

# Remuneration system for the members of the Board of Management of Deutsche Beteiligungs AG

## 1. Introduction

The remuneration system for the members of Deutsche Beteiligungs AG's Board of Management is based on the statutory rules for management board remuneration, sections 87 and 87a of the AktG in particular. In addition, it is also intended to implement the guidelines of the German Corporate Governance Code into the remuneration system.

The Supervisory Board adopted the current remuneration system by way of resolution at its meeting on 14 December 2022 (Remuneration System 2022), refining the remuneration system as adopted by the Supervisory Board on 11 December 2020 and approved by the Annual General Meeting on 25 February 2020 (Remuneration System 2020) with regard to a number of items.

The Remuneration System 2022 will apply from the financial year 2022/2023 onwards and was approved at the Annual General Meeting on 28 February 2023 in accordance with section 120a (1) AktG.

### 1.1. Overview of remuneration components, target total remuneration and general provisions

The total remuneration of the members of the Board of Management consists of the following remuneration components:

- › a fixed salary;
- › one-year variable remuneration ("short-term variable remuneration component"),
- › multi-year variable remuneration ("long-term variable remuneration component"),
- › if applicable, a Long-Term Investments bonus (long-term variable remuneration component),
- › pension commitments, if applicable, as well as
- › fringe benefits.

Based on these remuneration components, the Supervisory Board defines, for each member of the Board of Management, a target total remuneration, i.e. the total remuneration based on a 100 per cent target achievement (excluding pension benefits, as the pension schemes of Deutsche Beteiligungs AG are closed to new members). For those members of the Board of Management who belong to the investment advisory team, the share of fixed remuneration components in the target total remuneration is approximately 51 per cent, the share of short-term variable remuneration components is approximately 16 per cent and the share of long-term variable remuneration components is approximately 33 per cent. For other members of the Board of Management, the share of fixed remuneration components in the target total remuneration is approximately 56 per cent, the share of short-term variable remuneration

components is approximately 18 per cent and the share of long-term variable remuneration components is approximately 26 per cent.

All remuneration components are paid in euros; no share-based compensation is paid. There is no deferral of the payment of remuneration components. However, the members of the Board of Management are obligated to invest 35 per cent of their long-term variable remuneration's net amount in Deutsche Beteiligungs AG shares, and to hold these shares for a period of at least four years from the time of acquisition, but for no longer than their membership on the Board of Management.

Any subsequent amendment of the target values or comparison parameters for the variable remuneration, after the reference period that is decisive for the respective variable remuneration has commenced, is excluded.

In addition to the above-mentioned remuneration components, follow-on remuneration under remuneration models completed in the past are paid to individual members of the Board of Management who are part of the investment advisory team.

## **1.2. Procedure for the determination, implementation and review of the remuneration system**

After deliberation within the Executive Committee, the Supervisory Board determines the remuneration system for the members of the Board of Management. The remuneration system adopted by the Supervisory Board is then submitted to the Annual General Meeting for approval (section 120a (1) of the AktG).

The Supervisory Board and the Executive Committee regularly review the remuneration system for the members of the Board of Management. Whenever the Supervisory Board resolves on amendments to the remuneration system, the remuneration system is then once again submitted to the Annual General Meeting for approval (section 120a (1) of the AktG). In its review of the remuneration system, the Supervisory Board may retain the support of independent external experts whenever necessary. When selecting external experts to provide assistance, the Supervisory Board will ensure that no conflicts of interest exist.

Furthermore, the Supervisory Board and the Executive Committee review the appropriateness of the individual remuneration components as well as the overall remuneration at least once a year.

## **1.3. Role of remuneration in the promotion of the corporate strategy as well as the sustainable long-term development of the Company**

The core business objective of Deutsche Beteiligungs AG's business activities is the long-term growth of the Company's corporate value by increasing the value of the Private Equity Investments and Fund Investment Services business segments. The targets that are decisive for the variable remuneration are also geared towards this objective: both the multi-year variable remuneration and the Long-Term Investments bonus have a long-term orientation. Sustainability criteria are taken into account when determining the one-year variable remuneration.

## **1.4. Specific remuneration components**

### **1.4.1. Fixed salary**

The members of the Board of Management receive an annual fixed salary paid in twelve equal instalments.

