Remuneration system for members of the Executive Board

A. Principles of the remuneration system

The remuneration system for adesso SE's Executive Board members is aimed at achieving sustainable and long-term corporate development. It contributes to promoting the business strategy and the long-term development of the company. adesso SE's business strategy is oriented on the shareholders' interests. The primary goal is to become one of the leading consulting and technology groups for industry-specific business processes in Central Europe. Therefore, adesso SE is committed to a strategy of striving to achieve the right balance of growth, solid finances and profitability.

Accordingly, the Executive Board is paid competitive remuneration in line with the market and its performance. In addition to a fixed basic remuneration, which corresponds to the scope of duties and responsibilities, this includes variable remuneration components, where the amount depends on the achievement of defined financial and, for the short-term variable remuneration, non-financial targets, which serve the implementation of the business strategy and the development of the company value. Linking the short-term variable remuneration to non-financial targets while granting partially share-based long-term remuneration adequately addresses the requirement for long-term and sustainable company development. The stock option programme implemented as part of the long-term remuneration also ensures consistency with the shareholders' interests. Although currently only granting of short-term variable remuneration components depends on non-financial targets, the Supervisory Board is aware of adesso SE's corporate social responsibility and will consider including further non-financial targets in the remuneration system.

The remuneration system is clear and understandable.

B. The procedure for establishing, implementing and reviewing the remuneration system

The remuneration system for the Executive Board is determined by the Supervisory Board. The Supervisory Board develops the structure and the individual components to create a clear and comprehensible Executive Board remuneration system and adopts a corresponding resolution after extensive discussion in the plenary session. External consultants may be drawn on for this purpose and their independence is ensured. In order to safeguard their independence, confirmation of their independence is required in each case. Furthermore, the consultants are changed on a regular basis.

A horizontal and a vertical remuneration comparison is carried out when developing the Executive Board remuneration system. The horizontal comparison compares the target and maximum remuneration with the remuneration paid by comparable companies listed on the stock exchange, taking into consideration turnover, number of employees, internationality and complexity. The vertical comparison includes the remuneration and employment conditions of adesso SE's senior management employees as well as the managing directors of the subsidiaries in the DACH region (Germany (D), Austria (A) Switzerland (CH)) along with the staff as a whole and also considers the development over time.

The remuneration system is reviewed by the Supervisory Board every two years and upon every upcoming change in the Executive Board remuneration, upon the extension of the employment contract of a member of the Executive Board or when an Executive Board member is newly appointed. The Supervisory Board implements adjustments to the remuneration system, if necessary. Moreover, whenever there is a material change or at least every four years, the Executive Board remuneration system is presented at the Annual Shareholders' Meeting for approval. If the Annual Shareholders' Meeting does not approve the system presented, the Supervisory Board presents a revised and amended remuneration system to the Annual Shareholders' Meeting at the subsequent ordinary Annual Shareholders' Meeting at the latest.

The Supervisory Board and the Chairperson of the Supervisory Board take appropriate measures to ensure that potential conflicts of interest on the part of the members of the Supervisory Board involved in determining and deciding on the remuneration system are avoided and resolved, where necessary. Every Supervisory Board member must report any possible conflicts of interest to the Chairperson of the Supervisory Board. The Chairperson of the Supervisory Board discloses to the full Supervisory Board any potential conflicts of interest that affect the Chairperson. The Supervisory Board decides on how to address an existing conflict of interest in each individual case. One measure to be considered in particular is that a Supervisory Board member affected by a conflict of interest refrains from participating in a meeting or individual discussions or decisions by the Supervisory Board or the executive committee. If a permanent and unresolvable conflict of interest arises, the Supervisory Board member in question shall resign their position.

The Supervisory Board may temporarily deviate from the remuneration system and its individual components, also with regard to individual remuneration components of the remuneration system, or introduce new remuneration components if this is necessary in the interest of the long-term well-being of the company. The Supervisory Board reserves the right to make such deviations for exceptional circumstances, such as an economic or corporate crisis. Such deviations may temporarily lead to a deviation from the maximum remuneration.

C. The remuneration system in detail

The remuneration presented below compensates all activities for the company as well as for the companies affiliated with the company as per Sections 15 et seq. of the German Stock Corporation Act (AktG).

