

DLER Group S.A.

*Société anonyme*

55, Allée Scheffer, L-2520 Luxembourg

Grand Duchy of Luxembourg

RCS Luxembourg: B197554

(the “Company”)

# 2024

Remuneration policy of the Company as approved by  
the general meeting of shareholders on **[27 November  
2024]**

## Document history:

Version (n°)	Date of adoption	By decision of general meeting or Board	Status
Version 1	29 September 2020	by general meeting of the Company	repealed
Version 2	29 June 2021	by general meeting of the Company	repealed
Version 3	21 June 2023	by general meeting of the Company	<del>repealed</del> [in force]
<u>Version 4</u>	<u>[27 November 2024]</u>	<u>by general meeting of the Company</u>	[in force]

## 1. General Overview

### 1.1. Basis, validity and scope of the remuneration policy

This remuneration policy is drawn up in accordance with Luxembourg national legislation transposing the provisions of Directive (EU) 2017/828, namely the Luxembourg law of 24 May 2011 on the exercise of certain rights of shareholders in general meetings of listed companies, as amended (the “SHR Law”) and any other applicable laws and regulations of the Grand Duchy of Luxembourg.

This remuneration policy has been approved by the board of directors of the Company (the “Board”) on ~~15 May 2023~~<sup>14 October 2024</sup>, upon the recommendation of the Nomination and Compensation Committee (the “Nomination and Compensation Committee”).

This remuneration policy has been presented to the advisory vote of, and approved by, the general meeting of shareholders of the Company on ~~21 June 2023~~<sup>27 November 2024</sup>. Notwithstanding that the vote of the general meeting on this policy is advisory only, pursuant to Luxembourg law, all remuneration of the members of the Board requires approval of the general meeting.

Every material change to this remuneration policy shall be submitted to the advisory vote of the general meeting of shareholders. Regardless of whether or not there has been a change, a remuneration policy shall be presented to the general meeting of shareholders for an advisory vote, at least every four years.

An up-to-date version<sup>1</sup> of the remuneration policy can be found on the Company’s website at all times:

<https://www.adler-group.com/en/investors/corporate-governance/remuneration>

The remuneration of the following officers<sup>2</sup> is described in this remuneration policy:

- members of the Board: (i) independent non-executive directors and (ii) executive directors (who may hold a parallel position as daily managers (*délégué(s) à la gestion journalière*) of the Company); and

<sup>1</sup> An “up-to-date version” shall be construed as the version of the remuneration policy most recently approved by the general meeting of shareholders, or the version of the remuneration policy most recently approved by the general meeting of shareholders, as updated with non-material changes for which no approval by the general meeting of shareholders is necessary.

<sup>2</sup> The SHR Law refers to “*dirigeant*” when listing the persons for which a remuneration policy shall be established. “*Dirigeant*” is defined under article 1 (6) no 3 of the SHR Law, as “any member of an administrative, management, or supervisory body of a company as well as the chief executive officer (*directeur général*) and, if such a function exists within a company, the deputy chief executive officer (*directeur général adjoint*)”. Pursuant to such definition, the Company deems it appropriate that this policy shall cover the remuneration of members of the Board and senior management regardless of whether a senior manager holds the mandate of a daily manager (*délégué(s) à la gestion journalière*) of the Company or not.

- members of the senior management of the Company whereby the term “**senior management**” includes any “C-level” officer of the Company (e.g. chief executive officer, chief financial officer, chief legal officer, ~~chief restructuring officer~~) regardless of whether they hold the legal mandate of daily managers (*délégué(s) à la gestion journalière*) of the Company or not; the terms “**senior manager**” and “**senior managers**” shall be construed accordingly.

A full list of persons/positions within the Company to which this remuneration policy applies is set out in Annex I hereto, which shall be updated from time to time.

## **1.2. Significant changes to the remuneration policy since the last approved version and overview of how votes and views of shareholders on the previous remuneration policy and the remuneration report for the financial year ~~2021–2023~~ have been taken into account in elaborating this revised remuneration policy**

~~Given recent events (culminating in the sanctioning of the restructuring plan of AGPS BondCo PLC a 100% subsidiary of the Company by the High Court of Justice of England and Wales on 12 April 2023 (the “**Restructuring Plan**”)), the strategy of the Company has changed, and with that, so must its remuneration policy. The previous structure of the variable remuneration is no longer appropriate for a Company whose main focus is now on deleveraging rather than growth and expansion. With this revised policy, the Company has also addressed concerns raised by some shareholders regarding the length of the vesting period applicable to the long-term incentive based remuneration and regarding the Company's potential to claw back remuneration in certain circumstances. With that background, the most significant changes to the remuneration policy since the last approved version in 2021 include the following:-~~