### **1.4.2. One-year variable remuneration**

75 per cent of the one-year variable remuneration is based on the Board of Management's overall performance and 25 per cent is based on the individual performance of the respective Board of Management's member during the preceding financial year. This may amount to up to 40 per cent of the fixed salary of the respective member of the Board of Management.

After the end of the respective financial year, the Supervisory Board ascertains the overall performance of the Board of Management at its reasonable discretion, taking into consideration the following performance criteria:

- › implementation of corporate strategy;
- › short-term development of the net asset value and the results of the Fund Investment Services;
- › implementation and ongoing development of the compliance system and the ESG system;
- › development of capital market positioning; and
- › personnel development.

After the end of the respective financial year, the Supervisory Board ascertains the performance of individual members of the Board of Management at its reasonable discretion, using the performance of the portfolio, for which the respective member is responsible, as a benchmark.

The Supervisory Board takes any compliance breaches or other breaches of duty on the part of the respective member of the Board of Management into consideration at its reasonable discretion; this may result in the one-year variable remuneration being reduced or, in the case of serious breaches, not being paid at all.

If the Supervisory Board gives the performance of a Board of Management member a 100 per cent rating, the relevant member receives 80 per cent of the maximum one-year variable remuneration possible. A performance rating of up to 120 per cent may be assigned, resulting in the payment of the maximum one-year variable remuneration possible. Where the performance rating is 80 per cent, the Board of Management member receives 60 per cent of the maximum one-year variable remuneration possible. If the performance rating is between 80 per cent and 100 per cent, or between 100 per cent and 120 per cent, the amount of the one-year variable remuneration to be paid must be ascertained in a linear manner. No one-year variable remuneration will be paid for a performance rating of less than 80 per cent.

The one-year variable remuneration is paid once a year in December.

### 1.4.3. Multi-year variable remuneration

The multi-year variable remuneration is based on the following criteria: Average development of the net asset value plus dividends distributed and adjusted in the event of capital measures such as capital increases or share buybacks (hereinafter referred to as “CAGR NAV”) and the earnings before taxes of the Fund Investment Services business segment (hereinafter “Fund Investment Services EBT”). A three-year reference period, comprising the three subsequent financial years, forms the basis for the assessment of these criteria. The decisive factor is the extent to which the targets for both criteria, which were determined by the Supervisory Board at the beginning of each three-year period, have been met. 75 per cent of the multi-year variable remuneration is based on the CAGR NAV criterion and 25 per cent is based on the Fund Investment Services EBT criterion. The multi-year variable remuneration may amount to up to 80 per cent of the fixed salary of the respective member of the Board of Management.

Whether or not the CAGR NAV criterion has been met, and the resulting multi-year variable remuneration, are ascertained as follows (the targets and target achievement rates hereinafter used are for illustrative purposes only, as the targets and target achievement rates determined by the Supervisory Board at the beginning of the relevant three-month period are decisive):

<b>CAGR NAV (3-year average)</b>	<b>Multiple for 75% of the maximum amount of the multi-year variable remuneration</b>	<b>Target achievement rate</b>
5.9% or lower	0.0	0
6.0-6.9%	0.1	75%
7.0-7.9%	0.2	80%
8.0-8.9%	0.3	85%
9.0-9.9%	0.4	90%
10.0-10.9%	0.5	95%
11.0-11.9%	0.6	100%
12.0-12.9%	0.7	105%
13.0-13.9%	0.8	110%
14.0-14.9%	0.9	115%
15.0% or more	1.0	120%

Whether or not the Fund Investment Services EBT criterion has been met, and the resulting multi-year variable remuneration, are ascertained as follows (the targets and target achievement rates hereinafter used are for illustrative purposes only, as the targets and target achievement rates determined by the Supervisory Board at the beginning of the relevant three-month period are decisive):

<b>Fund Investment Services EBT in € mn (3-year average)</b>	<b>Multiple for 25% of the maximum amount of the multi-year variable remuneration</b>	<b>Target achievement rate</b>
5.9 or lower	0.0	0
6-6.9	0.1	75%
7-7.9	0.2	80%
8-8.9	0.3	85%
9-9.9	0.4	90%
10-10.9	0.5	95%
11-11.9	0.6	100%
12-12.9	0.7	105%
13-13.9	0.8	110%
14-14.9	0.9	115%
15 or higher	1.0	120%

The two values resulting from the two criteria are added together to arrive at the multi-year variable remuneration.