I. Overview of the remuneration components

The remuneration of the Executive Board members of adesso SE consists of fixed and variable remuneration components. The fixed remuneration not dependent on performance consists of a basic remuneration, fringe benefits and pension commitments. Short-term variable remuneration (STI) and long-term variable remuneration (LTI) are granted as performance-related remuneration that depends on achieving specific, measurable targets and is, therefore, variable. The LTI consists of a cash payment and a grant of stock options.

The relative proportion of the fixed and variable remuneration components in the total remuneration is as follows, depending on the STI/LTI target achievement (assuming an option value per stock option granted at the respective stock market price):

Fixed basic annual remuneration	28.0 % to 90.9 %
Fringe benefits	3.7 % to 11.8 %
STI	0 % to 41.0 %
LTI (cash payment)	0 % to 16.8 %
LTI (stock options)	0 % to 10.5 %

The target total remuneration consists of the fixed basic annual remuneration, the fringe benefits and pension commitments as well as the variable remuneration components to which the Executive Board member is entitled at 100 % target achievement. The relative proportion of the remuneration components in the target total remuneration (rounded) (assuming an option value per stock option granted at the respective stock market price) is as follows:

Fixed basic annual remuneration	28.0 % to 49.6 %
Fringe benefits	3.7 % to 5.0 %
STI	27.3 % to 41.0 %
LTI (cash payment)	11.2 % to 16.8 %
LTI (stock options)	7.0 % to 10.5 %

The value of a stock option was determined by a bank.

II. Fixed remuneration components

Every Executive Board member receives a basic annual remuneration not related to performance, which is paid in twelve equal monthly instalments.

Furthermore, the members of the Executive Board also receive payments in kind and other remuneration through the provision of a company car, which is also available for private use, coverage of insurance premiums for company pensions in the form of direct insurance or a pension scheme, a personal pension and reimbursement of half the documented premiums for voluntary health and nursing care insurance.

In addition, every Executive Board member is also covered by the D&O insurance of adesso SE.

III. Variable remuneration components

The performance-related variable remuneration consists of the STI and the LTI.

1. Short-term variable remuneration

The remuneration system utilises the one-year STI as a short-term variable remuneration component, where the amount depends on the achievement of defined financial and non-financial targets. It rewards the contribution to the operative implementation of the business strategy during a financial year and, therefore, also indirectly rewards the contribution to the company's long-term development.

The relevant financial and non-financial targets are agreed in the Executive Board employment contracts.

The financial targets (or only target values) relevant for the financial year are defined at the beginning of the financial year in a separate target agreement that becomes part of the respective Executive Board employment contracts and, therefore, applies individually to each Executive Board member. These are not published in this remuneration system due to reasons of confidentiality. The primary financial targets consist of the achievement of specific earnings per share (EPS) and earnings before interest, taxes, depreciation and amortisation (EBITDA). Furthermore, the allocation of STI is oriented on non-financial targets, in particular on employee growth. The achievement of the individual objectives is examined and evaluated separately. The over-fulfilment of one goal cannot compensate for the under-fulfilment of another goal. The remuneration from the financial targets increases in a linear manner until a predefined limit (cap) is reached with a specific amount per financial target. A fixed payment is made if the non-financial target is achieved.

Subsequent modification of the targets is excluded. The target achievement is determined after the end of the respective financial year. The target achievement of the financial targets is derived from the consolidated financial statements. For the non-financial targets, it is derived from an assessment by the Supervisory Board.

The Supervisory Board has a margin of discretion with regard to the STI (known as a “modifier”). This enables the Supervisory Board to adjust the values resulting from target achievement upwards or downwards at its reasonable discretion in response to extraordinary developments. The adjustment range is limited to +/- 20 %. The modifier can only be defined uniformly for all Executive Board members.

2. Long-term variable remuneration

Cash payments and stock options are granted as LTI. This serves to create incentives for promoting sustainable company development. The stock option programme should also serve to promote the long-term loyalty of Executive Board members to the company and its goals and align their interests with those of the shareholders.

The monetary component of the LTI is calculated on the basis of the average of the actual achievement of the STI for the “EBITDA” target over the last three years, including the financial year just ended. At the beginning of the applicable period of this remuneration system, shorter assessment periods and calculation values are used due to the lack of historical data and due to the restructuring.
If at least 80 % of the annual EBITDA target is achieved, the members of the Executive Board will also each be granted the opportunity to acquire up to 2,000 no-par shares as part of and with the term of the 2024/25 stock option programme.

Subsequent modification of the targets is excluded.