~~Updated explanation of the current strategy and focus of the Company;~~

~~Adjustment of the senior management remuneration philosophy so that it better reflects the current strategy and focus of the Company;~~

~~Adjustment of the remuneration of senior managers who also hold Board positions such that these any remuneration to be received by a senior manager of the Company for his mandate as a director of the Company (i.e. annual fees and fees for attendance at meetings of the Board or committees of the Company) shall always be deducted from the remuneration to be paid under the respective senior manager's service agreement;~~

~~Re-defining of the structure of the short-term incentive remuneration of senior managers so that it gives flexibility to set targets that support the achievement of financial stability of the Company and the wider group;~~

~~Re-defining of the structure of the long-term incentive remuneration of senior managers so that it gives flexibility to set targets which are more closely aligned with shareholders' long-term interests to maximise the value of the Company's assets in view of eventual distribution to shareholders; in a similar vein, this policy gives more flexibility for the Company to structure the long-term incentive such that it can be linked to an amount (to be settled in cash or shares) or linked to virtual shares (also with an option to settle in cash or shares);~~

~~For increased transparency, the policy now describes in more detail the terms of termination of service agreements with senior managers;~~

~~In direct response to comments from shareholders on earlier versions of the remuneration policy, this policy now clearly provides for a vesting period for the long-term incentive remuneration and increases the rights of the Company to claw back variable remuneration in cases where it was paid out on the basis of erroneous data or in case a senior manager engages in conduct (e.g. fraud, serious misconduct etc.) that results in damage to the Company.~~

The most significant change to the remuneration policy since the last approved version in 2023 is the re-defining of the structure of the remuneration of members of the Board so that it includes only a fixed annual remuneration without attendance fees for Board and committee meetings of the Company.

This change does not come as a direct consequence of views expressed by shareholders on the previous remuneration policy or the remuneration report for the financial year 2023; however, it is considered that this change to a fixed remuneration (only) should reduce the risk of conflicts of interest by removing any potential incentive for directors to hold more meetings than necessary. In addition, this simplified remuneration structure shall foster transparency in terms of how remuneration is calculated and should better facilitate the Company attracting new candidates for Board positions (should this be necessary) as there is more visibility and certainty on the total expected remuneration.

The policy has been amended to explain that the Company may implement a management incentive programme (the “MIP”) for members of the Board and senior management of the Company. While the key features of the MIP applicable to the members of senior management are described herein, it is anticipated that the remuneration policy will be further amended during the course of 2025 to provide further details on the MIP applicable to the members of the Board.

The Company made also minor changes to this remuneration policy to give the Company more flexibility in determining the timing for paying out variable remuneration of members of senior management of the Company.

### **1.3. The remuneration policy and the big picture: sustainability, long term strategy and focus on fair payment and employment conditions**

The Company's focus is now and going forward to further stabilise the group financially by disposing of the vast majority of its development assets as well as selective yielding assets and use the proceeds to further reduce debt. The Company will strive to further improve the operating performance of the core business which shall allow to partly compensate a reduction of net rental income following portfolio disposals in 2022 and 2023 and potentially further disposals. Through all this, sustainability shall remain a guiding principle with the Company focusing on reduction of environmental impact, tenant satisfaction, employee satisfaction, community involvement through engagement in social project and continuous improvement of its corporate governance, in particular its compliance management system.

For the Company to fulfil its commitment of sensibly deleveraging the group, whilst enhancing value of its core business through effective management of its existing (mainly Berlin-focused) portfolio, all the while respecting its guiding principle of sustainability, the Company must continue to attract and retain the right people; people with the necessary drive, competence, experience and expertise are more essential now than ever which is reflected in this remuneration policy which applies to the remuneration of the members of the Board and committees as well as the members of senior management.

Additionally, and no less important, this remuneration policy has taken into account the conditions of remuneration and employment of the Company's employees. The Company is structured in a way that a majority of its core employees are directly employed by subsidiaries of the Company or companies belonging to the same group (the “**Group**”) rather than the Company itself. Nevertheless, the Nomination and Compensation Committee, after consultation with the Company's human resources department, has ensured that the remuneration as set out in this remuneration policy and presented to the consultative vote of the annual general meeting of shareholders shall not be disproportionate to the compensation granted to the employees of the Company and the Group.

