



## Corporate Governance Declaration

For PSI Group, responsible management and control of the company oriented towards long-term goals are of central importance. Efficient cooperation between the Board of Directors and the Supervisory Board, clear rules, respect for shareholders' interests, open and transparent corporate communications, customer orientation, fair business practices and the protection of intellectual property are elementary components of corporate governance for us. This declaration pursuant to Article 289f and Article 315d of the German Commercial Code (HGB) reports on company management at PSI Software AG, as well as other selected aspects of corporate governance in accordance with the German Corporate Governance Code (GCGC) in the version dated December 16, 2019. The declaration on corporate governance is available on the Company's website at [www.psi.de/en/psi-investor-relations/corporate-governance/corporate-governance-declaration/](http://www.psi.de/en/psi-investor-relations/corporate-governance/corporate-governance-declaration/).

### Declaration pursuant to Article 161 AktG

The annual declaration of conformity with the German Corporate Governance Code required by law was last issued by the Board of Directors and Supervisory Board of PSI on December 18, 2020. The declaration is worded as follows:

#### **"Declaration of PSI Software AG in accordance with Article 161 of the German Stock Corporation Act (Aktiengesetz – AktG)**

The Board of Directors and Supervisory Board of PSI Software AG declare pursuant to Article 161 of the German Stock Corporation Act:

PSI Software AG has complied with the recommendations of the Government Commission on the German Corporate Governance Code in the version dated February 7, 2017 since publication with the exceptions stated in the declaration dated December 5, 2019.

PSI Software AG has complied and continues to comply with the recommendations of the Government Commission on the German Corporate Governance Code in the version dated December 16, 2019 since publication with the following exceptions:

- **Recommendation A.2:** The Code recommends giving employees the opportunity to report, in a protected manner, suspected violations of the law within the company. The employees of PSI Software AG can submit information or complaints regarding legal violations to the Compliance Committee. These are treated confidentially. This approach is appropriate and aligned with the risk situation of the company. However, insofar as the Code recommends the possibility of a protected, anonymous reporting system for employees, the recommendation is deviated from in this respect.



- **Recommendation B.5:** To date, no age limit has been set for members of the Board of Directors and stated in the Corporate Governance Declaration.
- **Recommendation D.1:** The Rules of Procedure of the Supervisory Board are currently being revised in a number of points. It is intended that they will subsequently – probably in the course of the coming spring – be made available on the Company's website.
- **Recommendation D.5:** The Supervisory Board has not formed a Nomination Committee, as all four shareholders' representatives on the Supervisory Board are involved in nominating candidates for voting at the Annual General Meeting.
- **Recommendations G.1, G.2, G.3, G.6, G.10 and G.11:** The current system of Executive Board remuneration was drawn up before the German Corporate Governance Code 2020, came into force and was approved by the Annual General Meeting on May 16, 2019. It therefore does not yet take into account the amended recommendations of the GCGC 2020. In particular, it defines the fixed remuneration and the financial and non-financial performance criteria for granting the short-term and long-term variable remuneration, but not the target total remuneration and the maximum remuneration. The Supervisory Board does not disclose the group of other companies used for the peer group comparison to date. In 2019, short-term variable remuneration exceeded long-term variable remuneration. The variable remuneration components are granted entirely in cash; a stock option program was dispensed with for reasons of simplification. The variable remuneration may be cancelled in full in the event of significant missed targets, but there is no provision for claw-back of amounts already paid out. The Personnel Committee and the Supervisory Board are currently reviewing the current remuneration system for the members of the Board of Directors to determine whether any adjustments are required and will then present an amended version for approval at the Annual General Meeting of PSI Software AG in 2021.

Board of Directors and Supervisory Board  
Berlin, December 18, 2020"

This Declaration of Conformity and the declarations of previous years are available on the Company's website at [www.psi.de/en/psi-investor-relations/corporate-governance/](http://www.psi.de/en/psi-investor-relations/corporate-governance/).