Offers to acquire the option rights will be extended to the members of the Executive Board no later than three working days before the end of the respective acquisition periods. The acquisition periods are the periods from 1 to 15 January, 1 to 15 April, 1 to 15 July, 1 to 15 October and 1 to 15 December from 2025 as of the resolution date of the stock option programme until 2029. The stock options have a maximum term of seven years from the respective option issue date.

Stock options mature four years after their option issue date. Maturing stock options can be exercised within a period of three years.

Every Executive Board member may freely dispose of the shares gained from exercising stock options.

3. Malus and clawback regulations for variable remuneration

As part of the stock option programme, the Supervisory Board has the option of withholding or claiming back the share-based long-term variable remuneration in full or temporarily, in particular, if one of the following reasons occurs:

- a serious misstatement of the audited financial results of the company or a major affiliated company;
- a serious failure of risk management at the company or at a major affiliated company;
- serious non-compliance with regulations by the company or by a major affiliated company;
- a serious miscalculation or non-achievement of a relevant performance criterion or exceeding the maximum compensation;
- serious damage to the image of the company or a major affiliated company; or
- a serious breach of duty by the Executive Board member.

Reclamation is also a possibility if the office or employment relationship with the respective Executive Board member has already ended at the time of the demand for return. Claims for damages against the Executive Board member remain unaffected by this.

IV. Maximum remuneration

The maximum remuneration of each individual Executive Board member corresponds to the amount calculated from the sum of all remuneration components for the respective financial year. Due to the differing fixed remuneration commitments for the Executive Board members, it amounts to between EUR 536,000.00 and EUR 806,000.00 per year.

V. Offsetting

If an Executive Board member receives remuneration for a Supervisory Board mandate within the Group, this remuneration is offset against the Executive Board remuneration. If an Executive Board member accepts a Supervisory Board mandate outside the Group and receives remuneration for this, the Supervisory Board decides whether this is offset against the Executive Board remuneration in each individual case.

D. Remuneration-related legal transactions

The employment contracts of the Executive Board members have a fixed term of generally three years from the start of the contract up to five years in justified exceptional cases. If the appointment of an Executive Board member is terminated for due cause before the end of the contract term in accordance with Section 84 (3) AktG, the company is entitled to terminate the employment contract by the end of the next calendar quarter. If an Executive Board member is unable to perform their duties for more than three months due to illness or other reasons for which they are not responsible, a medical report must be obtained to determine whether they will be able to resume their duties. If the Executive Board member is expected to be unable to resume their duties within a further six months, the employment contract may be terminated by the end of the quarter in which the permanent incapacity to work was established.

Redundancy payments that may be paid due to early termination of the appointment by mutual agreement consist of the fixed annual salary and the STI for the remaining term of the regular appointment, but for no longer than 24 months. The STI paid in the last completed financial year prior to the termination of the appointment is used for the STI. If the appointment ends before the end of the first financial year in which an STI is paid, the target amount serves as the basis of assessment of the STI.

The stock options granted as LTI each have a term of seven years, beginning on the respective option issue date. If the employment relationship ends and a new employment relationship is not established after its termination, the stock options due and not yet due on the day of termination may also be exercised after the termination of the employment relationship when they become due if the Executive Board member held a position on the company’s Executive Board for at least three consecutive years and no special circumstances have occurred during the vesting period that would also justify the revocation or withholding of stock options. This does not apply if the beneficiary becomes a member of the Supervisory Board of the company or an affiliated company after termination of the employment relationship. In such a case, the stock options due on the date of termination of the employment relationship may be exercised within a period of 24 months after appointment to the Supervisory Board of the company or an affiliated company. If the employment relationship is terminated through ordinary termination by the company, the stock options due on the day of termination may be exercised for the last time during the first exercise period after the termination of the employment relationship. If the employment relationship is terminated due to long-term illness, which would permit termination on personal grounds, or due to full reduction in earning capacity (Section 43 of the Social Security Code (SGB VI)) as proven by a corresponding certificate, the stock options due on the date of termination of the employment relationship may be exercised during their term even after termination of the employment relationship. In all other cases, stock options not yet due and stock options due generally can no longer be exercised as soon as an Executive Board member is no longer in a non-terminated employment relationship with the company.

When an Executive Board contract is terminated, any outstanding variable remuneration components attributable to the period up until the termination of the contract are paid out in accordance with the originally agreed targets and on the contractually agreed due dates.

There are no commitments in the event of premature termination of Executive Board activities due to a change of control.