The Company pursues both the objective of attracting and retaining personnel with the level of professionalism and skills suited to the needs of the Company, and of providing an incentive to strengthen their commitment to achieving the Company's goals, through personal satisfaction and

motivation. As such, the Company follows the core principle that the remuneration granted to each person within the Company, whether they are a director, a senior manager, or an employee, shall adequately reflect such person's level of responsibility and position in the Company.

The Company's and the Group's most valuable assets are its employees and they shall be compensated accordingly.

#### **1.4. The role of the Nomination and Compensation Committee**

The Board seeks to ensure that the Company's remuneration arrangements are equitable and aligned with the overall strategy of the Company and its shareholders. To this end, the Board has established a Nomination and Compensation Committee, currently consisting entirely of independent members of the Board, and the purpose of which is to determine, revise and assist with the implementation of the remuneration policy of the Company, make proposals as to the remuneration of all members of the Board and senior management, and advise on any benefit or incentive schemes. It shall further assist the Board with identification of, and recommendations in respect of, candidates for the Board and the committees (noting that, except in case of a co-optation of a Board member to fill a vacancy of another Board member, all appointments to the Board require the approval of the general meeting of the shareholders). The Nomination and Compensation Committee shall furthermore assist with the preparation of any remuneration report of the Company.

The Nomination and Compensation Committee shall ensure that remuneration arrangements support the strategic aims of the business and enable the recruitment, motivation and retention of (i) senior management and (ii) members of the Board, while complying with applicable rules and regulations. The Nomination and Compensation Committee and all members of the Nomination and Compensation Committee are required to adhere to and comply with (i) any and all applicable laws and regulations and (ii) the Company's rules of procedure for committees.

The members of the Nomination and Compensation Committee are appointed by the Board. The members have the relevant expertise and experience, which is required to serve on such a committee.

The Nomination and Compensation Committee makes decisions by a simple majority with no member having a casting vote.

#### **1.5. Exceptional circumstances and limited possibility to derogate from the principles of the remuneration policy**

The Company, as well as the members of the Board, committees and senior management, pledge to abide by this remuneration policy insofar as doing so is in the best interests of the Company.

In exceptional circumstances, the Company may temporarily derogate from any element of this remuneration policy, subject to compliance with applicable law and the articles of association of the Company (the "**Articles**"). These exceptional circumstances cover situations in which the derogation from this remuneration policy is necessary to serve the long-term interests and sustainability of the Company as a whole or to assure its viability.

A deviation from this remuneration policy requires the prior approval of the Nomination and Compensation Committee who shall then submit a reasoned request for such derogation to the Board for approval. It is noted that any change in the amount of directors' remuneration would, in any case, require the approval of the general meeting of shareholders.

The remuneration report relating to the relevant financial year will include information on any derogation from the applicable version of the remuneration policy, including a justification for any such derogation.

#### **1.6. Transparency and handling of conflicts of interest in respect of remuneration**

The Company pledges to be transparent with respect to the remuneration granted to the persons falling within the scope of this remuneration policy and to abide by all applicable laws relating to the disclosure of such remuneration.

Generally, the Company has established effective processes to avoid conflicts of interest and allowing members of the Board and senior managers to inform the Company of any such potential conflicts of interest. The same is true in respect of the elaboration of this remuneration policy and the determination and granting of remuneration and compensation in general.

To guarantee a fair and independent assessment of all aspects related to remuneration (including, in particular, the drawing up of this remuneration policy), the Nomination and Compensation Committee shall, to the extent possible, be composed entirely, at all times, of independent non-executive directors. ~~Furthermore, in 2020, the Company sought advice on remuneration from Kienbaum Consultants International ("Kienbaum"), a reputable German human resources and management consultancy firm that has issued an extensive independent remuneration report, the results of which largely influenced and contributed to the drafting and preparation of the initial remuneration policy in 2020. Notwithstanding that the remuneration policy has been revised from its initial form, it remains, on the whole, consistent with the advice of Kienbaum.~~

As regards any potential conflict of interest arising from the fact that the Nomination and Compensation Committee and the Board must consider the remuneration of their own members, it is noted that the final decision on such remuneration is for the general meeting of shareholders (albeit based on recommendations of the Board, who in turn relies on recommendations of the Nomination and Compensation Committee). ~~To further mitigate any potential conflict of interest which may arise, when making any recommendation to amend the level of remuneration of Directors, the Board and the Nomination and Compensation Committee may consult a reputable German human resources and management consultancy firm for guidance. Indeed, it is noted that in 2020 (which was the last time that the remuneration of Directors was increased), the Board and the Nomination and Compensation Committee relied on the aforementioned report of Kienbaum when resolving on the recommendations regarding such increase in remuneration.~~

As regards any potential conflict of interest in respect of remuneration of senior management, it is noted that decisions on this remuneration are adopted by the Board, of which the members of senior management shall only be a minority. Insofar as there are member of senior management on the Board, those persons always abstain from deliberating and adopting any resolution with respect to their own remuneration.

