

**2. Disclosures on item 7 of the agenda: remuneration system for the members of the Management Board of Encavis AG**

**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 for the time until the end of 2027 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:

**Principles of the remuneration system**

Promoting the corporate strategy	The aim of the remuneration system is to promote the implementation of the corporate strategy through appropriate incentivization.
Pay for Performance	The remuneration system uses adequate performance criteria as part of the performance-related variable remuneration (which represents a substantial part of the overall remuneration) to ensure that the performance of the Management Board is appropriately rewarded and that failures to reach targets are equally taken into account.
Long-term nature and sustainability	As part of the variable remuneration, a considerable part of the remuneration is issued on the basis of a multi-year performance assessment. The focus on sustainability is further strengthened in the short-term and additional long-term variable remuneration by the anchoring of performance criteria for sustainability targets in relation to environmental, social and governance criteria (ESG criteria).
Appropriateness of the remuneration	The remuneration of the members of the Management Board is customary in the market and competitive. It allows for the size, complexity and economic position of the company. Its appropriate nature is maintained by regular comparisons of management board remuneration within relevant comparison groups. The remuneration of the members of the Management Board is in appropriate proportion to the remuneration of managers and employees.
Consistency of the systems	The remuneration system is directly linked to the remuneration systems of the upper management level and employees of Encavis.
Regulatory compliance	The remuneration system complies with the German stock corporation act and incorporates the recommendations of the GCGC as far as possible.

The remuneration system has been defined with the aim of being simple, clear and comprehensible. It complies with the requirements of the AktG and the recommendations of the GCGC, unless deviations from said recommendations have 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 and Nomination Committee. The Personnel and Nomination 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 and Nomination 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.

Until a new remuneration system is approved for the members of the Management Board, this remuneration system applies retroactively to all members of the Management Board from 25 January 2024 – subject to the approval of the Annual General Meeting – and for all remuneration components, 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:

##### Components of Management Board remuneration

Non-performance-related remuneration	Annual salary	<ul style="list-style-type: none"> <li>Fixed annual remuneration paid in twelve equal amounts at the end of each calendar month.</li> </ul>
	Fringe benefits	<ul style="list-style-type: none"> <li>Other contributions in kind (company vehicle, insurance, communication, etc.)</li> </ul>
Performance-related remuneration	Short-term variable remuneration (annual bonus)	<ul style="list-style-type: none"> <li>Term: one year</li> <li>Performance criteria: financial and non-financial targets</li> <li>Payment: between 0 and 200 % of the target value</li> </ul>
	Long-term variable remuneration (virtual share option programme – SOP)	<ul style="list-style-type: none"> <li>Vesting period: 3 years</li> <li>Exercise period: 2 years</li> <li>Performance criteria: financial targets</li> <li>Granting of virtual share options (share appreciation rights – SAR)</li> <li>Cap: 3 times the minimum exercise value</li> </ul>
	Long-term variable ESG component (bonus)	<ul style="list-style-type: none"> <li>Term: three years</li> <li>Performance criteria: increase in MSCI ESG rating by 2026 (for example)</li> <li>Payment: between 0 and 300 % of the target value</li> </ul>

**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 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 two long-term variable remuneration components: share option-based remuneration (virtual stock option programme, SOP) and an ESG component (bonus). 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:

**Relative share of the remuneration structure as a proportion of the annual total remuneration target**

SOP & ESG component (target value)	28 %
Annual bonus (target value)	26 %
Fixed remuneration	46 %

Slight deviations may occur in some cases due to rounding.

### 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 stands at EUR 3.2 million for the Chairman of the Management Board and EUR 3.2 million for the other ordinary members of the Management Board.

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 for a single financial year, irrespective of the precise date of payment of individual remuneration components (in particular short-term variable remuneration and long-term variable remuneration) and that the maximum remuneration is based on this metric.

### g) Application of the remuneration system in detail

#### aa) Fixed remuneration components

##### (i) Fixed 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 and Nomination 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.

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**(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 and Nomination 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:

**Performance targets | performance criteria**

Financial performance goals	<ul style="list-style-type: none"> <li>• One-year operating targets, esp. earnings and financial strength (based on undiluted EPS)</li> <li>• Securing of liquidity for investments</li> <li>• Optimisation/refinancing of existing SPV project financing</li> </ul>
Strategic and operative performance goals	<ul style="list-style-type: none"> <li>• Operational implementation of the Fast Forward 2025 growth strategy (e.g. minimum number of new acquisitions in line with the communicated growth targets, entering into major strategic partnerships, sales of minority interests in wind farms and selected solar parks, reduction and optimisation of operating costs in solar park operation and maintenance)</li> <li>• ESG factors: development of a sustainability strategy, innovation-related output, employee satisfaction, sustainability/diversity, compliance, risk management</li> </ul>
Individual performance goals	<ul style="list-style-type: none"> <li>• To be selected from financial and strategic and/or operating issues, and</li> <li>• Non-financial targets, such as focus topics geared towards the Management Board member's area of responsibility (e.g. staff retention, compliance, development of corporate culture)</li> </ul>

Performance targets and criteria do not change during the financial year.