## **Board Remuneration**

### **Remuneration report**

The Act Implementing the Second Shareholders' Rights Directive (ARUG II) of December 12, 2019 has brought about a number of innovations concerning the remuneration of members of the executive and supervisory boards of listed companies. These also include the Executive Board and Supervisory Board preparing a joint remuneration report in accordance with the more detailed provisions of Article 162 of the German Stock Corporation Act (AktG), which must then be submitted to the Annual General Meeting for approval. However, according to the relevant transitional law, this regulation is to be applied for the first time for the fiscal year beginning after December 31, 2020, in the case of PSI



Software AG for the first time for fiscal year 2021. For fiscal year 2020, the remuneration report of PSI Software AG will therefore still be prepared according to the previous law as part of the management report. It is printed in the Annual Report 2020 from page 92, available on the Company's website at [www.psi.de/en/psi-investor-relations/financial-reporting/annual-reports/](http://www.psi.de/en/psi-investor-relations/financial-reporting/annual-reports/).

### **Remuneration system for members of the Executive Board**

In addition, the ARUG II also brings some new requirements for the system of executive board remuneration – both in terms of form and content. The main focus is that in listed companies the remuneration structure must be geared to the sustainable and long-term development of the company. It also applies that the Annual General Meeting of the listed company must resolve on the approval of the remuneration system for the Executive Board members presented by the Supervisory Board whenever there is a significant change to the remuneration system, but at least every four years. Added to this is the German Corporate Governance Code, which in its current version dated December 16, 2019, makes numerous new recommendations and suggestions regarding Executive Board remuneration. The Personnel Committee and the Supervisory Board have therefore carefully reviewed the remuneration system for Executive Board members, also with regard to the incorporation of ESG criteria, and will submit it for approval at the upcoming Annual General Meeting in 2021 after adjusting it to the new requirements in accordance with the new law. The adjusted remuneration system for the Executive Board members will be announced when the Annual General Meeting is convened and in this context will also be published on the Company's website. Once approved, the approval resolution and the remuneration system will also be published on the Company's website, where they will be available to the public free of charge for the duration of the validity of the remuneration system, but for at least ten years.

### **Remuneration of the Supervisory Board**

Finally, the ARUG II has the consequence that in listed companies the Annual General Meeting must pass a resolution on the remuneration of the members of the Supervisory Board at least every four years – whereby a resolution confirming the existing remuneration is sufficient. Article 14 (1) of the Articles of Association stipulates that the remuneration of Supervisory Board members shall be determined by resolution of the Annual General Meeting – whereby the Annual General Meeting shall give special consideration to the chairmanship and deputy chairmanship of the Supervisory Board as well as the chairmanship and membership of Supervisory Board committees when determining the amount of remuneration. The remuneration of Supervisory Board members was most recently adjusted by resolution of the Annual General Meeting on May 16, 2017. The remuneration resolved there consists structurally of a fixed remuneration, which is appropriately increased for the Chairman of the Supervisory Board, the Deputy Chairman of the Supervisory Board, the Chairman of a committee, and for the committee members, as well as an attendance fee. It is intended that the upcoming Annual General Meeting in 2021 will again resolve on the remuneration of Supervisory Board members in accordance with the new law. Details will be announced when the Annual General Meeting is convened and in this connection will also be published on the Company's website. After the Annual General Meeting, the resolution and the resolved remuneration will also be published on the



Company's website and made publicly available free of charge for the duration of the validity of the remuneration, but for at least ten years.

## **Code of Conduct**

The key principles of conduct towards customers, shareholders, employees, partners and competitors of PSI are determined by the Code of Conduct, which is publicly available on the Company's website at [www.psi.de/en/psi-group/psi-coc/](http://www.psi.de/en/psi-group/psi-coc/).