## **2. Overview of Board remuneration**

### **2.1. Contractual arrangement with members of the Board**

The Articles of the Company provide that members of the Board are elected by the general meeting of shareholders by a simple majority of votes cast for a duration that may not exceed six years. Any director may be removed at any time with or without cause, without need for prior notification, by the general meeting of shareholders by a simple majority of votes cast.

A member of the Board that has resigned or has been removed by a valid decision of the general meeting of shareholders of the Company shall have no claim against the Company as a consequence of the termination of his mandate.

In the event that a vacancy arises on the Board for any reason, the remaining members of the Board may, by a simple majority, fill such vacancy and appoint a successor to act until the next general meeting of shareholders, which shall resolve on the permanent appointment.

Neither the removal of a member of the Board by a valid decision of the general meeting of shareholders nor the resignation by a member of the Board shall, in principle, automatically lead to the termination of any other positions or mandates that the removed or resigning member of the Board may hold within the Company or any subsidiary of the Company.

The relations between members of the Board and the Company are not governed by any specific contractual arrangements. Instead, such relations are embodied by non-written mandates, governed by the Articles, the general Luxembourg Civil Code provisions on mandates (Art. 1984 et seq.), the Luxembourg law of 10 August 1915 on commercial companies, as amended (the “**1915 Company Law**”) and any other applicable laws. The Board may also adopt internal rules of procedure, which must be consistent with the Articles and all applicable laws.

Executive directors who also hold a parallel senior management position may from time to time enter into agreements in respect of such position and in respect of their positions as daily managers (*délégué(s) à la gestion journalière*).

## **2.2. Remuneration structure for members of the Board**

The remuneration structure for the members of the Board is always subject to the approval of the [annual general meeting of the Company shareholders](#).

Board remuneration is based on annual fees comprising a basic fixed remuneration ([pro rata temporis, if applicable](#)), ~~to which additional fees are added for each attendance at a meeting of the Board.~~

The chairman of the Board, ~~as well as~~ the vice-chairman of the Board ~~as well as the chairman of the audit committee of the Company (who is also a member of the Board)~~ shall be entitled to a higher basic fixed remuneration ([pro rata temporis, if applicable](#)) than the other members of the Board, in accordance with market standards.

~~As a general rule, in order to ensure sound corporate governance and to avoid the arising of any potential conflicts of interest, members of the Board shall not receive any variable remuneration for their role as directors of the Company.~~

~~The Company may introduce a MIP for members of the Board, which could be tied to the achievement of specific milestones by the Company. The details of the MIP will be outlined in the revised remuneration policy, which will be submitted for an advisory vote at the Company’s general meeting. Any change in the amount of directors’ remuneration would require the approval of the general meeting of the Company.~~

Members of the Board shall be entitled to reimbursement by the Company of any reasonable costs incurred within the scope of their duties as directors of the Company, upon presentation of proof of payment by the member of the Board of such incurred costs.

The remuneration structure is reviewed periodically or on an as-needed basis by the Nomination and Compensation Committee, which makes recommendations to the Board taking into consideration the then current strategy of the Company as well as benchmarks against peer companies (e.g. companies of a similar size and structure competing in the same or very similar industries and markets) to attract and retain high-quality and experienced directors.

As described below, any remuneration to be received by a senior manager of the Company for his mandate as a director of the Company (i.e. annual fees ~~and fees for attendance at meetings of the Board or committees of the Company~~) shall always be deducted from the remuneration to be paid under the respective senior manager’s agreement for his or her role as senior manager or daily manager (*délégué à la gestion journalière*) of the Company.

