

# Remuneration Report

2021

## **Remuneration report of Nagarro SE**

The remuneration system for the Management Board of Nagarro SE was approved by the Annual General Meeting on August 31, 2021. Likewise, the new remuneration system for the Supervisory Board of Nagarro SE was approved at the Annual General Meeting and introduced retroactively for the entire fiscal year 2021.

The remuneration report of Nagarro SE complies with the requirements of the German Stock Corporation Act (§162 AktG). It clearly and comprehensibly presents the remuneration granted and owed individually to the current members of the Management Board and Supervisory Board of Nagarro SE for the fiscal year 2021 (January 1, 2021 to December 31, 2021) and explains this on the following pages. This information is also available on the website of [Nagarro](https://www.nagarro.com)

For better readability, we use the masculine form in this report when referring to persons, which applies to persons of all genders.

### **Remuneration of the members of the Management Board**

Basic features of the remuneration system and organizational structure of Nagarro SE with the aim of the long-term development of the company:

The remuneration system is based on a flat and entrepreneurial organizational structure. It consists of a fixed remuneration and a long-term variable remuneration component in the form of options on the shares of Nagarro SE. The corporate strategy aims at profitable and scalable growth as well as a sustainable and long-term increase in the value of the company. The relatively simple structure is based on the conviction that stock options without additional success and performance criteria are best suited to fully align the interests of the Management Board members with those of Nagarro shareholders, especially against the background that Nagarro SE is a young and fast growing company. Special features of the organizational structure are that the company has very flat hierarchical levels, does not have a classic headquarters and the members of the Management Board represent a global leadership team that is very much shaped by the principles of entrepreneurial action. In accordance with mandatory law, the remuneration system provides for a cap.

In line with the organizational structure outlined above, the remuneration system for members of the Management Board is simple, clear and comprehensible. It complies with the requirements of Section 162 of the German Stock Corporation Act (AktG) and, in the financial year 2021, also with the recommendations of the German Corporate Governance Code (GCGC).

### **Scope of application in fiscal year 2021**

The remuneration system was applied as follows in fiscal year 2021:

- Manas Fuloria from 01.01.2021 until 31.12.2021

- Annette Mainka from 01.01.2021 until 31.12.2021

- Vikram Sehgal from 01.01.2021 until 31.12.2021

### **Remuneration components**

The remuneration consists of a fixed remuneration component and a long-term variable remuneration component. The fixed remuneration component consists of the annual salary and fringe benefits. The variable component consists of a long-term component in the form of stock options with a multi-year assessment basis.

### **Fixed remuneration components**

The fixed annual remuneration is a cash payment relating to the fiscal year and is based on the area of responsibility of the respective Management Board member. It is paid out in twelve monthly installments.

### **Fringe benefits**

In addition to their fixed remuneration, the members of the Management Board are each provided with a company car, which may also be used privately. In the case of Management Board members Manas Fuloria and Vikram Sehgal, the company car arrangement takes the form of a so-called "car allowance".

In addition, the Company has taken out a D&O insurance policy (pecuniary loss liability insurance) for the benefit of the members of the Management Board. The associated insurance premiums have no remuneration character and are therefore not recognized as personnel expenses. The insurance premiums were directly paid by the Company in 2021, excluding the legally required self-deductible.

### **Long-term variable remuneration component**

The Management Board members were granted stock options in January 2021. The waiting period before the stock options can be exercised for the first time, subject to the statutory provisions, is at least four years, i.e., they can be exercised in January 2025 at the earliest. The option rights issued are subject to annual vesting in the sense that 25% of the option rights issued to a beneficiary vest in each case after 12 months, 24 months, 36 months and 48 months from the issue date. If the Management Board contract of a beneficiary ends before the end of the vesting period, the following applies: In principle, at the end of the Management Board contract, the option rights that have not yet vested by then will expire. However, if at least 50% of the option rights are already vested at the end of the term of the Management Board contracts with option beneficiaries currently in force when the option rights are issued, the remaining option rights will also vest at this time. The option rights have a term of a maximum of ten years from the date of issue. After expiry of the term, the option rights lapse without remuneration. The value of the stock options granted at the time of issue, calculated using

recognized actuarial methods, may not exceed a predetermined maximum amount, taking into account the term of the stock options. In this context, the actual gross profit achieved later on when the stock options are exercised may exceed the maximum value determined at the time of issue due to a more positive development of the share price.