The Supervisory Board takes any compliance breaches or other breaches of duty on the part of the respective member of the Board of Management into account at its reasonable discretion; this may result in the multi-year variable remuneration being reduced or, in the case of serious breaches, not being paid at all.

The multi-year variable remuneration is paid once a year in December. If a Board of Management service contract commences during the course of the year, the relevant member of the Board of Management will be paid the multi-year variable remuneration for the respective financial year *pro rata temporis*. No multi-year variable remuneration will be paid for the year during which the relevant member leaves the Company.

#### **1.4.4. Long-Term Investments bonus**

The members of the Board of Management who are also members of the investment advisory team may also receive a bonus for the success of Deutsche Beteiligungs AG's Long-Term Investments funded exclusively from the Company's resources. This bonus takes into account the performance of Long-Term Investments from two successive financial years ("investment period"). The entitlement to this bonus arises only if Deutsche Beteiligungs AG has realised its invested capital plus a minimum return of 8 per cent per annum ("internal rate of return"). If this requirement is met, 15 per cent of the total performance achieved in the investment period concerned is paid out to members of the investment advisory team. Those Board of Management members who are also members of the investment advisory team will receive a specific portion of this amount. Payment will only be made once the capital inflows have been received by Deutsche Beteiligungs AG.

The remuneration paid from the Long-Term Investments bonus is capped at 65 per cent (per year) of the annual fixed salary of the Board of Management member. If this threshold is exceeded, the excess amount will not be paid out until the following financial year. This "carry-over" arrangement can only be

applied twice for each entitlement. Payments made from the Long-Term Investments bonus can also be made after the Board of Management member's employment contract has been terminated, although they remain subject to the cap limiting them to 65 per cent of the member's (last) fixed salary.

#### **1.4.5. Pension commitments**

The pension schemes initially offered by Deutsche Beteiligungs AG are now closed to new members. To the extent that Board of Management members have already received pension commitments from Deutsche Beteiligungs AG, whether in the form of an undertaking for a specific annual pension or in the form of annual contributions to a pension scheme, these will be continued. It is not intended to issue any new pension commitments. For both existing forms of pension commitments, the pension entitlement arising from the pension commitment is limited to a maximum amount of 87,000 euros gross per year.

All Board of Management members are insured via BVV Versicherungsverein des Bankgewerbes a.G., with Deutsche Beteiligungs AG paying the employer's statutory social security contributions.

#### **1.4.6. Fringe benefits**

Members of the Board of Management may receive the following fringe benefits:

- › company car, which may also be used for private purposes;
- › smartphone, which may also be used for private purposes;
- › accident insurance cover;
- › term life insurance cover;
- › statutory or private health insurance premiums;
- › private pension insurance scheme contributions in line with the contributions that would be payable to a statutory pension plan if the respective member of the Board of Management was subject to an insurance obligation under statutory pension plans;
- › payment for the costs of one comprehensive health check per year; and
- › payment for the costs of participating in corporate talks and similar networking and business development initiatives.

The aggregate value of fringe benefits per financial year is limited to a maximum of ten per cent of the fixed salary of the particular member of the Board of Management.

### **1.5. Determination of remuneration – appropriateness and in view of the remuneration and employment conditions of regular employees**

The Supervisory Board determines the remuneration of the members of the Board of Management in concordance with the remuneration system, ensuring that the remuneration is appropriate and does not exceed standard remuneration without good reason. The benchmark for the appropriateness of remuneration is, in particular, the responsibilities of the respective member of the Board of Management, that member's personal performance as well as the financial situation, success and future prospects of Deutsche Beteiligungs AG. To that end, the structure and level of remuneration schemes common to the private

equity industry, which are required to attract and retain qualified key personnel, are taken into consideration while also taking account of the remuneration structures and levels of comparable large exchange-listed S-Dax companies.

To ensure the appropriateness of remuneration, the Supervisory Board regularly carries out both a horizontal and a vertical remuneration comparison. As part of the vertical remuneration comparison, the Supervisory Board takes into consideration, in particular, the senior managers at the first management level below the Board of Management and the Company's staff overall.

The Supervisory Board may factor in extraordinary developments, as appropriate, when granting and paying variable remuneration components. Moreover, the Supervisory Board has rights under section 87 (2) of the AktG if the Company's situation were to deteriorate.

