

7 Other Disclosures, Remuneration Report

7.1 Report on Corporate Management and Corporate Governance Declaration

Declaration of Conformity in accordance with § 161 of the German Stock Corporation Act (AktG)

In accordance with § 161 of the German Stock Corporation Act (AktG), the executive board and supervisory board of Nemetschek SE declare that the recommendations of the “Government Commission of the German Corporate Governance Code,” version dated February 7, 2017, with the resolutions resulting from the plenary session of February 7, 2017, published in the official part of the Federal Gazette on April 24, 2017, (hereinafter “Code”), have been and are being met with the following exceptions:

- » The D&O insurance does not include excess insurance for supervisory board members (Code Item 3.8 Clause 3). Nemetschek SE does not believe that excess insurance would increase the motivation and sense of responsibility of the members of the supervisory board.
- » For the specification of executive board remuneration, the supervisory board made no vertical comparison of remuneration at the level of Nemetschek SE, as recommended by Code Item 4.2.2 Clause 2. As a holding company, Nemetschek SE does not offer any appropriate standards of comparison for either upper management circles or staff as a whole. Nevertheless, the supervisory board – as in the past – used the remunerations of the heads of the most important product organizations as a standard of comparison on which to base its remuneration decisions.
- » The variable short-term incentive plan does stipulate upper limits, which however are not always expressed as a fixed amount but as a percentage of a fixed amount. Ultimately, the executive board employment contracts do not stipulate upper limits in terms of amount for the total remuneration (Code Item 4.2.3 Clause 2). Nemetschek SE is not of the opinion that this is required in the case of the existing remuneration system. If the amount of variable incentive plans is limited, this also applies for the total remuneration to be achieved.
- » Neither an age limit for members of the executive board and the supervisory board nor a defined limit for the duration of the term of office on the supervisory board have been specified explicitly and are not currently planned (Code Items 5.1.2 Clause 2 and 5.4.1 Clause 2). Such an age limit or defined limit for the duration of the term of office on the supervisory board would generally restrict the company in its selection of suitable members of the executive board and the supervisory

board. With regard to the composition of the executive board, supervisory board and further management circles, the individual’s experience, skills and knowledge are of primary importance to the company (Code Items 4.1.5, 5.1.2 Clause 1 and 5.4.1 Clause 2). In contrast, the supervisory board and, with reference to Code Item 4.1.5, the executive board regard diversity criteria as less important, even if these are expressly welcomed.

- » The Code’s recommendation on the creation of qualified committees of the supervisory board is not followed (Code Item 5.3) as the supervisory board only has four members at present. The tasks for which the Code recommends the formation of such committees are all performed by the supervisory board of Nemetschek SE.

The declaration of compliance in accordance with section 161 of the German Stock Corporation Act is published on the website www.nemetschek.com.

Corporate governance practices going beyond the legal requirements

Nemetschek’s aim is to be perceived worldwide as a responsible company with high ethical and legal standards.

The Nemetschek Group’s unique corporate culture forms the basis for its actions. This is reflected in the fair and respectful treatment of employees and third parties and is characterized by motivation, open communication, reliability, trustworthiness and the conservation of natural resources.

These principles are summarized in the Nemetschek Group’s Code of Conduct. The Code of Conduct is binding for all employees, regardless of their function or position in the Group. Only by continually reflecting on these values and integrating them into daily activities can the Group show a clear commitment to its corporate culture and ensure its long-term business success. The Code of Conduct is available on the company website. For further information on this issue, see the non-financial statement in chapter 2.

For information on corporate management and governance, please also refer to Section 1.3 in the combined management report of Nemetschek SE and the Group.

Working practices of the Executive Board and the Supervi- sory Board

The composition of the Executive Board and Supervisory Board can be found on the website. The Executive Board has not formed any committees. The working practices of the Executive Board are regulated in the Rules of Procedure for the Executive Board. The allocation of responsibilities within the Executive Board is set out in a schedule of responsibilities.

The composition of the Supervisory Board is regulated in the Articles of Incorporation, which are published on the website of Nemetschek SE. The Supervisory Board currently consists of four members and has not formed any committees at present. The working practices of the Supervisory Board are regulated in the Rules of Procedure.

With regard to the working practices of the Executive Board and the Supervisory Board, please refer to the corporate governance report in the annual report and to the report of the Supervisory Board.

Target for the proportion of women, Section 76 (4), Section 111 (5) of the AktG

In accordance with Section 111 (5) of the AktG, the Supervisory Board must regularly set targets for the proportion of women on the Supervisory Board and Executive Board. Pursuant to Section 76 (4) of the AktG, the Executive Board must set a target for the proportion of women at management levels lower than the Executive Board.

By resolution of March 20, 2019, the Supervisory Board set a target figure of at least 0% for the Supervisory Board and Executive Board for the period until December 31, 2021 as the composition of the Supervisory Board and Executive Board of the Company primarily depends on the experience, skills and knowledge of the individual.

Nevertheless, in the event of vacancies on the Supervisory Board or Executive Board, the Supervisory Board will of course also take women into consideration when looking for candidates.

By resolution of March 20, 2019, the Executive Board set a target of at least 25% for the first management level for the period until December 31, 2021.

7.2 Explanatory Report of the Executive Board on Disclosures Pursuant to Sections 289a and 315a of the HGB

(1) Composition of subscribed capital

As of December 31, 2019, the share capital of Nemetschek SE amounts to EUR 115,500,000.00 and is divided into 115,500,000 no-par bearer shares.

(2) Restrictions on voting rights or the transfer of shares

There were no restrictions relating to voting rights or the transfer of shares.

(3) Interests in capital exceeding 10% of the voting rights

The direct and indirect interests in the subscribed capital (shareholder structure), that exceed 10% of the voting rights are shown in the notes to the annual financial statements and the notes to the consolidated financial statements of Nemetschek SE.

(4) Shares with special rights granting control

There were no shares with special rights granting control.

(5) Type of control of voting rights if employees hold an interest in the capital and do not directly exercise their control rights

There were no controls on voting rights for employees holding an interest in the capital.

(6) Statutory provisions and regulations in the Articles of Association on the appointment and dismissal of members of the Executive Board and amendments to the Articles of Association

Sections 84 and 85 of the AktG in conjunction with Section 8 of the Articles of Incorporation of Nemetschek SE regulate the appointment and dismissal of Executive Board members. Under the provisions of these sections, Executive Board members are appointed by the Supervisory Board for a term not exceeding five years. The appointment may be renewed or the term of office may be extended, provided that the term of each such renewal or extension shall not exceed five years.

Section 179 of the AktG in conjunction with Sections 14 and 19 of the Articles of Incorporation of Nemetschek SE applies to amendments to the Articles of Incorporation. According to this provision, amendments to the Articles of Incorporation are generally decided by the Annual General Meeting with a two-thirds majority of the votes. If at least half of the share capital is represented, a simple majority of the votes cast is sufficient. If the law also requires a majority of the share capital represented at the Annual General Meeting to pass resolutions, a simple majority of the share capital represented at the time of the resolution is sufficient, to the extent permitted by law. In accordance with Section 14 of Nemetschek SE's Articles of Incorporation, the Supervisory