### ~~2.3. Committees established by the Board~~

~~The Board has established four committees which are in existence on the date hereof, (an audit committee, an ad hoc committee, an investment and financing committee and the Nomination and Compensation Committee), and may in the future establish further committees, if deemed necessary.~~

~~The Board has appointed certain directors to these respective committees and may, in the future, appoint further directors to each of the established or the to-be-established committees. Each of the established committees shall be chaired by a chairman, who, if also a member of the Board, shall be entitled to an annual fixed remuneration.~~

~~Attendance at a meeting of one of the established or future committees shall entitle each member (if such member is a director) of such committee to an attendance fee.~~

~~A member of senior management of the Company shall not receive any remuneration for attendance at meetings of the committees of the Company or for acting as a chairman of such committees.~~

~~Members of each existing or future committee shall be entitled to reimbursement by the Company of any reasonable costs incurred within the scope of their duties as members of a duly established committee, upon presentation of proof of payment by the member of the respective committee of such incurred costs.~~

~~As with Board remuneration, the committee remuneration structure is reviewed periodically or on an as-needed basis by the Nomination and Compensation Committee, which makes recommendations to the Board taking into consideration benchmarks against peer companies (e.g. companies of a similar size and structure competing in the same or very similar industries and markets) to attract and retain high-quality and experienced directors.~~

~~Generally, membership of any of the established or future committees shall be embodied by a non-written mandate and governed by the Articles, the general Luxembourg Civil Code provisions on mandates (Art. 1984 et seq.), the 1915 Company Law and any other applicable laws. The Board may also adopt internal rules of procedure which apply to the committees. Any such rules of procedure must be consistent with the Articles and all applicable laws.~~

## **3. Overview of senior management remuneration**

### **3.1. Contractual arrangement with the senior management**

Members of the Company's senior management may (but shall not necessarily) also hold the mandate of daily managers under the 1915 Company Law, who are entrusted with the day-to-day management (*gestion journalière*) of the Company.

Members of the senior management are appointed and dismissed by the Board. Members of senior management may only act on behalf of the Company within the limits of the authority granted to them by the Board.

Members of the senior management ~~shall, in principle, may~~ have service or employment agreements with the Company of an indefinite ~~or definite~~ term, for their respective roles as daily managers (where applicable) and for their respective positions as members of senior management. ~~Agreements between the Company and senior management shall generally provide for a notice period of 12 months (except in some specific scenarios as may be detailed in the agreements).~~

~~Notwithstanding the above, the Company shall not be prevented from concluding fixed term agreements with current or to be appointed senior managers or indefinite term agreements with a shorter or longer notice period, where the conclusion of such agreements would be, in compliance with all applicable laws and, in the opinion of the Board, be the most appropriate approach, and in the corporate interests of the Company.~~



The Company does not provide for specific early retirement schemes. The Company does however provide reasonable payments linked to termination of the agreements of senior management beyond what is required by national legislation. The payments linked to termination are detailed further below.

### **3.2. Scope of the senior management remuneration policy**

This remuneration policy applies to all members of the Company's senior management (as listed in part B of Annex I hereto) and shall automatically apply to any senior managers that may be appointed in the future. In order to ensure maximum transparency towards its shareholders, the Company has opted to include in the scope of this remuneration policy not only those senior managers that hold the mandate of daily managers (*délégué(s) à la gestion journalière*) under the 1915 Company Law, but also the senior managers that do not hold such mandate.

### **3.3. Remuneration philosophy as regards the senior management**

The Company's remuneration philosophy for its senior managers is based on the following principles:

- Provision of a competitive remuneration which is sufficient to ensure that the Company can attract and retain people with the necessary drive, competence, experience and expertise to carry the Company through challenging times;
- Encouragement and rewarding of performance that serves to motivate senior managers to work to achieve the Company's strategic objectives in a responsible and sustainable manner;
- Alignment of variable remuneration incentives with the Company's most pressing needs and with shareholders' longer term interests;
- Transparency and accountability towards shareholders regarding remuneration of its directors and senior managers.

### **3.4. Remuneration framework of the senior management**

#### **3.4.1. General Structure**

Remuneration packages of the senior managers should generally be composed of the following:

- an annual fixed compensation;
- [incentive bonus based on the achievement of one or more short-term targets \("STI-Bonus"\)](#); and
- [incentive bonus based on the achievement of one or more long-term targets \("LTI-Bonus"\) and/or MIP linked to the achievement of certain milestones of the Company.](#)

A discretionary bonus and other benefits, as further detailed below, may also be granted.

The achievement of targets/[milestones](#) for the STI-Bonus and LTI-Bonus [and MIP](#) will be assessed by the Nomination and Compensation Committee (if appropriate based on guidance issued by the financial department of the Company); the Nomination and Compensation Committee will then issue a recommendation to the Board on same. To the extent considered necessary by the Company's finance department, the Nomination and Compensation Committee or the Board, the target achievements may be submitted for review and validation by an independent statutory auditor (*réviseur d'entreprises agréé*).

