

Remuneration system for the members of the Management Board of Encavis AG

a) Principles of the remuneration system

The remuneration system for the members of the Management Board makes an important contribution to the advancement of the business strategy and the long-term, sustainable and value-creating development of Encavis AG (“Encavis” or the “Company”).

Management Board remuneration is primarily based on the size, complexity and economic position of the Company, as well as the performance of the Management Board as a whole. The remuneration structure is geared towards contributing to the long-term success of the Company and achieving strategically important corporate targets. The Company’s long-term strategic growth targets as communicated in Fast Forward 2025 represent key parameters in the short- and long-term variable remuneration.

In structuring the remuneration system and specifying Management Board remuneration, the Supervisory Board worked on the basis of the following principles:

Promotion of the corporate strategy	The remuneration system should promote the implementation of the corporate strategy by creating appropriate incentives.
Pay for performance	By setting adequate performance criteria within the scope of performance-related variable remuneration, which makes up a significant proportion of overall remuneration, the remuneration system ensures that the performance of the Management Board is suitably rewarded and the failure to meet targets appropriately considered.
Long-term nature and sustainability	A significant share of variable remuneration is determined on the basis of performance assessment across multiple years. The focus on sustainability is strengthened further by establishing environmental, social and governance (ESG) performance criteria as part of short-term variable remuneration.
Appropriateness of the remuneration	The remuneration of the Management Board members is in line with the market and competitive, taking into account the Company’s size, complexity and economic position. Its appropriateness is ensured by regularly comparing Management Board remuneration with relevant peer groups. In addition, the Management Board members’ remuneration is in appropriate proportion to the remuneration of the managers and employees.
System consistency	The remuneration system is consistent with the remuneration systems of senior management and Encavis employees.
Regulatory compliance	The remuneration system complies with the German Stock Corporation Act and takes into consideration the recommendations of the German Corporate Governance Code to the greatest possible extent.

The remuneration system has been defined with the aim of being simple, clear and comprehensible. The remuneration system complies with the requirements of the German Stock Corporation Act (AktG) and the recommendations of the German Corporate Governance Code, unless any deviation from said recommendations has been declared. The current Management Board contracts already comply with the remuneration system that is presented for approval.

b) Procedures to define, implement and review the remuneration system

The Supervisory Board is responsible for defining the remuneration system and the amount of remuneration received by the Management Board, including maximum remuneration. The Supervisory Board is assisted by its Personnel Committee. The Personnel Committee draws up recommendations regarding the remuneration system, which the Supervisory Board discusses in detail and resolves as the overall body. The Supervisory Board can draw on the assistance of external consultants if necessary. When commissioning external remuneration experts, it is to be ensured that said experts are sufficiently independent and, in particular, that confirmation of said experts’ independence is requested. Provisions applying to conflicts of interest are also taken into account in the procedures to define, implement and review the remuneration system.

The Supervisory Board presents the remuneration system it resolves to the Annual General Meeting for approval. The Supervisory Board reviews the suitability of the remuneration system and the amount of remuneration received by the Management Board on a regular basis.

The members of the Management Board are obliged by the rules of procedure to disclose their conflicts of interest.

The remuneration system will be presented to the Annual General Meeting for re-approval in the event of any material changes to the remuneration system or, at the very least, every four years.

If the Annual General Meeting does not approve the presented remuneration system, the Supervisory Board will present a reviewed and revised remuneration system at the latest by the next Annual General Meeting.

c) Temporary deviations from the remuneration system

In a limited number of exceptional cases (particularly in the case of unforeseeable developments such as a major financial crisis, wars or pandemics), the Supervisory Board may – acting on the recommendation of the Personnel Committee – temporarily deviate from components of the remuneration system (procedures and terms of the remuneration structure and remuneration amount, as well as with regard to individual remuneration components) if said deviations are in the interest of the long-term prosperity of the Company.