## **Executive Board of PSI Software AG**

The Executive Board is responsible for managing the business of PSI Software AG. It develops the corporate strategy, discusses it with the Supervisory Board and ensures its implementation. Its actions and decisions are guided by the law and the Articles of Association as well as by the interests of PSI Software AG. In doing so, it is committed to sustainably increasing the value of the company. It informs the Supervisory Board regularly, promptly and comprehensively about all issues of strategy, planning, business development, risk situation, risk management and compliance that are relevant to the Company.

The Articles of Association stipulate that the Executive Board of PSI Software AG shall consist of one or more persons. The appointment and revocation of the appointment of members of the Executive Board is made by the Supervisory Board, which also determines their number. Currently, the Executive Board of PSI Software AG consists of two members, the Chief Executive Officer with responsibility for Strategy, Marketing/Sales, Technology and Investor Relations, and a second member with responsibility for Organization, Human Resources, Finance and Controlling.

The Supervisory Board has issued rules of procedure for the Executive Board. In particular, they regulate the areas of responsibility of the Executive Board members, which matters are reserved for the Executive Board as a whole, and which types of transactions may only be undertaken with the prior consent of the Supervisory Board.

Together with the Executive Board, the Supervisory Board ensures long-term succession planning. This is based on discussions with the incumbent members of the Executive Board as well as impressions from executives who present at Supervisory Board meetings. In this way, the Supervisory Board can form a picture of potential successors from within the company. In addition, the Supervisory Board also continuously explores whether and, if so, which external candidates might be considered for potential succession to the Executive Board.

The members of the Executive Board are listed in the Annual Report on page 94.

The Executive Board has not formed any committees.



## **Supervisory Board of PSI Software AG**

### **Tasks, rights and duties**

The Supervisory Board of PSI Software AG monitors the management of the Company by the Executive Board. Subject of the monitoring are the management decisions with regard to their legality, expediency and economic efficiency. In addition, the Supervisory Board examines the annual financial statements, the consolidated financial statements, the management report and the Group management report, taking into account the auditor's reports. Finally, the Supervisory Board is responsible for appointing the members of the Executive Board and concluding employment contracts with them – including the remuneration agreed therein, the framework for which is in turn provided by the remuneration system drawn up by the Supervisory Board and approved by the Annual General Meeting. Of major importance in all this are the committees formed by the Supervisory Board in accordance with the provisions of the German Stock Corporation Act and the recommendations of the German Corporate Governance Code – namely the Personnel Committee and the Audit Committee.

All members of the Supervisory Board – shareholder representatives as well as employee representatives – are committed to the corporate interests of PSI Software AG. In making their decisions, they may therefore neither pursue personal interests nor take advantage of business opportunities to which the Company is entitled. Any conflicts of interest must be disclosed immediately by each Supervisory Board member to the Supervisory Board.

All members of the Supervisory Board have the same rights and duties. They are not bound by orders or instructions. They must maintain secrecy about confidential information and secrets of PSI Software AG, namely about company and business secrets which become known to them through their activities on the Supervisory Board. This applies in particular to confidential reports and confidential discussions, even after resigning. Each member of the Supervisory Board shall ensure that he or she has sufficient time to perform his or her mandate.

### **Composition of the Supervisory Board**

The Articles of Association stipulate that the Supervisory Board of PSI Software AG consists of a total of six members. The Supervisory Board is subject to the German One-Third Employee Participation in the Supervisory Board Act (Drittelbeteiligungsgesetz – DrittelbG). As a result, according to the law and the Articles of Association, four Supervisory Board members are to be elected by the Annual General Meeting and two Supervisory Board members are to be elected by the employees. The Articles of Association also stipulate that the Supervisory Board members are elected for the period up to the end of the Annual General Meeting which resolves on the ratification of the acts of the Supervisory Board for the second fiscal year after the beginning of the term of office; the fiscal year in which the term of office begins is not included in this. This means that the Supervisory Board members are each elected for a term of office of around three years.