#### **Other remuneration components**

In addition to the fixed remuneration described above, the Supervisory Board may also determine and set a discretionary bonus in the event of special and extraordinary performance and its corresponding effects on the Company's business results.

#### **Target total remuneration and appropriateness test for Management Board remuneration**

On the basis of the remuneration system, the Supervisory Board determines a specific target total remuneration for each Management Board member which, in its opinion, is appropriate, in line with market practice and competitive. In particular, the target total remuneration is determined in such a way that it is commensurate with the duties and performance of the Management Board member and the situation of the Company and does not exceed the scope of customary remuneration without special justification.

In order to assess the customary nature of the total remuneration of the members of the Management Board, the Supervisory Board uses comparative market data. Furthermore, the Supervisory Board regularly reviews the remuneration of the Management Board with regard to its appropriateness within the Company. For this vertical review, the Supervisory Board considers the ratio of Management Board remuneration to the remuneration of senior management and the Group-wide workforce as a whole, including a development over time. For this purpose, the Supervisory Board defines senior management in such a way that it includes those management levels below the Management Board of Nagarro SE throughout the Group who are members of the management bodies of the material investees of Nagarro SE, depending on the size and development of the investees.

#### **Maximum remuneration under the new remuneration system**

The maximum expense of the Company for a Management Board member for each financial year can be derived arithmetically from the fixed amount. In addition, the remuneration system proposed by the Supervisory Board pursuant to Section 87a (1) sentence 2 no. 1 AktG sets an absolute amount of EUR 1,000,000.00 as the maximum amount of remuneration granted to a member of the Management Board in a financial year (maximum remuneration). There are still no clear guidelines as to how stock options are to be taken into account when determining the maximum remuneration. In the present case, the maximum remuneration includes a cap on the amount that may be received annually by Management Board members from the exercise of stock options. Such an inflow is possible for the first time in 2025. The maximum remuneration currently achievable is significantly below the stated maximum remuneration. In accordance with stock

corporation law, the maximum remuneration is not the level of remuneration sought by the Supervisory Board. It merely sets an absolute upper limit on the total annual remuneration achievable under the remuneration system. It includes the possible exercise of stock options by Management Board members after expiry of the relevant waiting period.

#### **Exceptional developments and deviation possibilities**

The criteria for measuring performance-related remuneration and the annual target values set by the Supervisory Board before the start of the financial year are not changed in the course of a financial year. Subsequent changes to the assessment criteria or the target values are also excluded. Exceptional developments that could lead to inappropriately high remuneration for a member of the Management Board are countered by capping the annual bonus. If extraordinary developments lead to inappropriately low remuneration, the Company may, by resolution of the Supervisory Board, grant a discretionary bonus to a member of the Management Board in the event of special performance and success. In addition, Art. 87a par. 2 sentence 2 AktG allows the Supervisory Board to temporarily deviate from the remuneration system if this is necessary in the interests of the long-term welfare of the Company and the remuneration system specifies the procedure for deviation and the components of the remuneration system from which deviation is possible. In terms of procedure, such a deviation requires an express resolution by the Supervisory Board stating the duration of the deviation, the deviation itself and the specific reason for it. In terms of substance, the Supervisory Board may deviate from the following components of the remuneration system: Regulations on the procedure, the remuneration structure and amount, and individual remuneration components. In particular, the Supervisory Board may deviate from the relative proportions of the individual remuneration components and their respective conditions and may also temporarily set the fixed salary differently in individual cases if this is necessary in the interests of the long-term well-being of the Company. Examples include the alignment of the remuneration system in the event of a significant change in corporate strategy requiring a change in incentives, or external circumstances such as a severe economic crisis.

#### **Clawback rule for variable remuneration**

So-called clawback provisions are not currently provided for. The possibility of asserting claims for damages against Management Board members, which may also include the Management Board remuneration paid, remains unaffected.