This remuneration system applies retroactively to all members of the Management Board from 1 January 2021, as well as to all newly agreed or extended contracts with members of the Management Board and in the case of reappointment.

d) The remuneration system at a glance

The remuneration system of Encavis AG is primarily defined as follows:

Fixed remuneration	Annual salary	<ul style="list-style-type: none"> Fixed annual remuneration paid in twelve equal instalments at the end of each calendar month.
	Fringe benefits	<ul style="list-style-type: none"> Regular benefits in kind (company car, insurance, communication, etc.)
Performance-related pay	Short-term variable remuneration (annual bonus)	<ul style="list-style-type: none"> Term: one year Performance criteria: financial and non-financial targets Payment: between 0% and 200% of the target value
	Long-term variable remuneration (virtual share option programme, SOP)	<ul style="list-style-type: none"> Waiting period: 3 years Exercise period: 2 years Performance criteria: financial targets Granting of virtual share options (share appreciation rights, SARs) Cap: 3 times the minimum exercise value

e) Definition of the total remuneration target by the Supervisory Board

The Supervisory Board defines the total remuneration target for each member of the Management Board on the basis of the remuneration system for the upcoming financial year. The total remuneration target consists of the sum of fixed remuneration and variable remuneration. The specific total remuneration target is in appropriate proportion to the tasks and performance of the Management Board member and to the financial situation and success of Encavis. In addition, the Supervisory Board ensures that remuneration is appropriate and in line with standard market rates. The assessment of the appropriateness of the remuneration amount takes into account Encavis’ peer group (horizontal comparison) and the internal remuneration structure (vertical comparison). The Supervisory Board is aware that the external and internal comparison is to be treated with caution to prevent remuneration from automatically trending upwards.

aa) Horizontal comparison – external appropriateness

In order to assess appropriateness at a horizontal level, the Supervisory Board uses a peer group of companies from the SDAX and MDAX that are comparable with Encavis in terms of country, size and industry. The positioning of Encavis within the peer group and the respective remuneration components are taken into consideration in this assessment.

bb) Vertical comparison – internal appropriateness

In order to assess appropriateness at a vertical level, the Supervisory Board takes into account the relationship between Management Board remuneration and the remuneration of the senior management and employees of Encavis, including the development of said remuneration over time.

f) Remuneration components and their relative share of the total remuneration target, structure of the total remuneration target and further components of the remuneration system

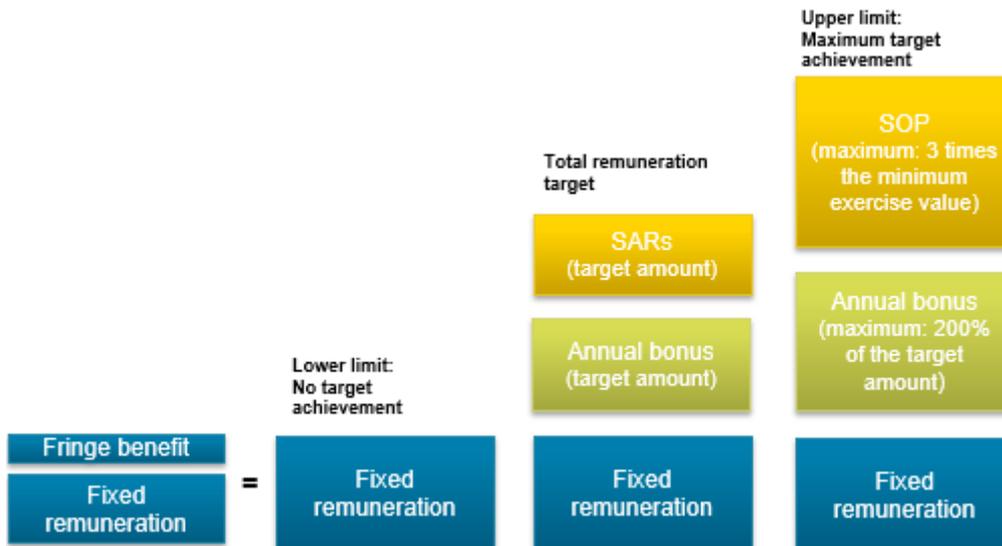
The remuneration of the Encavis Management Board consists of fixed and variable remuneration components. The fixed components comprise the annual salary and additional benefits. Variable, performance-related components consist of short-term variable remuneration (annual bonus) and long-term variable share-based remuneration (virtual stock option programme, SOP).

The total remuneration target is calculated as the total of all remuneration components relevant to the total remuneration assuming target achievement of 100 % for variable remuneration components.

