

ANNUAL REPORT 2021

COMPENSATION REPORT



Letter to Shareholders

Dear Shareholders,

I am pleased to present SoftwareONE's 2021 Compensation Report on behalf of the Nomination and Compensation Committee (NCC) and the Board of Directors (BoD). Our 2021 Compensation Report outlines SoftwareONE's overall compensation policy, principles and compensation framework. It discloses the compensation awarded to members of both the BoD and the Executive Board (EB) throughout the 2021 financial year. It is compiled in accordance with the Ordinance against Excessive Compensation (OaEC) applicable to listed Swiss companies, the Directive on Information related to Corporate Governance of SIX Swiss Exchange, as well as the Swiss Code of Best Practice.

This second full financial year as a public company was characterized by the continuous development and refinement of our compensation framework. As in the previous year, the overall goal was to continue to focus on long-term value creation by aligning the interests of the EB with SoftwareONE's shareholders, as well as by recognizing and retaining talent in the highly competitive global technology market.

In the course of 2021, and in line with Swiss market best practices, we maintained our commitment to having a substantial part of the BoD remuneration (40%) paid in the form of shares. An additional benchmark conducted during 2021 showed that the compensation of the members of the BoD is in line with general market practice, both in terms of level and structure, and resulted in no changes.

For the EB, we believe our established pay-for-performance compensation framework still fits the purpose to motivate our EB members to create value for SoftwareONE and its shareholders. Nevertheless, as a result of our continuous review of market best practices and feedback obtained from shareholders, as of 2021, we introduced ownership requirements for the EB members. Furthermore, we have also implemented a clawback provision to protect the interests of both the shareholders and the company, which allows for a partial or full recovery of equity allocated to EB members under the Long-Term Incentive (LTI) plan.

Finally, our Short-Term Incentive (STI) plan has evolved with the synergies target metric replaced by the company's EBITDA margin with the aim of further strengthening management efforts to achieve operational excellence and proactive cost management. In addition, we have introduced an ESG (Environmental, Social and Governance) related metric in the company's compensation framework, now part of the individual goals which have been incremented to 15%. During 2021, the NCC further elaborated on this compensation element to ensure a proper fit to the corporate culture, goals and strategic ambitions of SoftwareONE in an ongoing volatile environment. Details of this are further outlined in the Outlook section.

The NCC will continue to undertake regular assessments, reviews and amendments to the compensation framework, to ensure SoftwareONE attracts the right talent and to align the interests of different stakeholders and maintain a high-performance culture.

2022 Annual General Meeting

In line with the OaEC and our Articles of Incorporation, we will ask our shareholders to cast a prospective and binding vote on the maximum aggregate amount of compensation for the BoD for their term of office from the 2022 AGM to the 2023 AGM and for EB members for the financial year 2023. In addition, we will ask our shareholders to endorse this 2021 Compensation Report in a consultative vote.

We look forward to receiving your support at the forthcoming AGM and thank you for your ongoing trust in SoftwareONE.

