and the Relative TSR (each as defined below).

While the absolute TSR evaluates the overall performance of the share of SYNLAB including dividends (“**Absolute TSR**”), the relative TSR evaluates the performance of the TSR of SYNLAB in relation to the TSR of comparable companies (“**Relative TSR**”). In combination with the multi-year assessment period, the significant weighting of the LTI ensures the Management Board members’ compensation is oriented towards the long-term development of the Company and its corporate strategy. The focus on TSR provides an appropriate incentive to increase the equity value in the long-term and thus leads to an alignment of shareholder and management interests, while sustainability goals are reflected in the ESG targets within the STI.

The Absolute TSR comprises 40% of the LTI Grant Amount of a tranche and the Relative TSR accounts for 60%. The LTI is granted in the form of performance share units (“**PSUs**”), hence there are two PSU categories: 40% of the PSUs are Absolute TSR-based PSUs (“**Absolute PSUs**”), and 60% are Relative TSR-based PSUs (“**Relative PSUs**”). To calculate the initial number of Absolute PSUs, 40% of the LTI Grant Amount is divided by the Fair Value (as defined below) of an Absolute PSU and to calculate the initial number of Relative PSUs, 60% of the LTI Grant Amount is divided by the Fair Value of a Relative PSU.

The fair value of the types of PSUs is calculated in accordance with IFRS 2 principles using generally accepted option pricing models or Monte Carlo simulation (“**Fair Value**”).

For the first tranche, the initial listing price of the share at the time of the IPO represented the starting point for the TSR calculation, for the subsequent tranches, the volume-weighted average share price over a period of 90 days (XETRA closing prices) prior to the grant date will be used (the "**Share Price**").

The final number of PSUs at the end of the four-year Performance Period depends on the respective target achievement factor, multiplied by the initial number of PSUs granted.

The Absolute TSR is based on a TSR target to be determined for each tranche by the Supervisory Board. If the Company achieves the TSR target, the target achievement factor for the Absolute TSR (the "**TSR Target Achievement Factor**") is 100%. Below a certain threshold (hurdle) to be determined for each tranche by the Supervisory Board, the TSR Target Achievement Factor is 0%, while the maximum is set at 200%. The Supervisory Board may not change the threshold, the TSR target or the maximum or the TSR Target Achievement Factors after the commencement of the Performance Period of the respective tranche. Between the hurdles linear interpolation is applied.

To obtain the final number of Relative PSUs, the performance of the SYNLAB TSR is measured in relation to the TSR of a group of comparable companies ("**Peer Group**"). The Supervisory Board may change the type of index or the benchmark index or replace the index with another Peer Group at its reasonable discretion upon the granting of further tranches. For each Peer Group company, the TSR is calculated and then the relative position (rank) of SYNLAB within the Peer Group is determined. If the TSR of the Company corresponds to the median of the Peer Group, the target achievement factor for the Relative TSR (the "**Peer Group Target Achievement Factor**") is 100%. If the TSR of the Company is below or equal to the lower quartile (25%) of the Peer Group, the target is not achieved (Peer Group Target Achievement Factor of 0%). If the TSR is in or higher than the upper quartile (75%), the Peer Group Target Achievement Factor is set at 200%. It is not possible for the Supervisory Board to change the Peer Group or the Peer Group Target Achievement Factors after the start of the Performance Period of the respective tranche. Between the hurdles linear interpolation is applied.

At the end of the four-year Performance Period, the initial number of PSUs (as calculated at the start of each tranche) for each PSU category is multiplied by the TSR Target Achievement Factor or the Peer Group Target Achievement Factor, respectively, to receive the final number of PSUs. After the Performance Period has expired, the sum of the final number of Absolute PSUs and Relative PSUs multiplied by the Share Price generates the LTI payout amount (the "**Payout LTI**"). The Company is entitled to fulfil payment of the Payout LTI partially or fully by granting shares of the Company. The payout of each LTI tranche is limited to 300% of the Grant Amount.

If the service agreement ends upon completion of the agreed term, all outstanding LTI tranches will be carried forward and settled after the end of the respective Performance Period.