In case a senior manager is requested to assume secondary activities in affiliated companies (e.g. the assumption of the position of a manager, director, management board member, managing director, supervisory board member or similar positions), this shall (to the extent possible under applicable law) not establish any further employment contract or service agreement in addition to (i) the service

/employment agreement entered into with the Company (ii) any other service/employment agreement explicitly contemplated in the agreement entered into with the Company (the "**Primary Agreements**"). If the Officer receives a separate remuneration for assuming any such tasks or board memberships (in addition to the remuneration under the Primary Agreements), such remuneration will be deducted from the remuneration payable under the Primary Agreements.

#### **3.4.1.1. Annual fixed compensation**

*The aim of the annual fixed compensation is to attract and retain high-quality and experienced senior managers.*

Each senior manager is entitled to receive an annual base compensation to be paid in 12 equal instalments at the end of each calendar month. Any remuneration to be received by a senior manager of the Company for his mandate as a director of the Company (i.e. the basic fixed annual fee ~~and any fees for attendance of the meetings of the Board or committees of the Company~~) shall be deducted from the remuneration to be paid under the Primary Agreement with the Company.

#### **3.4.1.2. Short-term incentives**

*Given the current strategy of the Company, the aim of the short-term incentives shall be to motivate senior managers to stabilise the Company financially to be achieved, inter alia, through continued implementation of the ~~r~~Restructuring ~~p~~Plan which shall provide the liquidity needed to manage the Group's upcoming debt maturities, stabilise its business operations and hence, continue as a going concern.*

The Nomination and Compensation Committee and the Board shall have sufficient flexibility to set the financial and/or non-financial criteria which will form the basis of the short-term incentive targets. In principle, that criteria will support the strategic goal of stabilising the Company financially; it shall be defined by the Nomination and Compensation Committee and the Board on the basis of such data as deemed appropriate (e.g. the Company's budget predictions as well as the financial outlook) and shall be sufficiently relevant based on the prevailing micro- and macro-economic circumstances.

In setting the short-term incentive targets, a balance shall be struck to ensure that senior managers are sufficiently incentivised to exercise best efforts to further stabilise the Company financially whilst still encouraging senior managers to take well-structured decisions which support the Company's guiding principle of sustainability. Where relevant, short-term incentive targets shall be structured so as to reward adequately, over-performance. To the extent feasible, the achievement of short-term incentive target(s) which have been set for a given financial year shall be assessed the following financial year at, or shortly after, the time of the approval by the Board of the financial statements for the financial year for which the STI-Bonus was earned.

The STI-Bonus shall be paid out at the latest with the next payroll run following the Company's annual general meeting approving the financial statements for the respective year for which the STI-Bonus was earned. Unless it is considered in the best interest of the Company to pay STI-Bonus at earlier date.

#### **3.4.1.3. Long-term incentives**

*The aim of the long-term incentives is to motivate senior managers to increase equity value: to maximise the value of the Company's assets in view of eventual distribution to shareholders.*

The Nomination and Compensation Committee and the Board shall have sufficient flexibility to set the financial and/or non-financial criteria which will form the basis of the long-term incentive targets. In principle, that criteria will support the achievement of generating sustained shareholder value; it shall be defined by the Nomination and Compensation Committee and the Board on the basis of such data as deemed appropriate. ~~(e.g. the share price evolution, actual amount of distributions to shareholders).~~

Where relevant, long-term incentive targets shall be structured so as to reward adequately, over-performance.

To the extent feasible, the achievement of long-term incentive target(s) which have been set for a given financial year shall be assessed the following financial year at, or shortly after, the time of the approval by the Board of the financial statements for the financial year for which the LTI-Bonus was earned. The LTI-Bonus attributable to a given financial year, (the "**Relevant Year**") shall ~~only~~ be settled by the Company during the first ~~four~~ months of the financial year commencing ~~two~~ years after the close of the Relevant Year. Unless it is considered in the best interest of the Company to settle LTI-Bonus at earlier date. The Company may also agree that the right to receive the LTI-Bonus for a Relevant Year vests at the time when the Board has made the assessment of the achievement of the targets for that year and determined the amount of the LTI-Bonus which shall be payable – even though settlement will only occur at a later date as described ~~in the preceding sentence above.~~

Long-term incentive remuneration may be structured so that it shall be awarded by reference to an amount which is then settled directly in cash or shares (at the discretion of the Nomination and Compensation Committee and the Board); it may also be virtual share-based whereby virtual shares are awarded (which gives a notional stake in the Company), the value of which can appreciate or depreciate based on determinable factors; the virtual shares (if applicable) may be settled in cash or shares (at the discretion of the Nomination and Compensation Committee and the Board). The Nomination and Compensation Committee and the Board shall have the possibility to decide, at the time of settlement of an LTI-Bonus, whether to settle the LTI-Bonus in cash or in shares.