Given the annual fluctuations in fringe benefits and for any new appointments, the Supervisory Board can define a total remuneration target with components within the following percentage ranges:

SOP (target amount)	23–24%
Annual bonus (target amount)	24–25%
Fixed remuneration	51–53%

When comparing the components of the total remuneration target, short- and long-term variable remuneration may account for equal shares; in certain cases, the share of short-term variable remuneration may be slightly higher than the share of long-term variable remuneration. Depending on the specific target achievement, the share of long-term variable remuneration may be higher than the share of short-term variable remuneration. In future, the Supervisory Board will attempt to ensure in the medium term that long-term variable remuneration is greater than short-term variable remuneration.



g) Maximum remuneration limit

The Supervisory Board has defined a maximum remuneration limit in accordance with section 87a (1) sentence 2 no. 1 AktG that includes the total remuneration (total of all remuneration amounts for the financial year in question, including fixed annual salary, fringe benefits and variable remuneration components) of the members of the Management Board – irrespective of whether the remuneration is paid in the financial year in question or at a later date. The maximum remuneration for one financial year has been defined as follows:

Maximum remuneration pursuant to section 87a (1) sentence 2 no. 1 AktG	Chairman of the Management Board	Member of the Management Board
	EUR 3,2 million	EUR 3,2 million

The Supervisory Board notes that the relevant metric in terms of maximum remuneration is the total remuneration granted to a member of the Management Board in a single financial year, irrespective of the precise date of payment of individual remuneration elements (in particular short-term variable remuneration and long-term variable remuneration) and that the maximum remuneration is based on this metric.

h) Elements of the remuneration system in detail

aa) Fixed remuneration components

(i) Annual salary

The annual salary is a fixed, single-year remuneration component paid in cash in twelve equal monthly instalments.

(ii) Fringe benefits

The maximum amount of fringe benefits is defined for each member of the Management Board for the respective upcoming financial year. The Supervisory Board defines an amount for this purpose in proportion to the basic remuneration. Fringe benefits granted to members of the Management Board include a company car or rental car, which can also be used privately, and a mobile phone, which likewise can also be used privately. In addition, D&O insurance is in place with an excess in accordance with the legal requirements of section 93 (2) sentence 3 AktG. The members of the Management Board receive a standard market allowance for health and care insurance. No pension commitments exist.

When appointing a member of the Management Board for the first time or subsequently changing the regular place of work at the request of the Company, the Supervisory Board decides – acting on the recommendation of the Personnel Committee – whether and to what extent the following additional remuneration components are included in the individual Management Board member’s contract:

- Compensation for the expiration of benefits from the previous employer, such as long-term variable remuneration commitments or pension commitments: The Supervisory Board can make equivalent commitments, such as in the form of the SOP, or agree cash payments (recruitment bonus).
- Relocation costs: If the appointment of a member of the Management Board or a change in the regular place of work at the request of the Company necessitates a change in the place of residence, relocation costs will be refunded up to the appropriate maximum amount defined in the individual Management Board member’s contract.

bb) Variable remuneration components

Variable remuneration is geared towards the short- and long-term development of the Company.

(i) Short-term variable remuneration (annual bonus)

The members of the Management Board receive a performance-related, variable annual bonus for each financial year. The annual bonus provides an incentive to contribute to the implementation of the business strategy during a financial year.

The annual bonus usually consists of three specific performance targets given largely equal weighting, as well as targets defined for the Management Board as a whole that tie in to financial and non-financial objectives and the strategic and operational development of the Company.

Performance targets were based on a variety of performance criteria. The Supervisory Board is responsible for determining the choice and weighting of individual performance criteria based on the recommendations of the Personnel Committee for the coming financial year. The Supervisory Board is responsible for ensuring that targets are challenging and ambitious. If members of the Management Board do not achieve their targets, variable remuneration can fall to zero. Likewise, if members of the Management Board significantly overachieve in terms of their targets, target achievement is limited to 200 % (cap).

Depending on the specific terms defined by the Supervisory Board, the following performance criteria can be utilised for the annual bonus:

Financial performance targets	<ul style="list-style-type: none"> • One-year operative targets, particularly earnings and financial strength (based on diluted EPS) • Securing investment funding • Optimising/refinancing existing SPV project financing
Strategic and operative performance targets	<ul style="list-style-type: none"> • Operative implementation of the Fast Forward 2025 growth strategy (e.g. minimum number of new acquisitions in line with communicated growth targets, entering into significant strategic partnerships, sale of minority shares in wind and selected solar parks, reduction and optimisation of operating costs in solar park operations and maintenance activities) • ESG factors: development of a sustainability strategy, innovation performance, employee satisfaction, sustainability/diversity, compliance, risk management
Individual performance targets	<ul style="list-style-type: none"> • Selected on the basis of financial and strategic and operative considerations • Non-financial targets, such as focus issues for each area of Management Board responsibility (such as staff retention, compliance, development of corporate culture)

Performance targets and criteria do not change during the financial year. The Supervisory Board can take extraordinary circumstances, the effects of which are not sufficiently accounted for in target achievement, into appropriate consideration in defining targets in a small number of justified cases. If extraordinary circumstances occur that necessitate an adjustment, said circumstances will be reported in detail and transparently in the annual remuneration report.

