



# Report of the Supervisory Board

## DEAR LADIES AND GENTLEMEN, DEAR SHAREHOLDERS,

Aside from the challenges the COVID-19 pandemic continued to present during the past year, Software AG's 2022 fiscal year was shaped by the acquisition of StreamSets and changes to the Management Board to set up the Company for long-term success. The Supervisory Board helped the management team to carefully evaluate and execute the highly complementary StreamSets acquisition, the Company's first major acquisition in recent years, and strengthened the management team and the Company's go-to-market capabilities to further boost growth by hiring a new CFO and US-based CRO and promoting internal talent to the new COO position in the Management Board. This was a core focus for the Supervisory Board, in addition to actively supporting the management team with prudence and constructive criticism.



**Christian Lucas**

Chair of the Supervisory Board

## COOPERATION BETWEEN THE MANAGEMENT BOARD AND SUPERVISORY BOARD

In the 2022 fiscal year, the Supervisory Board performed its duties as required by law and by the Company's Articles of Association. It advised the Management Board in leading the Company and supervised its management. In doing so, the Supervisory Board was directly involved in all decisions of fundamental importance to Software AG. Via oral and written reports, the Management Board informed the Supervisory Board regularly, without delay, and comprehensively about all issues relevant to strategy, business development, the risk situation, risk management, and compliance, and was available to the Supervisory Board in meetings for questions and discussions. Departures in the current business development from existing projections were addressed in detail. The Supervisory Board also received regular reports outside of meetings on financial KPI development, staff development, corporate governance, and the sustainability strategy.

The Supervisory Board chair maintained regular contact with the CEO. They consulted regularly on Software AG's strategy, planning, business development, risk situation, risk management, and compliance. The CEO informed him without delay of major events. The relationship between the Management Board and Supervisory Board was characterized by close, trusting cooperation, and an open, constructive dialogue.

The Supervisory Board's discussions covered topics such as the acquisition and integration of StreamSets as well as Management Board composition and succession planning. Together, the Supervisory Board and the Management Board thoroughly analyzed ongoing business development. Any transactions requiring Supervisory Board approval in accordance with legal regulations

or the Articles of Association, were reviewed and voted on accordingly. Documents relevant to decisions were provided to the Supervisory Board in due time before the relevant meeting. The Supervisory Board voted on resolutions following extensive evaluation and consideration and based on decision papers and conversations. After having carefully monitored the Management Board's leadership, the Supervisory Board confirms that it acted lawfully, appropriately, and economically in every respect.

## SUPERVISORY BOARD MEETINGS

The Supervisory Board met eight times in the year under review. Of those, seven were held as video conferences. If a member of the Supervisory Board was unable to attend a Supervisory Board or committee meeting, he or she had the option of participating via telephone or casting a vote in writing. This was only necessary for three members who were excused from attending specific meetings. Otherwise, all other members of the Supervisory Board attended the meetings of the Supervisory Board and its committees during the year under review. The Supervisory Board met regularly without the Management Board. When the external auditors were invited to meetings to provide expertise, the Management Board only attended when the Supervisory Board or the committee considered its attendance necessary.

The following table illustrates members' attendance of meetings of the Supervisory Board and its committees held in the 2022 fiscal year.

In its **first three meetings** of the fiscal year, held in **January and February 2022**, the Supervisory Board approved the Declaration of Compliance with the German Corporate Governance Code (GCGC) and the [Corporate Governance Statement](#). It also conducted the self-assessment on the effectiveness of the Supervisory Board's and committees' fulfillment of their tasks. Further discussion points were the changes in the Supervisory Board, finalization of the budget, and targets for members of the Management Board for the 2021 and 2022 fiscal years. The acquisition of StreamSets was also a key topic.

At the accounts meeting on **March 18, 2022**, in presence of the external auditor, BDO AG, the 2021 financial statements and Consolidated Financial Statements were discussed in detail and subsequently, at the recommendation of the Audit Committee following its own thorough review, approved by the Supervisory

Board. Furthermore, at this meeting, the Supervisory Board informed itself of current business developments, including considerations related to the war against Ukraine and sanctions against Russia; it approved the Report of the Supervisory Board as well as resolution proposals for the Annual Shareholders' Meeting agenda.

In **two meetings in May 2022**, the Supervisory Board closely examined the composition of, succession planning for, and changes in the Management Board, as well as the Management Board's remuneration system. In addition, current business development and financial results were discussed.