The Supervisory Board shall be composed in such a way that its members as a whole possess the knowledge, skills and professional experience required to properly perform its duties. In addition, the German Corporate Governance Code recommends that the supervisory board should specify concrete objectives for its composition and draw up a competence profile for the entire body. In doing so, it should also pay attention to diversity. Proposals by the Supervisory Board to the Annual General Meeting should take these objectives into account and at the same time aim to fulfill the competence profile for the entire body.

Accordingly, the Supervisory Board has decided that its own composition should be governed by the following objectives and competencies, all of which, in its estimation, were achieved in the fiscal year 2020:

<p><b>Each member of the Supervisory Board must have the knowledge, skills and professional experience required to properly perform his or her duties and must be sufficiently independent.</b></p>
<p>Status of implementation in fiscal year 2020:</p> <p>In the fiscal year 2020, all members of the Supervisory Board had the knowledge, skills and professional experience required to properly perform their duties.</p> <p>All members of the Supervisory Board were also sufficiently independent in fiscal year 2020. In the opinion of the Supervisory Board, the independence of the employee representatives is not in question solely because they were elected to the Supervisory Board by the employees in accordance with statutory requirements or because they are employed by the Company or a Group company.</p> <p>Further detailed information on the independence of the Supervisory Board members (and the four shareholder representatives by name) can be found below in the section "<b>Supervisory Board of PSI Software AG – Independence of the Supervisory Board Members</b>" of this Corporate Governance Declaration.</p>
<p><b>Supervisory Board members should not have exceeded the age limit of 70 years at the time of their election.</b></p>
<p>Status of implementation in fiscal year 2020:</p> <p>The specified standard age limit was complied with for all members of the Supervisory Board in fiscal year 2020.</p> <p>Supplementary information on the age limit for Supervisory Board members can be found below in the section "<b>Supervisory Board of PSI Software AG – Age Limit for Supervisory Board Members</b>" of this Corporate Governance Declaration.</p>
<p><b>Care should be taken to ensure that the composition of the Supervisory Board is diverse, reflecting in particular the industry environment and the international nature of the PSI Group. The members of the Supervisory Board should complement each other in terms of their backgrounds, professional experience and expertise, so that the Board can draw on as broad a range of experience and specialist knowledge as possible. In view of the growing importance of international activities, the Supervisory Board has set itself the goal of having at least one member with many years of international experience. It is not necessary for this member to be a foreigner himself; a German national can also meet this requirement, provided he has the relevant many years of experience in international business.</b></p>



<p>Status of implementation in fiscal year 2020:</p> <p>In fiscal year 2020, the Supervisory Board of PSI Software AG included members with different professional experience and expertise, including</p> <ul style="list-style-type: none"> <li>• one member with a background in engineering,</li> <li>• a legal scholar with special expertise in energy law,</li> <li>• a capital market expert and</li> <li>• a financial expert with many years of experience in accounting, in particular with special and long-standing experience in international business.</li> </ul> <p>This composition ensures a broadly diversified pool of experience and various specialized skills, including many years of experience in international business, which the full Supervisory Board can draw on in advising and monitoring the Executive Board.</p>
<p><b>The Supervisory Board may not include more than two former members of the Executive Board of PSI Software AG. The period of service on the Executive Board of PSI Software AG must have ended at least two years ago, unless the election is based on a proposal by shareholders holding more than 25 percent of the voting rights in PSI Software AG.</b></p>
<p>Status of implementation in fiscal year 2020:</p> <p>No former member of the Executive Board of PSI Software AG was a member of the Supervisory Board in fiscal year 2020.</p>
<p><b>Persons to be proposed for election may not have any potential conflicts of interest. In particular, members of the Supervisory Board may not exercise any board functions or consulting duties at significant competitors of PSI Software AG or a Group company.</b></p>
<p>Status of implementation in fiscal year 2020:</p> <p>The candidates proposed for election to the Supervisory Board in fiscal year 2020 had no potential (or even actual) conflicts of interest. No member of the Supervisory Board performed board functions or consulting tasks for significant competitors of PSI Software AG or a Group company.</p>
<p><b>The target for the proportion of women on the Supervisory Board is 16.67 percent.</b></p>
<p>Status of implementation in fiscal year 2020:</p> <p>The target set for the proportion of women on the Supervisory Board was achieved with one female Supervisory Board member (Ms. Elena Günzler).</p> <p>Supplementary information on the target figures for the proportion of women can be found below in the section of the same name in this Corporate Governance Declaration.</p>