Share Ownership Program

To further align the interests of shareholders and management, share ownership guidelines for the Management Board members have been implemented ("Share Ownership Program"). Each Management Board member is obliged to continue to hold or to acquire shares of SYNLAB during their term of office. The value of the shares to be held (based on the IPO placement price) amounts for the current CEO and CFO to two times the Base Salary. For new Management Board members, the amount to be held is determined by the Supervisory Board and needs to amount between 100% and 200% of the Base Salary. The amount depends on responsibility and position within the Management Board.

Leaver Scheme, Malus and Clawback

In the event of termination of the service agreement of a Management Board member, the following leaver scheme (the "**Leaver Scheme**") applies: All outstanding LTI tranches shall be forfeited in the event of termination of the employment contract by the Company for good cause as defined by section 626 BGB or in the event of a breach of duties and obligations by a Management Board member as a result of intent or gross negligence ("**Bad Leaver Event**").

On the other hand, the termination of the service agreement upon expiry of the fixed term and the termination of the service agreement by the Management Board member for good cause pursuant to section 626 BGB, if the cause is within the sphere of the Company, as well as the inability of the Management Board member to fulfil the obligations pursuant to the service agreement, for instance, because of permanent incapacity for work constitute a good leaver event ("**Good Leaver Event**"). If the Management Board member´s departure is deemed to be a Good Leaver Event, all PSUs allocated prior to the Good Leaver Event remain in the hands of the Management Board member.

If there are no grounds to determine a Good Leaver or a Bad Leaver Event, the Management Board member shall be deemed an ordinary leaver. The following vesting rules then apply: 1/36 of the first LTI tranche granted under the terms of the service agreement is vested each month (from grant), 1/24 of the second LTI tranche is vested each month (from grant), and 1/12 of the third LTI tranche is vested each month (from grant).

The Supervisory Board may withhold the STI and/or the LTI or reduce it to zero ("**Malus**") in the event of fraud, gross negligence or intentional breach of statutory provisions, the articles of association or the code of conduct of the Company, good cause within the meaning of section 626 para. 1 BGB, breach of duties of care according to section 93 para. 1 AktG, which results in significant financial and/or reputational loss to the Company and/or the SYNLAB group ("**Material Misconduct**") by a Management Board member. In addition, the Company has the right to claim repayment of the STI if the STI was wrongly paid out as a result of objectively incorrect annual financial statements for the last or penultimate fiscal year ("**STI Performance Clawback**").

The Supervisory Board may (partially or fully) retain, reduce to zero or (partially or fully) reclaim the LTI in the event of Material Misconduct by the Management Board member ("**LTI Compliance Clawback**").

In doing so, the Supervisory Board decides for both variable compensation elements at its reasonable discretion. However, the Malus, STI Performance Clawback and LTI Compliance Clawback only apply to STI and LTI tranches for years in which Material Misconduct falls.

Compensation-related legal transactions and further details

The current service agreements of both Management Board members have a term of three years and provide for a post-contractual non-compete covenant (the "**Post-contractual Non-compete Covenant**"). The Supervisory Board decides for new service contracts on the appropriate term.

In the event of premature termination of the service agreement during the first or second year following the effective date, a Management Board member is entitled to a severance payment in the amount of two annual fixed salaries and two STI target amounts. In the event of premature termination of the service agreement during the third year, the Management Board member is entitled to a severance payment in the amount of one annual fixed salary and the STI equivalent to the average target achievement for the previous two years, but in any case, not exceeding the target compensation which would have been payable to the Management Board member for the remaining term of the service agreement.

Any severance payment shall be offset against compensation in relation to the Post-contractual Non-compete Covenant. The LTI tranches continue to operate in compliance with the Leaver Scheme.

If the Management Board member is planning to take up subsequent employment for compensation, this shall be subject to the prior approval of the Supervisory Board. The Supervisory Board shall approve any compensation if the Management Board member becomes a member of an intra-group supervisory board. The Supervisory Board is authorized to take into account, at its reasonable discretion, any compensation, if the Management Board member becomes a member of a non-group entity's supervisory board.