After the end of the financial year, the achievement of each individual target is determined and summarised as a weighted average. The bonus payment amount for the past financial year is calculated as the percentage of the weighted target achievement multiplied by the individual target amount. The annual bonus payment amount is capped at a target achievement of 200 %.



The annual bonus amount is paid in cash in the subsequent financial year. If the member resigns from the Management Board, the bonus is calculated on a pro rata basis at the end of the financial year and paid on the usual payment date.

The specific targets for the respective financial year, as well as the achieved targets, are published in the remuneration report for the past financial year.

(ii) Long-term variable share-based remuneration (SOP)

Long-term variable remuneration is granted in the form of virtual share appreciation rights (SARs). Members of the Management Board are granted a certain number of SARs in annual tranches, which are paid out in cash at the request of the Management Board member following a multi-year assessment period.

The Supervisory Board defines an SOP allocation percentage for each Management Board member based on the fixed salary and STI (at 100 % target achievement) as a target figure (approximately 30 %). The allocation percentage is converted into a corresponding number of SARs for the respective member of the Management Board after the end of the financial year. The allocation takes place as at 1 July for the respective current financial year.

The sole purpose of the SARs is to provide cash compensation; no shares are allocated to the members of the Management Board.

One prerequisite for exercising SARs is the achievement of the financial success target, which also determines the specific amount of the cash compensation. In order to achieve the success target, the overall performance of Encavis shares in XETRA trading (or a comparable successor system) on the Frankfurt stock exchange on the date on which the SAR is exercised, measured by the increase in the share price over time and the dividend paid since the SAR was issued, must exceed the issue price by a minimum of 30 % (the “issue price” or the “minimum exercise value”). The relevant issue price of the SARs for the financial success target is calculated as the mean daily closing price of the performance index of Encavis shares in XETRA trading (or in a comparable successor system) on the Frankfurt stock exchange in the first half of the financial year in which the SARs are allocated. Each SAR grants the holder the right to payment of the difference between the exercise price and the issue price, both of which are calculated on the basis of the six-month average price. The payment amount is limited to three times the difference between the minimum exercise price and the issue price.

The SARs can only be exercised by Management Board members after a minimum waiting period of three years, after which they can be exercised at half-yearly exercise dates within two years of the end of the three-year waiting period. At no point does the Company pay the long-term variable remuneration automatically.

The Supervisory Board strives to anchor the Company’s sustainability goals even more strongly in the remuneration system for members of the Management Board and add non-financial targets moving forward.

i) Clawback

Apart from the statutory regulations on the subsequent reduction of remuneration, the service contracts of the members of the Management Board do not include any explicit clawback regulations. When concluding future service contracts with members of the Management Board, the Supervisory Board will attempt to conclude standard market clawback regulations that will allow variable remuneration components to be taken back (clawback) in certain cases (e.g. performance or compliance).

j) Remuneration-related legal transactions

aa) Terms and provisions for contract termination, including notice periods

The Management Board members’ contracts have the following residual terms and are subject to the following provisions regarding termination: The contract with Dr Paskert expires on 30 August 2025. The contract with Dr Husmann expires on 30 September 2025. The contracts are extended for the period for which the Supervisory Board resolves the reappointment of the member of the Management Board with said member’s approval.

The contract ends in the event of termination without notice for good cause or in the case of early unilateral resignation for good cause.

bb) Change of control

There is no special right of termination due to a change of control, nor are any commitments made for the payment of any benefits due to the early termination of the Management Board contract following a change of control.

cc) Early termination of the Management Board contract at the request of the Management Board member or by the Company for good cause

The contracts do not contain any provisions regarding settlements for early termination. No settlement cap is agreed in the Management Board contracts.

Once their contracts expire, the members of the Management Board are subject to a non-competition clause for a period of two years. During this period they are entitled to compensation amounting to 50 % of their last fixed annual salary plus 50 % of the annual bonus, assuming 100 % target achievement.

dd) Provisions concerning remuneration for the assumption of executive functions at consolidated companies

The members of the Management Board are obliged to transfer any remuneration received for the performance of executive functions at internal group companies or consolidated companies to Encavis.

ee) Transparency

Pursuant to section 162 AktG, the Management Board and the Supervisory Board will prepare an annual report that clearly and coherently details the remuneration granted and owed by the Company or companies belonging to the same group to each current and former member of the Management Board and Supervisory Board in the past financial year (remuneration report).