#### **Contractual terms and commitments in connection with the termination of Management Board activities**

In appointing members of the Management Board and in determining the term of their contracts, the Supervisory Board observes the requirements of Section 84 of the German Stock Corporation Act (AktG) and the recommendations of the German Corporate Governance Code. The employment contracts of Management Board members will generally not exceed a term of three years for initial appointments. In the case of repeated appointments or extensions of the term of office, the statutory maximum term is five years.

Notwithstanding any right to extraordinary termination, the Company agrees that in the event of premature termination of the mandate of a Management Board member, the Management Board member's employment contract may be terminated prematurely by ordinary notice of termination in compliance with the period of notice specified in Section 622 (2) of the German Civil Code (Bürgerliches Gesetzbuch - BGB). In calculating the period, the entire duration of the employment relationship with the Company, including any employment prior to joining the Management Board, shall be taken into account. In the event of premature termination of the employment relationship through ordinary termination by the Company, a severance payment to the Management Board member amounting to two years' remuneration is agreed (severance payment cap).

If the remaining term of the service contract is less than two years, the severance payment shall be reduced and calculated accordingly on a pro rata basis. In the event of extraordinary termination of the service contract by the Company for good cause, no severance payment shall be granted. The amount of annual remuneration relevant for calculating the severance payment cap is the sum of the fixed salary and annual bonus for the last full fiscal year before the end of the service contract. If the service contract lasted for less than a full fiscal year, the amount of the annual bonus is based on the target bonus.

Commitments for benefits in the event of premature termination of the employment contract by a member of the Management Board due to a change of control are generally not agreed. If the Supervisory Board agrees to such benefits in exceptional cases, it will report on this.

The Supervisory Board may agree to post-contractual restraints of competition with Management Board members, which provide for a waiting allowance payable by the Company for the duration of the existence of the post-contractual restraint of competition of up to two years. For the duration of the non-competition clause, the respective Management Board member shall receive, starting the month following the end of the employment contract, monthly remuneration amounting to 50% of one-twelfth of the then applicable total direct remuneration (fixed salary and target bonus). Any earnings earned elsewhere or maliciously not

earned shall be offset in accordance with Section 74c of the German Commercial Code (HGB). The remuneration shall be offset against any severance payment. In the event of termination for cause, the party entitled to terminate the agreement may cancel the post-contractual restriction on competition within one month of termination. Furthermore, the Company may waive the restrictions on competition at any time with a notice period of 6 months with the consequence that the entitlement to Remuneration ends upon expiry of the notice period.

In the event that a member of the Management Board becomes permanently incapacitated for work during the term of his employment contract, the employment contract shall end at the end of the sixth month after the permanent incapacity for work is established, unless the regular contractual term under the employment contract ends earlier. Permanent incapacity to work exists if the Management Board member is expected to be permanently unable to perform the duties assigned to him without restriction. If a member of the Management Board dies during the term of the employment contract, the bereaved spouse and the dependent children living in the same household as the Management Board member, provided they have not yet reached the age of 25, shall be entitled as joint creditors to continued payment of the agreed Management Board remuneration for the month of death and the following 6 months.

Notice:

There were no deviations from the remuneration system in the fiscal year of 2021. The resolution of the Annual General Meeting on the remuneration system was taken into account accordingly.

**Remuneration of the Management Board in the financial year**

The fiscal year 2021 was the first full fiscal year of Nagarro SE. The remuneration granted and owed for the active Management Board activities of all Management Board members together amounted to kEUR 988.8 in 2021. Details of the individual remuneration components are described below.



in kEUR	Manas Fuloria		Annette Mainka		Vikram Sehgal	
	2021	2020	2021	2020	2021	2020
Fixed remuneration <sup>3</sup>	320.0	320.0	320.0	320.0	320.0	259.0
Variable remuneration <sup>4</sup>	-	-	-	-	-	57.0
Ancillary services <sup>1</sup>	9.6	9.6	9.6	9.6	9.6	9.6
Share grant <sup>2</sup>	15.0	-	15.0	-	15.0	-
Other remuneration component	-	-	-	-	-	4.0
<b>Maximum achievable remuneration</b>	1,000.0	n/a	1,000.0	n/a	1,000.0	n/a
<b>Total remuneration <sup>5</sup></b>	<b>329.6</b>	<b>329.6</b>	<b>329.6</b>	<b>329.6</b>	<b>329.6</b>	<b>329.6</b>