In addition, section 87a (2) sentence 2 of the AktG entitles the Supervisory Board to temporarily deviate from the remuneration system if this proves necessary in the long-term interest of Deutsche Beteiligungs AG. Any such deviation may relate to all of the remuneration components; however, the maximum remuneration must not be exceeded in any case. Any deviation requires the adoption of a Supervisory Board substantiated resolution with a majority of two-thirds.

#### **1.6. Maximum remuneration**

The remuneration paid for any single financial year, which remuneration is made up of the fixed salary, the one-year variable remuneration, the multi-year variable remuneration and, if applicable, the Long-Term Investments bonus, any follow-on variable remuneration payments under remuneration models completed in the past, and, if applicable, the pension commitment and any fringe benefits, is capped at a maximum amount of 1,888,000 euros gross per each member of the Board of Management. The calculation assigns any payment of the variable remuneration to the financial year preceding the year in which the payment is made. The determination of the amount of the pension commitment is based on the pension expenses of the respective financial year, both for fixing the target total remuneration and the maximum remuneration.

#### **1.7. Clawback**

Based on a provision in the Board of Management service contracts, Deutsche Beteiligungs AG is entitled to reclaim the one-year variable remuneration and/or the multi-year variable remuneration, in whole or in part, if the respective member of the Board of Management commits a serious breach of duty; this clawback relates to the remuneration paid for the year during which the serious breach of duty occurred. A clawback may also be asserted after the relevant Board of Management member has left the Company. The Supervisory Board decides on any clawback and the amount to be reclaimed.

Where the respective variable remuneration has not yet been paid, the variable remuneration will be reduced accordingly.

Any other claims on the part of Deutsche Beteiligungs AG (claims for damages in particular) would remain unaffected by the clawback.

#### **1.8. Obligation to invest in Company shares**

The members of the Board of Management are obligated to invest a minimum of 35 per cent of the net amount of the multi-year variable remuneration they are paid in any given year into shares of Deutsche Beteiligungs AG. The Board of

Management members are obliged to hold the shares so acquired for a minimum period of four years; no longer, however, than their service contract on the Board of Management.

The shares of Deutsche Beteiligungs AG must be acquired within six months after payment of the respective multi-year variable remuneration. However, the shares may only be acquired at a time when their acquisition is permissible under insider trading rules and in compliance with the internal guidelines of Deutsche Beteiligungs AG.

Upon request at any time, and at the end of every financial year (without needing to be prompted), the respective member of the Board of Management is obligated to prove to the Company that he or she has complied with his/her obligation to invest in Company shares.

## **1.9. Remuneration-related legal transactions and other elements of the remuneration system**

### **1.9.1. Terms of Board of Management service contracts**

Board of Management service contracts are usually entered into for a term of three to five years. The Supervisory Board may depart from this approach, if warranted, in individual cases.

### **1.9.2. Benefits granted at contract termination**

Where a Board of Management service contract is terminated early, any payments to the relevant Board of Management member is contractually limited to twice the annual remuneration (including fringe benefits) and must not exceed the remuneration for the residual term of the service contract that would have been owed had the contract not been terminated early.

The payment of outstanding variable remuneration components, which are attributable to the period until contract termination, is based on the originally agreed targets and comparison parameters and takes place at the contractually agreed due dates.

### **1.9.3. Compensation for secondary activities**

Where a Board of Management member receives compensation for the exercise of an executive function in one of Deutsche Beteiligungs AG's portfolio companies, said Board of Management member is contractually obligated to pass this compensation on to Deutsche Beteiligungs AG. In contrast, any compensation that a Board of Management member receives for secondary activities in other companies (which activities have been approved by the Supervisory Board) inure exclusively to the benefit of the relevant Board of Management member.

### **1.9.4. D&O insurance cover**

Deutsche Beteiligungs AG maintains D&O (directors' and officers') liability insurance cover for the members of its Board of Management, with a deductible that meets the requirements of section 93 (2) sentence 3 of the AktG.

### **1.9.5. Sick pay**



In the event of incapacity for work due to no-fault illness, the members of the Board of Management are entitled to the continued payment of their fixed salary for a period of six weeks. After those six weeks, Deutsche Beteiligungs AG will pay the respective Board of Management member – for the duration of 46 weeks or until the Board of Management service contract is terminated, whichever occurs earlier – an allowance that covers any shortfall between the sickness benefit paid by the health insurance and their net salary.

#### **1.9.6. Holiday leave**

The members of the Board of Management are entitled to annual leave of 30 working days.