



## 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 April 28, 2022. 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 March 20, 2023. 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 and continues to comply with the recommendations of the Government Commission on the German Corporate Governance Code in the version dated April 28, 2022, published in the Federal Gazette on June 27, 2022, since the last declaration of compliance dated December 20, 2022, with the following exceptions:

- **Recommendation A.5:** The management report for the financial year 2021 was published before the German Corporate Governance Code 2022 came into force. Therefore, the new recommendation A.5 on the description of the main features of the internal control system and the risk management system has not yet been taken into account. The Board of Directors had originally planned to add the recommended disclosures to the management report for the 2022 financial year. Due to ongoing adjustments and enhancements to the internal control system and the risk management system, the implementation of recommendation A.5 is now planned for the management report for the 2023 financial year.



- **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.4:** 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.
- **Recommendation G.3:** The Supervisory Board considered the customary nature of the compensation in light of the external comparative environment, but the composition of the group of other companies used for the peer group comparison was not disclosed.
- **Recommendation G.10:** The variable compensation components are granted entirely in cash; a stock option program was dispensed with for reasons of simplification.

Board of Directors and Supervisory Board  
Berlin, March 20, 2023"

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 Executive Board and the Supervisory Board prepare a joint remuneration report in accordance with Article 162 of the German Stock Corporation Act (AktG), which must then be submitted to the Annual General Meeting for approval. The PSI Software AG remuneration report for fiscal year 2022 and the auditor's assurance statement are available on the Company's website at [www.psi.de/en/psi-investor-relations/corporate-governance/verguetungsbericht/](http://www.psi.de/en/psi-investor-relations/corporate-governance/verguetungsbericht/).

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

The current remuneration system for members of the Executive Board of PSI Software AG has been in place since the financial year 2021 and was approved by a majority of 96,62% at the Annual General Meeting on May 19, 2021. A full description of the system can be found in the invitation to the Annual General Meeting 2021, which can be viewed at [www.psi.de/de/psi-investor-relations/shareholders-meeting/archiv/](http://www.psi.de/de/psi-investor-relations/shareholders-meeting/archiv/) (available only in German language).



## **Remuneration of the Supervisory Board**

The current remuneration system for the members of the Supervisory Board of PSI Software AG has been in place since fiscal year 2017 and was adopted by the Annual General Meeting on May 16, 2017 with a majority of 99.48% and confirmed by the Annual General Meeting on May 19, 2021 with a majority of 99.71%. It consists structurally of a fixed remuneration 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. A full description of the system can be found in the invitation to the Annual General Meeting 2021, which can be viewed at [www.psi.de/de/psi-investor-relations/shareholders-meeting/archiv/](http://www.psi.de/de/psi-investor-relations/shareholders-meeting/archiv/) (available only in German language).

## **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 as well as Sustainability (ESG/CSR).

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 at [www.psi.de/en/psi-investor-relations/corporate-governance/vorstand/](http://www.psi.de/en/psi-investor-relations/corporate-governance/vorstand/).

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. The competence profile of the Supervisory Board shall also include expertise on sustainability issues of importance to the company. 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 2022:

<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>
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Status of implementation in fiscal year 2022:
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In the fiscal year 2022, all members of the Supervisory Board had the knowledge, skills and professional experience required to properly perform their duties.
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All members of the Supervisory Board were also sufficiently independent in fiscal year 2022. 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.
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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.
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<b>Supervisory Board members should not have exceeded the age limit of 70 years at the time of their election.</b>
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Status of implementation in fiscal year 2022:
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The specified standard age limit was complied with for all members of the Supervisory Board in fiscal year 2022.
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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.
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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.

Status of implementation in fiscal year 2022:

In fiscal year 2022, the Supervisory Board of PSI Software AG included members with different professional experience and expertise, including

- one member with a background in engineering, many years of service as a managing director and member of the Executive Board, and expertise in the fields of accounting and auditing (special knowledge and experience in the application of accounting principles and internal control and risk management systems as well as in auditing, including sustainability reporting and its audit),
- one additional member with a background in business administration (university professor for finance and accounting) and with special and long-standing experience in international business (many years of experience in investment banking and in the area of corporate finance as well as Chief Financial Officer and Chairman of the Executive Board of a banking house) as well as expertise in the areas of accounting and auditing (special knowledge and experience in the application of accounting principles and internal control and risk management systems as well as in the auditing of financial statements, including sustainability reporting and its auditing),
- a legal scholar with special expertise in energy law and
- a capital market expert.

This composition ensures a broadly diversified pool of experience and various specialized skills, including financial expertise and many years of experience in international business, which the full Supervisory Board can draw on in advising and monitoring the Executive Board.

**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.**

Status of implementation in fiscal year 2022:

No former member of the Executive Board of PSI Software AG was a member of the Supervisory Board in fiscal year 2022.



**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.**

Status of implementation in fiscal year 2022:

The Supervisory Board in fiscal year 2022 did not include any members with 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.

**The target for the proportion of women on the Supervisory Board is 16.67 percent.**

Status of implementation in fiscal year 2022:

The target set for the proportion of women on the Supervisory Board was achieved with one female Supervisory Board member (Ms. Elena Günzler).

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.

The members of the Supervisory Board are listed in the Annual Report on page 103; there also information can be found on their membership of other statutory supervisory boards and comparable domestic and foreign supervisory bodies of business enterprises. Supplementary information on the length of service, diversity and professional expertise of the individual Supervisory Board members can be found below in the section "**Supervisory Board of PSI Software AG - Qualification Matrix**" of this Corporate Governance Declaration.