- D&O insurance premiums are not included, as these relate to the board members of all companies of Nagarro Group and are not allocated to individual insured persons. The relative share of fringe benefits for Mr. Fuloria was 3% of the fixed remuneration in 2020 and 2021 2.3% for Ms. Mainka in 2020 and 2021 and 3% for Mr. Sehgal in 2020 and 2021.
- This is a stock option program. No shares have yet been granted in 2021.
- The remuneration of the Management Board members in 2020 has been extrapolated to ensure comparability. In this context, please see also footnote 5 below.
- The relative share of variable remuneration for Mr. Sehgal was 22% and the relative share of fixed remuneration was 78%. There was no variable remuneration for the other members of the Management Board in 2020.
- The actual remuneration of the Management Board in 2020 was (please see the following table):

in kEUR	Manas Fuloria	Annette Mainka	Vikram Sehgal
	2020	2020	2020
Fixed remuneration	83.7	53.3	87.1
Variable remuneration <sup>2</sup>	-	-	57.1
Ancillary services	1.6	-	1.6
Other remuneration component	-	1.2	4.2
<b>Total remuneration <sup>1</sup></b>	<b>85.3</b>	<b>54.5</b>	<b>149.9</b>

- Remuneration relates to the months of November and December, as the Management Board contracts came into effect as of November 1, 2020.
- The relative share of variable remuneration of Mr. Sehgal in 2020 was 38 % and for the fixed remuneration 62% respectively.

## Disclosures on long-term variable remuneration | stock options

	Quantity Shares Options	Base price (in EUR/share)	Fair value as of the annual financial statements Dec. 31, 2021 (in EUR/share)	Paid out in fiscal year 2021 (in kEUR)	Status
<b>Manas Fuloria</b>					
Stock options 2021	15,000	95.35	202.0	-	Not exercisable
<b>Annette Mainka</b>					
Stock options 2021	15,000	95.35	202.0	-	Not exercisable
<b>Vikram Sehgal</b>					
Stock options 2021	15,000	95.35	202.0	-	Not exercisable
<b>Total stock options 2021</b>	<b>45,000</b>	<b>95.35</b>	<b>202.0</b>	<b>-</b>	<b>Not exercisable</b>

### Final Notice:

No benefits were promised or granted to any Management Board member by a third party. Similarly, there was no premature or regular termination of the service of any Management Board member. There are no former members of the Management Board.

### Remuneration of the members of the Supervisory Board

The remuneration of the Supervisory Board members is defined in the Articles of Association of Nagarro SE. It includes an annual fixed remuneration and the reimbursement of expenses. A higher fixed remuneration for the Chairperson of the Supervisory Board as well as the Deputy Chairperson is taken into account in accordance with recommendation G 17 of the German Corporate Governance Code. The currently valid Remuneration system for the Supervisory Board was last approved by the Annual General Meeting on August 31, 2021 and was therefore applied for the entire fiscal year 2021.

The 2020 remuneration for the members of the Supervisory Board consisted of an annual fixed remuneration of EUR 15,000.00 and EUR 2,000.00 for attending each meeting of the Supervisory Board (meeting attendance allowance). The variable remuneration was based on the Company's performance and was composed as follows: Each member of the Supervisory Board received an annual variable remuneration of EUR 1,000.00 for each full EUR 100,000.00 (the "assessment basis") of earnings before taxes and **minority interests** in the consolidated financial statements of the Company (hereinafter referred to as "EBT") by which the EBT of the financial year exceeded the amount of EUR 300,000.00. A further prerequisite was that the EBT of the last three financial years amounts to at least EUR 300,000.00 on average. The upper limit of the performance-related remuneration for each member of the Supervisory Board was a maximum of EUR 200,000.00.

The Chairperson of the Supervisory Board receives twice the amount of the fixed remuneration. The chairperson of a meeting of the Supervisory Board receives twice the amount of the meeting fee (remuneration system 2020).

The Company shall reimburse each member of the Supervisory Board, upon request and against evidence, for necessary and reasonable expenses incurred in the performance of his or her duties and for any value-added tax payable on the remuneration and the reimbursement of expenses.