The members of the Supervisory Board are listed in the Annual Report on page 90; there also information can be found on their membership of other statutory supervisory boards and comparable domestic and foreign supervisory bodies of business enterprises.

## Age Limit for Supervisory Board Members

The German Corporate Governance Code recommends that an age limit be specified for members of the Supervisory Board and stated in the Corporate Governance Declaration. In implementation of this recommendation, the rules of procedure of the Supervisory Board stipulate that Supervisory Board members of PSI Software AG should not have exceeded the age limit of 70 years at the time of their



election. All current members of the Supervisory Board of PSI Software AG have complied with this age limit.

## **Independence of the Supervisory Board Members**

### **Concept of independence**

The new, fundamentally revised recommendations of the German Corporate Governance Code on the independence of Supervisory Board members, as amended on December 16, 2019, have been in force since March 20, 2020. According to these recommendations, the Supervisory Board should include an appropriate number of independent members on the shareholder side – also taking into account the ownership structure. It goes on to say that a member is to be regarded as independent within the meaning of this recommendation if he or she is independent of the company and its Executive Board as well as of a controlling shareholder. There are therefore two different perspectives to be taken: On the one hand, it is a question of sufficient independence from the company and its Executive Board, and on the other hand, it is a question of sufficient independence from any controlling shareholder. A further innovation in this respect is that the German Corporate Governance Code explicitly focuses only on the shareholder side in co-determined supervisory boards. The employee side is therefore no longer covered by its recommendations. Accordingly, the following comments on the independence of Supervisory Board members refer only to the shareholder side and to the individual shareholder representatives on the Supervisory Board of PSI Software AG.

### **Independence from the Company and its Executive Board**

The new German Corporate Governance Code recommends that more than half of the shareholder representatives on the Supervisory Board should be independent of the Company and its Executive Board – this always includes the chairmen of the Supervisory Board, the Audit Committee and the committee dealing with Executive Board remuneration. A Supervisory Board member is independent in this sense if he or she has no personal or business relationship with the Company or its Executive Board that could give rise to a material and not merely temporary conflict of interest. It is expressly left to the shareholder side of the Supervisory Board itself to assess the independence of its members. Four indicators must be taken into account which may indicate a lack of independence on the part of a shareholder representative:

- Membership on the Executive Board within the last two years prior to appointment to the Supervisory Board;
- significant business relationship with the Company or a company dependent on it, e.g. as a customer, supplier, lender or consultant;
- close family relationship to a member of the Executive Board;
- Membership of the Supervisory Board for more than twelve years.





All criteria relate both to the Supervisory Board member himself and to his close family members. However, the shareholder side is expressly at liberty to regard the supervisory board member in question as independent even if one indicator or even several indicators are fulfilled – only it should then justify this assessment in the Corporate Governance Declaration.