The main topics of the two **meetings held in September and October 2022** were business development and corporate strategy as well as the composition of the Management Board. In addition, the results of the second quarter of 2022 and the outlook for the second half of 2022 were discussed.

### Supervisory Board Meetings in 2022

Supervisory Board Member	Plenum		Personnel Committee		Audit Committee		Nominating Committee	
	Attendance	as %	Attendance	as %	Attendance	as %	Attendance	as %
Karl-Heinz Streibich, chair (until Jan. 31, 2022)	1/1	100	1/1	100				
Christian Yannick Lucas, chair (since Feb. 3, 2022)	7/7	100	1/1	100	2/3	67	1/1	100
Madlen Ehrlich, deputy chair	8/8	100			3/3	100		
Ralf Dieter (until Jan. 31, 2022)	1/1	100						
Oliver Collmann (since April 4, 2022)	5/5	100			2/2	100		
Bettina Schraudolf	8/8	100	2/2	100				
Ursula Soritsch-Renier	7/8	88	2/2	100			1/1	100
Markus Ziener (until May 17, 2022)	2/4	50			1/1	100	1/1	100

### COMMITTEES

In order to efficiently perform its duties, the Supervisory Board established a Personnel Committee, an Audit Committee, and a Nominating Committee. The committees prepare the Supervisory Board's resolutions and topics to be discussed by the plenum. Decision-making powers are transferred to the committees to the extent allowable. The respective committee chairs report to the Supervisory Board about the results of the respective committee meetings. For more information on the composition and procedures of the Supervisory Board and its committees, please refer to the [Corporate Governance Statement](#) which is published on Software AG's website.

The **Personnel Committee** prepares personnel-related decisions for the Supervisory Board, provided they affect Management Board member remuneration policies or appointment decisions. The Personnel Committee held two meetings the 2022 fiscal year, both as video conferences. These dealt with personnel-related matters on the Management Board and the preparation of Supervisory Board decisions. Given multiple changes to the Management Board during the year, most personnel-related topics were discussed directly with the full Supervisory Board to ensure all members were fully involved.

The **Audit Committee** deals with issues related to monitoring the financial reporting process, the effectiveness of the internal control system, the risk management system, internal audit and compliance, the financial statement audit—particularly the selection and independence of the auditor—as well as the quality of the audit and any additional services rendered by the auditor. The Audit Committee also prepares the

Supervisory Board's discussions and resolution adoptions to approve the annual and Consolidated Financial Statements. The Audit Committee met three times in the 2022 fiscal year; two of the meetings were held as video conferences. In a meeting on March 17, 2022, and in the presence of auditors (BDO AG), it discussed the annual and Consolidated Financial Statements, the Combined Management Report (including the Non-Financial Statement), the Management Board's proposal on the appropriation of profits, the selection and independence of the auditor for fiscal 2022, and the Supervisory Board's respective resolution recommendation to the Annual Shareholders' Meeting. It also dealt with the quality of the audit. The Audit Committee also informed itself of the internal audit and of compliance matters at this meeting. The Audit Committee's other meetings in 2022 focused on important audit topics, non-audit services, and the independence of the auditor, as well as compliance. In addition, information about current developments within the corporate governance framework was provided; and the Risk Report was submitted. The auditor attended meetings to discuss relevant issues. The Audit Committee consults regularly with the external auditors without the Management Board.

The task of the **Nominating Committee** is to name suitable candidates to the Supervisory Board for its proposals to the Annual Shareholders' Meeting. The Nominating Committee held one meeting in the 2022 fiscal year, as a video conference, in which it discussed candidates for election to the Supervisory Board at the 2022 Annual Shareholders' Meeting and formulated a recommendation to the Supervisory Board.

## AUDIT OF THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

The Supervisory Board awarded the audit contract for Software AG's financial statements and Consolidated Financial Statements for fiscal 2022 to Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich (referred to hereinafter as Deloitte GmbH), in accordance with the corresponding election at the Annual Shareholders' Meeting. Deloitte GmbH audited Software AG for the first time in 2022.

Deloitte GmbH audited the financial statements and Consolidated Financial Statements for the year ended December 31, 2022, as well as the Combined Management Report, including accounting books and records. The auditor issued unqualified audit opinions. Since the audit of the 2022 financial statements and the Consolidated Financial Statements by Deloitte GmbH, the signers of the audit opinions are Kirsten Gräbner-Vogel, who is responsible for the audit, together with Dr. Steffen Umlauf (financial statements) and Sebastian Zandt (Consolidated Financial Statements); in each case, the Combined Management Report was included. In accordance with section 111(2), sentence 4 of AktG, the Supervisory Board commissioned Deloitte GmbH to also conduct a voluntary content review of the Combined Non-Financial Statement to attain a limited level of assurance.