In addition, the members of the Supervisory Board are included in the D&O insurance for board members (pecuniary loss liability insurance) taken out by the company, the premium for which is paid by Nagarro SE. This D&O insurance covers all aspects regarding the legal liability for members of the Supervisory Board. The premium is not included in the Supervisory Board remuneration since it was paid by the Company directly.

In line with the now customary market standard for listed companies in Germany and in accordance with the ideas of the German Corporate Governance Code, the Remuneration of Supervisory Board members will consist purely of fixed remuneration from the 2021 financial year. This strengthens the independence of the Supervisory Board. The Management Board and Supervisory Board are of the opinion that purely fixed remuneration is the appropriate remuneration structure for the objective and neutral performance of the advisory and supervisory function and independent personnel and remuneration decisions in relation to the Management Board.

In 2021, each member of the Supervisory Board received fixed annual Remuneration of EUR 150,000. The Chairperson of the Supervisory Board received 150% and the

Vice Chairperson of the Supervisory Board 125% of the Remuneration.

No attendance fees or other variable remuneration was granted in 2021.

There are no other Remuneration-related legal transactions concerning the remuneration of the Supervisory

Board, nor are any such transactions intended. Due to the special nature of Supervisory Board activities, there is no vertical comparison of Supervisory Board remuneration with the remuneration paid to employees of the Company or the Group as a whole.

#### Remuneration granted and owed to Supervisory Board members in 2021 and 2020

In kEUR	2021	2020
<b>Total Remuneration of all Supervisory Board members</b>	562.5	692.0
Total remuneration <sup>1</sup>		
<b>Carl-Georg Dürschmidt</b>	225.0	246.0
Share of variable remuneration	0.0%	81.0%
<b>Detlef Dinsel</b>	187.5	223.0
Share of variable remuneration	0.0%	89.0%
<b>Shalini Sarin</b>	150.0	223.0
Share of variable remuneration	0.0%	89.0%

<sup>1</sup> Excluding expenses and VAT, and excluding D&O insurance premiums. Total Remuneration 2021 consists of fixed remuneration only, i.e. it does not include a variable component.

<sup>2</sup> The remuneration 2020 was extrapolated according to the following comparative presentation, as the Supervisory Board was not remunerated until after the spin-off and registration of Nagarro SE in accordance with the Articles of Association in December 2020. The 2020 remuneration consisted of a fixed remuneration of K€ 15 and an attendance fee of kEUR 2, as well as a variable remuneration of kEUR€ 1 per KEUR 100 EBT, with an assessment basis of at least kEUR 300 EBT, whereby the variable portion per Supervisory Board member amounted to a maximum of K€ 200. The Chairperson of the Supervisory Board received twice the amount of the fixed Remuneration, as well as twice the amount of the attendance fee.

<sup>3</sup> The actual remuneration in 2020 related to the period from December 11 to December 31, 2020 and totaled kEUR 45, of which the variable component accounted for kEUR 33 (73.3%)

#### Comparative presentation of the change in remuneration

In accordance with Section 162 (1) sentence 2 no. 2 AktG, the following table reflects the annual change in the remuneration of the current members of the Management Board and Supervisory Board (as the Company was founded in 2020, there are no former members on the Management Board and Supervisory Board) as well as the annual change in the remuneration of senior management colleagues considered on a full-time equivalent basis compared to the

previous fiscal year 2020, as well as the Company's earnings performance over the same period. The presentation of the average remuneration of senior management was based on the total number of senior management colleagues of Nagarro.

Comparative presentation of the annual change in remuneration granted and owed in accordance with section 162 (1) sentence 1 AktG and the Company's earnings performance is as follows:



	<b>Annual change 2020 to 2021</b>
<b>Management board remuneration<sup>1</sup></b>	
Manas Fuloria	0.0%
Annette Mainka	0.0%
Vikram Sehgal	0.0%
<b>Supervisory board remuneration<sup>2</sup></b>	
Carl Georg Dürschmidt	-8.5%
Detlef Dinsel	-16.0%
Shalini Sarin	-32.0%
<b>Earnings development of the company</b>	
Group result (EBITDA)	6.1%
Annual result	23.2%
<b>Average remuneration of leadership team on a full-time equivalent basis Nagarro SE<sup>3</sup></b>	<b>7.8%</b>

Notes:

<sup>1</sup> Due to the spin-off of Nagarro SE in 2020, the previous year's figures are not fully comparable. As the Management Board contracts came into effect from November 1, 2020, Management Board remuneration for 2020 was extrapolated. Furthermore, salary reductions from 2020 amounting to KEUR 28.2, which were paid out in 2021, were not taken into account.