The shareholder side of the Supervisory Board of PSI Software AG has come to the conclusion that all of its incumbent members are independent of PSI Software AG and its Executive Board – including the Chairmen of the Supervisory Board, the Audit Committee and the Personnel Committee (which at PSI Software AG deals with the employment contracts and personnel matters of the members of the Executive Board, including questions of Executive Board remuneration). This results in detail from the following considerations:

**Karsten Trippel**

Chairman of the Supervisory Board of PSI Software AG and of the Personnel Committee, Member of the Audit Committee

Member of the Supervisory Board since 2002, term of office until 2023

According to the assessment of the shareholder representatives on the Supervisory Board of PSI Software AG, Mr. Trippel has no personal or business relationship with PSI Software AG or its Executive Board that could constitute a material and not merely temporary conflict of interest. Nothing else follows from the indicators that may suggest a lack of independence according to the German Corporate Governance Code as amended on December 16, 2019.

Mr. Trippel has been a member of the Supervisory Board since 2002, i.e. for more than twelve years. Nevertheless, the shareholder representatives on the Supervisory Board of PSI Software AG are convinced that Mr. Trippel has at all times maintained the necessary critical distance from the Executive Board of PSI Software AG as well as the necessary clear, alert and critical view when monitoring the Executive Board. His performance proves that Mr. Trippel fulfills his office as member and Chairman of the Supervisory Board as well as his functions as Chairman of the Personnel Committee and as member of the Audit Committee in an exemplary manner. In addition, his many years of experience and expertise are of essential importance to the Supervisory Board in fulfilling its role as a critical monitor and at the same time authoritative and trustworthy advisor to the Executive Board – also and in particular with regard to the particularly important function of the Chairman of the Supervisory Board as the Executive Board's main point of contact.

Other indicators that may suggest a lack of independence according to the German Corporate Governance Code as amended on December 16, 2019 are not relevant for Mr. Trippel. In particular, Mr. Trippel has never been a member of the Executive Board of the Company. He also does not have any significant business relationship, either directly or indirectly, with PSI Software AG or any company dependent on PSI Software AG, for example as a customer, supplier, lender or consultant. He is also not a family member of a member of the Executive Board of PSI Software AG.

**Prof. Dr.-Ing. Ulrich Wilhelm Jaroni**

Deputy Chairman of the Supervisory Board of PSI Software AG, member of the Audit Committee and the Personnel Committee

Member of the Supervisory Board since 2014, term of office until 2023



According to the assessment of the shareholder representatives on the Supervisory Board of PSI Software AG, Prof. Dr. Jaroni has no personal or business relationship with PSI Software AG or its Executive Board that could constitute a material and not merely temporary conflict of interest. The various indicators that may suggest a lack of independence according to the German Corporate Governance Code in the version dated December 16, 2019, are all not relevant with regard to Prof. Dr. Jaroni.

**Andreas Böwing**

Member of the Supervisory Board of PSI Software AG and of the Audit Committee  
Member of the Supervisory Board since 2016, term of office until 2023

According to the assessment of the shareholder representatives on the Supervisory Board of PSI Software AG, Mr. Böwing has no personal or business relationship with PSI Software AG or its Executive Board that could constitute a material and not merely temporary conflict of interest. The various indicators that may suggest a lack of independence according to the German Corporate Governance Code in the version dated December 16, 2019, are all not relevant with regard to Mr. Böwing.

**Prof. Dr. Uwe Hack**

Member of the Supervisory Board of PSI Software AG, Chairman of the Audit Committee  
Member of the Supervisory Board since 2017, term of office until 2023

According to the assessment of the shareholder representatives on the Supervisory Board of PSI Software AG, Prof. Dr. Hack has no personal or business relationship with PSI Software AG or its Executive Board that could constitute a material and not merely temporary conflict of interest. The various indicators that may suggest a lack of independence according to the German Corporate Governance Code in the version dated December 16, 2019, are all not relevant with regard to Prof. Dr. Hack.

**Independence from the controlling shareholder**

The German Corporate Governance Code also recommends that at least two shareholder representatives on supervisory boards with more than six members should be independent of the controlling shareholder, and at least one shareholder representative on smaller supervisory boards – including in any case the chairman of the Audit Committee. A Supervisory Board member is independent if he or she and his or her close family members meet three cumulative criteria: They must not themselves be a controlling shareholder, they must not belong to the controlling shareholder's executive body, and finally they must not have any personal or business relationship with the controlling shareholder that could constitute a material and not merely temporary conflict of interest.