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 %.

**Annual bonus**



The annual bonus amount is paid in cash in the subsequent financial year in each case. 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 option-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 allotment amount percentage for each Management Board member based on the fixed salary and annual bonus (at 100 % target achieved) as a target (approximately 30 %). The allotment amount 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.

One prerequisite for exercising SARs is the achievement of the financial success target, which also determines the specific amount of the remuneration. The SARs can be exercised for the first time after a vesting period of three years from the respective year of issue, after which they can be exercised at half-yearly exercise dates (30 June and 31 December) within two years of the end of the three-year vesting period. There are therefore five exercise dates in total. At no point does the company pay the long-term variable remuneration automatically. A prerequisite for exercising a SAR is the achievement of a specific performance target. To achieve the performance target, the overall performance of Encavis shares in XETRA trading (or a comparable successor system) on the Frankfurt stock exchange must exceed the issue price by a minimum of 30 % (the "issue price") on the day on which the SAR is exercised, as measured by the interim price rise and the dividends paid since the issue of the SARs. The issue price is the arithmetic average of the daily closing prices of the Encavis share in XETRA trading on the Frankfurt Stock Exchange (or in a comparable successor system) during the six months before the allotment date of the respective SAR tranche.

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 exercise price and the issue price.

**(iii) Long-term variable ESG component (bonus)**

Every year, the members of the Management Board receive a performance-related, long-term variable bonus for the achievement of ESG targets ("**ESG bonus**"). In consideration of the company's specific situation and its business strategy, the Supervisory Board is generally free to select and/or combine environmental, social and governance (ESG) targets at its due discretion that are suitable for ensuring reasonable, ESG-based incentives for the members of the Management Board in consideration of the company's interests. For example, ESG targets may relate to the following aspects:

- Environmental: reducing carbon emissions, energy efficiency, improving waste management
- Social: employee and customer satisfaction, diversity, inclusion, occupational health and safety, staff turnover, training and further education
- Governance: compliance, preventing corruption and bribery, risk management, reporting and communication
- Across categories: improvement in certain ESG ratings (e.g. MSCI)

The term of the ESG bonus is three (3) years. Multipliers to measure the degree of target attainment are defined at the time that the ESG target or targets are announced.

**h) Clawback**

In addition to the statutory regulations on the subsequent reduction of remuneration, the contracts of the members of the Management Board contain provisions that give the Supervisory Board the right to fully or partially retain or claw back variable remuneration components not yet paid. The Supervisory Board may exercise said right at its due discretion.

In the event of wilful violations of material provisions of the Encavis Code of Conduct and/or material breaches of contract, as well as substantial violations of the duty to exercise skill and care within the meaning of section 93 AktG, the Supervisory Board may partially or fully reduce to zero variable remuneration not yet paid for the assessment period in which the violation occurred. If it gains knowledge of any of the aforementioned violations, the Supervisory Board may demand the reimbursement of variable remuneration components already paid (compliance clawback).

In addition, the Supervisory Board may claw back any variable remuneration already paid or calculated if the payment or calculation was based on erroneous consolidated financial statements or a deficient sustainability report. The reimbursement must compensate for the difference determined in the corrected calculation (performance clawback).

A clawback is not possible if the payment was made more than three years ago.

The company's claims to compensation for damages (especially in connection with section 93 (2) sentence 1 AktG), the right of the company to revoke the appointment and the right to terminate the contract without notice remain unaffected.

**i) 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 Husmann expires in January 2029. The contract with Mario Schirru expires in January 2029.

The contracts are extended for the period for which the Supervisory Board resolves the reappointment of said member of the Management Board with their 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 contain provisions regarding settlements for early termination.

In the event of the early termination of the Management Board contract without good cause, the payments to the Management Board member, including fringe benefits, may not exceed the value of two years' remuneration and may not provide remuneration for more than the remaining term of the contract (severance cap). The calculation of the severance cap is based on the total remuneration for the previous financial year. Under certain circumstances, it may also take into account the expected total remuneration for the current financial year.

In the event of the early termination of the Management Board contract for reasons for which the Management Board member bears responsibility, the Management Board member will not be entitled to compensation for the remuneration for the remaining term. All SARs not yet exercised will also be waived.

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).