<sup>2</sup> As the Supervisory Board of Nagarro SE was not constituted until December 2020, the remuneration for 2020 was extrapolated. In 2021, a new remuneration system adopted by the Annual General Meeting came into effect.

<sup>3</sup> The cost of the stock option program for leadership team has not been included. The leadership team represents 73 managers in 2021 and 59 managers in 2020 respectively, each with a significant area of responsibility at Nagarro. The colleagues from ATCS were not included in the overview as they were only affiliated with the Group for two months in 2021.

Munich, April 27, 2022

#### Nagarro SE

Carl Georg Dürschmidt  
Chairperson Supervisory Board

Detlef Dinsel  
Supervisory Board

Shalini Sarin  
Supervisory Board

Manas Fuloria  
Chairperson Management Board

Annette Mainka  
Management Board

Vikram Sehgal  
Management Board



## Nagarro SE

### Report of the independent auditor on the audit of the remuneration report pursuant to Section 162 (3) Stock Corporation Act (AktG)

To Nagarro SE, Munich

#### **Audit opinion**

We have formally audited the remuneration report of Nagarro SE for the financial year from January 1 to December 31, 2021, to determine whether the disclosures pursuant to Section 162 (1) and (2) AktG have been made in the remuneration report. In accordance with Section 162 (3) AktG, we have not audited the content of the remuneration report.

In our opinion, the accompanying remuneration report complies, in all material respects, with the disclosures pursuant to § 162 (1) and (2) AktG. Our audit opinion does not cover the content of the remuneration report.

#### **Basis for the audit opinion**

We conducted our audit of the remuneration report in accordance with Section 162 (3) AktG and *IDW Auditing Standard: The Audit of the Remuneration Report in Accordance with Section 162 (3) AktG* (IDW PS 870). Our responsibility under this provision and this standard is further described in the Auditor's Responsibility section of our report. As an auditing practice, we have complied with the requirements of the IDW Quality Assurance Standard: Requirements for Quality Assurance in the Practice of Public Accountants (IDW QS 1). We have complied with the professional duties pursuant to the German Auditors' Code and the professional statutes for auditors / certified public accountants, including the requirements for independence.

#### **Responsibility of the Board of Management and the Supervisory Board**

The Management Board and the Supervisory Board are responsible for the preparation of the remuneration report, including the related disclosures, which complies with the requirements of Section 162 AktG. They are further responsible for such internal control as they determine is necessary to enable the preparation of the remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

#### **Responsibility of the auditor**

Our objective is to obtain reasonable assurance about whether the disclosures pursuant to section 162 (1) and (2) AktG have been made in all material respects in the remuneration report and to express an opinion thereon in an audit report.

We planned and performed our audit to obtain evidence about the formal completeness of the remuneration report by comparing the disclosures made in the remuneration report with the disclosures required by Section 162 (1) and (2) AktG. In accordance with Section 162 (3) AktG, we did not verify the accuracy of the disclosures, the completeness of the individual disclosures or the fair presentation of the remuneration report.

#### **Dealing with any misleading representations**

In connection with our audit, we have a responsibility to read the remuneration report in the light of knowledge obtained in the audit of the financial statements, and to remain alert for indications as to whether the remuneration report contains misleading representations as to the accuracy of the content of the disclosures, the completeness of the content of the individual disclosures, or the fair presentation of the remuneration report.

If, based on the work we have performed, we conclude that such a misleading representation exists, we are required to report that fact. We have nothing to report in this context.

Düsseldorf, April 27, 2022

LOHR + COMPANY GmbH  
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Joerg-Andreas Lohr  
-German Public Auditors-

Mark Schiffer  
-German Public Auditors-