A shareholder only exercises control in this sense if a control agreement exists with him, he has an absolute majority of the votes or he at least has a "sustainable majority" at the Annual General Meeting.

A controlling shareholder in this sense does not exist at PSI Software AG. Against this background, the recommendations on independence from the controlling shareholder are not relevant for PSI Software AG.



### **Appropriate number and naming of independent members of the Supervisory Board**

The German Corporate Governance Code also recommends that the Corporate Governance Declaration should provide information on the number of independent shareholder representatives deemed appropriate by the shareholders, as well as the names of these members.

In the opinion of the shareholder representatives on the Supervisory Board of PSI Software AG, it is appropriate for it to have four independent members – also taking into account the ownership or shareholder structure of the Company, which has no controlling shareholder. Currently, in the opinion of the shareholders, all of its members are to be considered independent, as explained and justified in detail above in the section "**Supervisory Board of PSI Software AG – Independence of the Supervisory Board Members – Independence from the Company and its Executive Board**".

### **Rules of Procedure**

The Supervisory Board has adopted rules of procedure. As announced in the declaration of conformity of December 18, 2020, the Company has made these rules of procedure available on its website at [www.psi.de/en/psi-investor-relations/corporate-governance/supervisory-board/](http://www.psi.de/en/psi-investor-relations/corporate-governance/supervisory-board/) following their revision in spring 2021.

### **Self-assessment**

The Supervisory Board regularly assesses how effectively it and its committees perform their duties. In the fiscal year 2020, the Supervisory Board again reviewed the efficiency of its activities as part of such a self-assessment. This was done at a specially scheduled audit meeting of the full Supervisory Board on December 3, 2020. The basis for discussion was a company-specific questionnaire covering the key aspects for a self-assessment, including the process and structuring of meetings, the scope of submissions, and the flow of information. The most recent self-assessment showed that the organization and work are assessed as efficient – both at the level of the plenum and at the level of the committees formed.

### **Committees of the Supervisory Board**

To improve the efficiency of its decision-making, the Supervisory Board has formed two committees: a Personnel Committee and an Audit Committee. These committees each have at least three members. The term of office of the committee members corresponds to their term of office as members of the Supervisory Board, unless a shorter term of office was specified at the time of their election.

The Personnel Committee prepares the personnel decisions of the Supervisory Board. This relates in particular to Executive Board employment contracts. In addition, the Personnel Committee consults with the Executive Board on long-term succession planning. The Personnel Committee currently has three members, namely Supervisory Board members Karsten Trippel as Chairman, Elena Günzler and Prof. Dr. Ulrich Wilhelm Jaroni.



The Audit Committee is responsible for monitoring the accounting process, the effectiveness of the internal control system, the risk management system and the internal auditing system, as well as the audit of the financial statements, in particular the selection and independence of the auditor, the quality of the audit and the additional services provided by the auditor. It ensures the determination of auditing focal points and prepares the issuing of the audit engagement as well as the fee agreement to be concluded with the auditor. It also prepares the decisions of the Supervisory Board on the approval of the annual financial statements and the consolidated financial statements. To this end, it is responsible for a preliminary review of the annual financial statements, the consolidated financial statements, the management report, the Group management report and the proposal for the appropriation of profits. The Audit Committee currently has five members, namely Supervisory Board members Prof. Dr. Uwe Hack as Chairman, Andreas Böwing, Prof. Dr. Ulrich Wilhelm Jaroni, Uwe Seidel and Karsten Trippel.

The rules of procedure of the Supervisory Board also contain provisions on the responsibilities and working methods of the committees; they are available on the Company's website at [www.psi.de/en/psi-investor-relations/corporate-governance/supervisory-board/](http://www.psi.de/en/psi-investor-relations/corporate-governance/supervisory-board/). The committees have not adopted their own rules of procedure.