### **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.

It should be noted that the Supervisory Board intends to propose the four current shareholder representatives for re-election to the Supervisory Board at the Annual General Meeting in 2023. This also applies to Prof. Dr. Jaroni, who, following the last regular Supervisory Board elections in 2020, has now passed the age of 70. However, this is not detrimental, as the age limit formulated in the rules of procedure of the Supervisory Board of PSI Software AG is deliberately formulated as an open standard age limit ("shall"), in order to maintain the necessary flexibility and not to make the (re-)election of professionally and personally suitable candidates more difficult or even exclude them on the grounds of age alone. In the interests of the Company, it therefore allows older candidates to be proposed and elected to the Supervisory Board in individual cases without this constituting a violation of the standard age limit or a deviation from the recommendations of the German Corporate Governance Code.



## **Independence of the Supervisory Board members**

### **Concept of independence**

The German Corporate Governance Code recommends that 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. In this context, the German Corporate Governance Code explicitly focuses only on the shareholder side in co-determined supervisory boards. The employee side is therefore not 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 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 in the version dated April 28, 2022.

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 in the version dated April 28, 2022 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 April 28, 2022, 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 in the version dated April 28, 2022, 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 April 28, 2022, 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**".

### Qualification matrix

Die derzeitige Zusammensetzung des Aufsichtsrats entspricht nach dessen Auffassung den Zielsetzungen und dem Kompetenzprofil. Der Stand der Umsetzung des Kompetenzprofils wird in der folgenden Qualifikationsmatrix offengelegt:

	Karsten Trippel	Prof. Dr.-Ing. Ulrich Wilhelm Jaroni	Andreas Böwing	Prof. Dr. Uwe Hack	Elena Günzler	Uwe Seidel
Shareholder Representatives	•	•	•	•		
Employee Representative					•	•
Independence	•	•	•	•	•	•
<b>Length of membership</b>						
Member since	2002	2014	2016	2017	2012	2015
<b>Diversity</b>						
Year of birth	1962	1951	1955	1962	1964	1966
Gender	m	m	m	m	f	m
Nationality	German	German	German	German	German	German
<b>Professional expertise</b>						
Corporate management and control	•	•		•		
Accounting		•		•		
Auditing		•		•		
Human resources and compensation	•				•	
Finance and capital market	•			•		
Law and compliance	•		•			
Digitalization/Software/IT					•	•
Sustainability						•
Business area and sector knowledge		•	•		•	•



## **Rules of procedure**

The Supervisory Board has adopted rules of procedure. The Company has made these rules of procedure available on its website at [www.psi.de/de/psi-investor-relations/corporate-governance/supervisory-board/](http://www.psi.de/de/psi-investor-relations/corporate-governance/supervisory-board/) (available only in German language).

## **Self-assessment**

The Supervisory Board regularly assesses how effectively it and its committees perform their duties. In the fiscal year 2022, 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 1, 2022. 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 Chairman of the Audit Committee, Prof. Dr. Hack, and the committee member Prof. Dr. Jaroni both have expertise in both accounting and auditing. In accordance with the German Corporate Governance Code, the expertise in the area of accounting consists of special knowledge and experience in the application of accounting principles and internal control and risk management systems, while the expertise in the area of auditing consists of special knowledge and experience in the auditing of financial statements. In this context, accounting also includes sustainability reporting, and the audit of financial statements also includes the audit of sustainability reporting. The special expertise of the two aforementioned members of the Audit Committee in the areas mentioned results specifically from the following:

Prof. Dr. Hack holds a doctorate in business administration. After obtaining his doctorate and teaching at Manchester Business School, he began his professional career in 1992 at Deutsche Bank in Frankfurt. After holding various positions in investment banking at Deutsche Bank, he joined the management of Deutsche Bank's Southwest Region in 1999, where he was responsible for the Corporate Finance Division. From 2001 to 2005, he was Chief Financial Officer of schlott gruppe AG, joining the Grenke Group in 2005. There he was Group Chief Financial Officer (CFO) and from 2009 Chairman of the Board of Grenke Bank AG. Since 2012, he has been Professor of Finance and Accounting at Furtwangen University and Vice Dean of the Faculty of Business. In addition to his teaching activities at the university, he is involved in technology-based business models and provides expert opinions for VC companies, among others. Furthermore, Prof. Dr. Hack is a long-standing member of the supervisory board and the Audit Committee of PSI Software AG. Due to all these activities and experiences, he is particularly familiar with questions of accounting and auditing and is also continuously educating himself in this area.

From 1996 to 2012 Prof. Dr. Jaroni was Managing Director or Executive Board member at various companies of the thyssenkrupp Group, most recently Executive Board member for Production, Subsidiaries and Research & Development at ThyssenKrupp Stahl AG, from which today's thyssenkrupp Steel Europe AG was formed in 2009. In these positions as Managing Director and Executive Board member he was closely involved in accounting and auditing issues in many respects and over many years. In addition, Prof. Dr. Jaroni is a long-standing member of the Supervisory Board and the Audit Committee of PSI Software AG. As a result of all these activities and experiences, he is particularly familiar with accounting and auditing issues and also continues to educate himself in this area.

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.

### Target figure for the Supervisory Board

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. 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.

By resolution of May 19, 2021, the Supervisory Board again set the target figure at 16.67 percent, with a new deadline of June 30, 2024.

In fiscal year 2022, the Supervisory Board consisted of one woman and five men, so that the resolved target for the proportion of women was achieved.

### Target figure for the Executive Board

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. 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. By resolution of May 19, 2021, the Supervisory Board again set the target at zero percent – in view of the still manageable size of the Management Board of (only) two members, the replacement of the CFO position as of July 1, 2021, which has already been prepared for some time, and the still small number of potential internal and external female candidates in the Company's business area. The new deadline for achieving this target is June 30, 2024.

Accordingly, the Executive Board continued to consist of two men throughout the 2022 financial year.



<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 2022 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.