The financial statements and Consolidated Financial Statements, the Combined Management Report (including the Combined Non-Financial Statement), and the auditor's reports were submitted to the Supervisory Board and explained personally to the Audit Committee and the entire Supervisory Board by the Management Board and the auditor responsible for conducting the audit. Deloitte GmbH's report on the limited assurance review of the Combined Non-Financial Statement and the Management Board's proposal on the appropriation of profits were communicated to all Supervisory Board members. The Audit Committee and Supervisory Board reviewed the financial statements, the Combined Management Report, and the audit reports in their meetings on March 22, 2023. In both meetings, the auditor reported on the scope, the focus, and the key results of the audit, emphasizing the particularly important audit matters and audit actions taken. The auditor was available to answer questions and provide additional information. No reservations were raised at

the conclusion of the Supervisory Board's review. The Supervisory Board confirmed the results of the audit, concurred with the Management Board's judgment regarding the assessment of the Group's and parent Company's position, and approved the financial statements and Consolidated Financial Statements as of December 31, 2022. This constituted formal approval and acceptance of the annual financial statements. The Supervisory Board supports the Management Board's recommendation on the appropriation of profits.

The Remuneration Report was reviewed separately by the auditor. In addition to the legally required formal review in accordance with section 162(1 and 2) of AktG, the content of the Remuneration Report was also reviewed. For more information on the Remuneration Report, please refer to the corporate website at: [Remuneration Systems and Report](#).

## CORPORATE GOVERNANCE

The Supervisory Board addressed the subject of corporate governance and the GCGC again in the 2022 fiscal year, particularly the amendments effective as of June 27, 2022.

No conflicts of interest on the part of members of the Supervisory Board arose in the year under review.

A detailed report by the Management Board and the Supervisory Board on implementation of the GCGC can be found in the Corporate Governance Statement. The [Declaration of Compliance](#) is published on the corporate website.

## CHANGES TO THE MANAGEMENT BOARD AND SUPERVISORY BOARD

As of August 1, 2022, Joshua Husk, CRO, and Dr. Benno Quade, COO, became members of the Management Board.

Dr. Elke Frank, CHRO, decided to leave the Company as of October 31, 2022, to pursue other opportunities. Sanjay Brahmawar, CEO, assumed responsibility for the Human Resources organization. His appointment to the Management Board as well as his contract were renewed for three years until July 31, 2026. Dr. Matthias Heiden, CFO, decided to leave the Company as of December 31, 2022. His successor as of January 1, 2023, is Daniela Bünger.

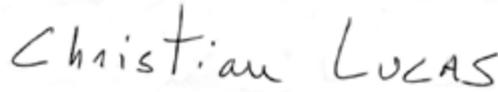
The chair of the Supervisory Board, Karl-Heinz Streibich, and the chair of the Audit Committee, Ralf Dieter, submitted resignations from their positions, effective at the end of January 31, 2022. The Darmstadt District Court appointed Christian Lucas as member of the Supervisory Board by resolution dated January 27, 2022, and effective on February 3, 2022. The Supervisory Board elected him chair of the Supervisory Board. The Darmstadt District Court appointed Oliver Collmann as member of the Supervisory Board by resolution dated March 16, 2022, and effective on April 4, 2022. On May 17, 2022, the Annual Shareholders' Meeting confirmed Christian Lucas and Oliver Collmann as members of the Supervisory Board, and James M. Whitehurst as member of the Supervisory Board to go into effect as of January 1, 2023.

For more information on the composition of the Management Board and Supervisory Board, as well as on training and professional development options for members of the Supervisory Board, please refer to the [Corporate Governance Statement](#) on the Software AG corporate website.

The Supervisory Board would like to thank Software AG's Management Board and employees for their high degree of commitment and excellent work during fiscal year 2022.

Darmstadt, March 22, 2023

The Supervisory Board



**Christian Lucas**

Chair of the Supervisory Board

For more information on the members of the Supervisory Board, please refer to [Note \[34\]](#) in the Notes to the Consolidated Financial Statements or visit Software AG's website at [Management](#).