## **Target figures for the proportion of women**

PSI Software AG is a listed stock corporation and, as already stated, is subject to the provisions of the One-Third Participation Act with regard to the composition of its Supervisory Board. In line with this, a statutory gender quota is not relevant for either the Supervisory Board or the Executive Board of PSI Software AG. Instead, PSI Software AG must set its own targets for the proportion of women and corresponding deadlines for achieving them – for the Supervisory Board, for the Executive Board and for the two management levels below the Executive Board.

<b>Target figure for the Supervisory Board</b>
<p>In its meeting on December 5, 2017, the Supervisory Board of PSI Software AG resolved a target for the proportion of women on the Supervisory Board of 16.67 percent. The deadline for achieving this target, which was also determined by the Supervisory Board itself, ended on June 30, 2020.</p> <p>In fiscal year 2020, the Supervisory Board consisted of one woman and five men, so that the resolved target for the proportion of women was achieved during the reference period and in particular at the end of the deadline.</p> <p>By resolution of June 2, 2020, the Supervisory Board again set the target figure at 16.67 percent, with a new deadline of June 30, 2021.</p>



<b>Target figure for the Executive Board</b>
<p>In its meeting on December 5, 2017, the Supervisory Board of PSI Software AG resolved a target figure for the proportion of women on the Executive Board of zero percent – in view of the manageable size of the Executive Board at that time and still today of (only) two members, the Executive Board contracts that were still running for longer at that time and the relatively small number of potential internal and external female candidates in the company's business area. The deadline for achieving this target size, which was also self-determined, ended on June 30, 2020. Accordingly, the Executive Board continued to consist of two men throughout the 2020 financial year.</p> <p>By resolution of June 2, 2020, the Supervisory Board again set the target at zero percent for the reasons stated above, with a new deadline of June 30, 2021.</p>
<b>Target figure for the first management level</b>
<p>On December 8, 2017, the Executive Board of PSI Software AG resolved a target figure for the proportion of women at the first management level below the Executive Board of 30 percent – in consideration of the labor market situation, especially for female engineering graduates. The deadline for achieving this target, which was also self-determined, ended on June 30, 2020.</p> <p>The agreed target for the first management level was achieved by the end of the deadline with a 50 percent share of women.</p> <p>By resolution of May 19, 2020, the Executive Board set the target for the first management level at 25 percent, with a new deadline of June 30, 2023.</p>
<b>Target figure for the second management level</b>
<p>On December 8, 2017, the Executive Board of PSI Software AG resolved a target figure for the proportion of women at the second management level below the Executive Board of 14.3 percent – also in consideration of the labor market situation, particularly for female engineering graduates. The deadline for achieving this target, which was also self-determined, ended on June 30, 2020.</p> <p>The agreed target for the second management level was not achieved by the end of the deadline with a share of women of 9.1 percent. This is a consequence of the organizational expansion resulting from the acquisition of BTC Smart Grid in 2019.</p> <p>By resolution of May 19, 2020, the Executive Board again set the target for the second management level at 14.3 percent, with a new deadline of June 30, 2023.</p>

## **Diversity Concepts**

### **Diversity concept for the Supervisory Board**

The Supervisory Board of PSI Software AG has decided on a number of objectives for its own composition in which diversity, and specifically aspects such as age, gender, educational or professional background, play a central role. Details on this, the manner of implementation and the achievement of targets in fiscal year 2020 can be found in the preceding sections "**Supervisory Board of PSI Software AG – Composition of the Supervisory Board**" and "**Target figures for the proportion of women**" of this Corporate Governance Declaration.



### **Diversity concept for the Executive Board**

Due to its manageable size of only two members, there is no diversity concept for the Executive Board of PSI Software AG that goes beyond the target figures for the proportion of women on the Executive Board already described above.