#### **3.4.1.4. MIP**

The aim of the MIP shall be to motivate senior managers to drive the Company to achieve certain milestones

The Nomination and Compensation Committee and the Board shall have sufficient flexibility to set the relevant milestones (e.g. repayment of loan facilities) and to determine the remuneration (in cash) to be granted for their achievement.

The remuneration related to a relevant milestone may be paid directly or shortly after achievement of certain milestone.

Where relevant, MIP may be structured so as to reward adequately, over-performance.

#### **3.5. Discretionary Bonus**

In addition to the STI-Bonus, ~~and~~ LTI-Bonus, and MIP remuneration, if implemented, the Board may, in its reasonable discretion, grant senior managers an additional bonus for outstanding performances without a prior agreement. A legal claim to such a discretionary bonus does not exist.

#### **3.6. Other Benefits**

In addition to the primary elements of compensation described above, other benefits may be provided to senior managers, such as, *inter alia*, rental allowance, company cars, travel allowance, private health insurance and other insurance policies, which will be in line with relevant local market and peer-group practices.

The Nomination and Compensation Committee and the Board shall ensure that all such other benefits that may be provided to senior managers are of a reasonable nature, scale and scope.

Senior managers shall be entitled to reimbursement by the Company of any reasonable costs incurred within the scope of their duties as senior managers of the Company, upon presentation of proof of payment by the senior manager of such incurred costs.

### **3.7. Adjustments**

Service agreements with senior management should include provisions which substantially provide for the following with respect to STI-Bonus, ~~and~~ LTI Bonus and MIP remuneration, if implemented, payments:-

- In case of extraordinary events occurring after targets or milestones have been set, resulting in a significant change in the ~~bonus~~ parameters used, the Board should be entitled to adjust the targets of the STI-Bonus and LTI-Bonus or milestones of MIP, to an appropriate extent. This may result in an increase or a decrease in the variable remuneration;
- If the senior manager receives an STI-Bonus or LTI-Bonus or MIP remuneration based on data which the Company later claims is (and proves to be) erroneous, the Company shall have the right to recover, generally during the term of the respective agreement and within a few years (e.g. 3 years) after the termination of agreement, the amount of the remuneration paid in excess of what would have been paid with accurate data.
- If a senior manager engages in conduct that is detrimental to the Company's interests resulting in damage to the Company, due to engaging in fraud, serious misconduct, or other illegal or unethical activities, the Company shall be entitled to withhold payments of the STI-Bonus, ~~and~~ LTI-Bonus or MIP remuneration, and reserves the right to recover any remuneration which has been paid to the Officer generally during the term of the respective agreement and within a few years (e.g. 3 years) after the termination of agreement, ~~up to~~ up to the amount of the damage caused by the conduct.

### **3.8. Terms of termination**

#### *Notice periods*

Agreements with an indefinite period between the Company and senior management shall generally provide that they may be terminated at any time by the Company or the senior manager subject to a notice period of twelve (12) months.

Agreements with definite period between the Company and senior management shall generally provide that they may be terminated at any time by the Company or the senior manager subject to a shorter notice period (3-6 months).

The agreements should provide that in case the senior manager becomes permanently incapable of performing his duties the agreement will terminate following a reasonable period from the date on which such permanent incapacity is determined (e.g. twelve months).

Agreements shall always provide that they can be terminated for Cause by the Company at any time without prior notice whereby "Cause" shall be defined in the relevant service agreements but shall, at least, include any material breach of the senior managers' obligations under the relevant service agreement.

In the event of change of control or, for a senior manager who also holds a position on the Board, in the event that the senior manager loses his or her position on the Board, a senior manager shall typically have the right to terminate his service agreement with the Company subject to a short notice period; this right would should only be exercisable within a defined period (e.g. six months) following the date on which the senior manager becomes aware of the change of control or loss of the Board position.

~~Future agreements may include longer or shorter notice periods where such longer or shorter notice periods are deemed appropriate and in the best interests of the Company.~~

#### *Payments linked to termination*

The rights of senior managers to receive remuneration on termination of a service agreement depends on the circumstances of the termination.

#### *Termination by the Company without Cause*

Agreements between the Company and senior management may provide that during the notice period, a senior manager shall be entitled to ongoing payment of the monthly instalments of fixed compensation, ongoing earning of STI-Bonus (*pro rata temporis*) and LTI-Bonus (*pro rata temporis*) or MIP remuneration.

#### *Termination by the senior manager with a ~~12-month~~ notice period (other than in the event of a change of control or loss of position on the Board)*

Agreements between the Company and senior management may provide that during the notice period, a senior manager shall be entitled to ongoing payment of the monthly instalments of fixed compensation, ongoing earning of STI-Bonus (*pro rata temporis*) or MIP remuneration; as regards the LTI-Bonus, the senior manager shall have no right to any LTI-Bonus which has not vested; agreements may provide that an LTI-Bonus shall be deemed "**vested**" in this context at the moment when the amount of the LTI-Bonus which shall be awarded for a given financial year has been determined by the Board (even if the senior manager is only entitled to receive actual payout of the LTI-Bonus (whether in cash or in shares) at a future date in time).

Agreements between the Company and senior management may provide that members of senior management may be entitled to a severance payment which, in general, shall not exceed a total of one year's remuneration.

#### Termination by the Company for cause without notice

In case of a termination of a service agreement by the Company for Cause, the senior manager shall not be entitled to earn any remuneration as from the date of termination.

#### Termination in the event of change of control or in the event that the senior manager loses his or her position on the Board (if he has one)

Agreements between the Company and senior management may provide that in the event of a change-of-control or loss of Board position (if applicable), a severance payment will be payable (up to the amount of two years' total remuneration); in addition, during the short notice period (usually 14 (fourteen) days), a senior manager shall be entitled to ongoing payment of the monthly instalments of fixed compensation, ongoing earning of STI-Bonus (*pro rata temporis*) and LTI-Bonus (*pro rata temporis*) or MIP remuneration.

## ANNEX I – List of persons to which the remuneration policy applies<sup>3</sup>

### A. Board of directors

Name	Title (for the purposes of section A of Annex I)	Date of first appointment	Date of applicability of current version of the remuneration policy (with respect to section A of Annex I)
Mr Thierry Beaudemoulin	Executive director	10 December 2019	<del>21 June 2023</del> <a href="#">27 November 2024</a>
<del>Mr Thomas Echelmeyer</del> <a href="#">Thorsten Arsan</a> <sup>4</sup>	Executive director	<del>27 November 2024</del> <del>21 June 2023</del>	<a href="#">27 November 2024</a> <del>21 June 2023</del>
<del>Mr Stefan Brendgen</del> <a href="#">Prof. Dr. A. Stefan Kirsten</a>	Independent director	<del>16 February 2022</del> <del>21 June 2023</del>	<a href="#">27 November 2024</a> <del>21 June 2023</del>
<a href="#">Mr Paul Copley</a> <sup>5</sup>	<a href="#">Independent director</a>	<a href="#">27 November 2024</a>	<a href="#">27 November 2024</a>
Mr Thilo Schmid	Independent director	29 September 2020	<a href="#">27 November 2024</a> <del>21 June 2023</del>
<del>Mr Thomas Zinnöcker</del> <a href="#">Matthias Moser</a>	Independent director	<del>29 September 2020</del> <del>25 June 2025</del>	<a href="#">27 November 2024</a> <del>21 June 2023</del>
<del>Dr Heiner Wolf</del> <a href="#">Christian Arnoldi</a> <sup>6</sup>	<a href="#">Independent director</a>	<del>21 June 2023</del>	<del>21 June 2023</del>
<a href="#">Mr Stefan Brendgen</a> <sup>7</sup>	<a href="#">Independent director</a>	<del>21 June 2023</del>	<del>21 June 2023</del>

### B. Senior management

Name	Title (for the purposes of section B of Annex I)	Date of first appointment	Date of applicability of current version of the remuneration policy (with respect to section B of Annex I)
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<sup>3</sup> To be updated every time there is a change on the level of the Board or senior management.

<sup>4</sup> Subject to appointment at AGM

<sup>5</sup> Subject to appointment at GM

<sup>6</sup> Subject to appointment at AGM

<sup>7</sup> Subject to appointment at AGM

Mr Thierry Beaudemoulin	chief executive officer	10 December 2019	21 June 2023
Mr <del>Thomas Echelmeyer</del> <u>Thorsten Arsan</u>	chief financial officer	1 <del>October</del> <u>September</u> 2024 <del>2</del>	<del>27 November 2024</del> <u>21 June 2023</u>
Mr Sven-Christian Frank	chief legal officer	1 September 2020	21 June 2023

# 2024

Remuneration policy of the Company as approved by  
the general meeting of shareholders on **[27 November  
2024]**