Sincerely,

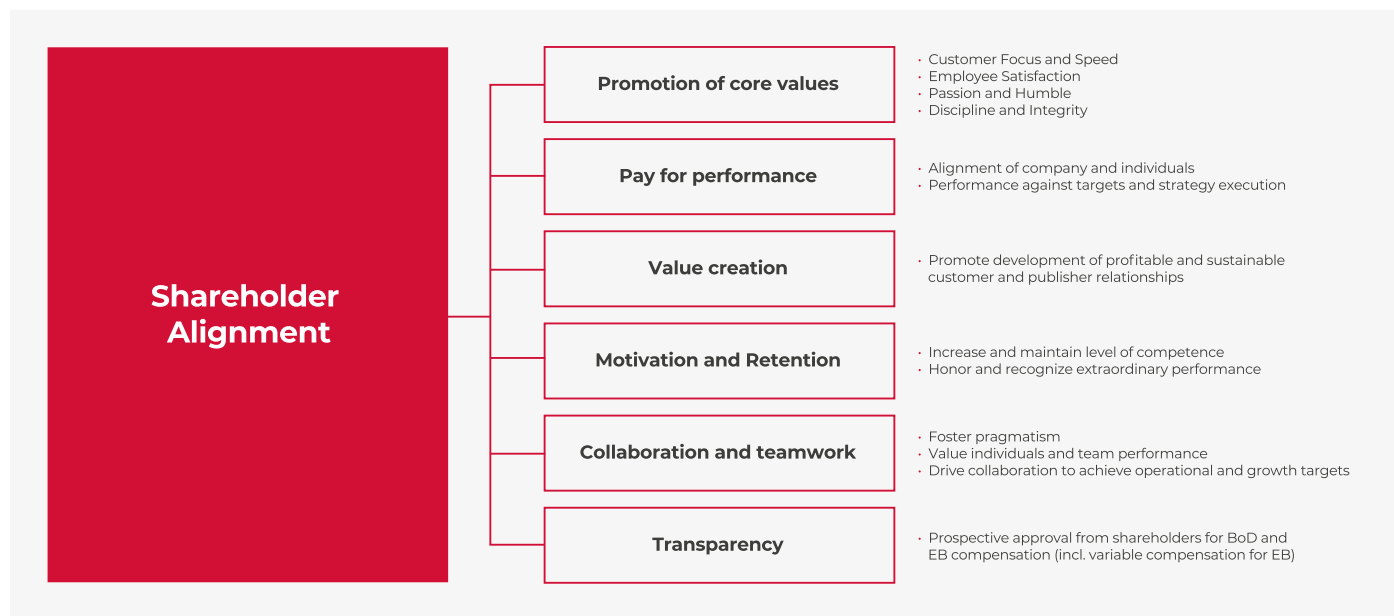


Marie-Pierre Rogers
Chair of the Nomination and Compensation
Committee

Compensation Policy and Principles

Our compensation policy focuses on aligning the interests of our senior leaders with those of our shareholders as well as on attracting, motivating and retaining the best talent in a highly competitive global environment. Consequently, the compensation principles applied across SoftwareONE are geared towards the following:

Compensation policy and principles



In order to assess SoftwareONE's positioning in the market and overall competitiveness, the NCC generally conducts market benchmarks every second year with regard to the compensation structure and level for both the BoD and the EB. The peer selection process is based on the company services and products, geographical presence, size and scope. Additional details on the selected peer companies are given in the respective paragraphs regarding the BoD and the EB compensation.

Compensation Governance

The compensation governance at SoftwareONE comprises three key bodies: the NCC which advises the BoD in terms of compensation-related matters, the BoD which ultimately approves the compensation-related matters and the shareholders of SoftwareONE who vote on total compensation and the compensation report at the AGM.

The [Articles of Incorporation](#), the [Organizational Regulations](#) and the [NCC Charter](#) outline and define the roles and responsibilities of these bodies. The Articles of Incorporation of SoftwareONE contain compensation governance provisions regarding:

- Approval (binding and prospective) of compensation by the shareholders at the AGM, Art. 7 and 19
- Powers and duties of the NCC, Art. 15
- General principles of compensation, Art. 18
- Additional amount for the EB, Art. 20

The general division of duties, responsibilities and powers between these three key bodies of the compensation governance (NCC, BoD and AGM) are presented in the table below, in line with Art. 7 and Art. 19 of the Articles of Incorporation.

| | CEO | NCC | BoD | AGM |
|---|-----|-----|--------------------------------|---|
| Election of NCC members | | | | A |
| Compensation strategy and guidelines | | P | A | |
| Compensation principles (Articles of Incorporation) | | P | A (subject to AGM approval) | A (binding vote, in case of changes) |
| Key terms of compensation frameworks for the BoD and EB | | P | A | |
| Total compensation for the BoD | | P | A (subject to AGM approval) | A (binding vote) |
| Total compensation for the EB | | P | A (subject to AGM approval) | A (binding vote) |
| Individual total compensation for the CEO | | P | A | |
| Individual total compensation for the other members of the EB | P | R | A | |
| Employment and termination agreements for the CEO | | P | A | |
| Employment and termination agreements for other members of the EB | P | R | A | |
| Compensation Report | | P | A | A (consultative) |

A: Approve
P: Propose
R: Review

Role of the shareholders at the AGM

The BoD submits three separate compensation-related resolutions for shareholder approval at the AGM (Art. 7 and Art. 19):

- Vote I: Consultative vote for the Compensation Report of the preceding financial year
- Vote II: Binding vote on the maximum aggregate amount of compensation of the BoD for the term of office from the current to the next AGM
- Vote III: Binding vote on the maximum aggregate amount of compensation of the EB for the following financial year

The graph below illustrates these compensation-related resolutions for shareholder approval at the 2022 AGM and also illustrates their impact on the respective financial year:

OVERVIEW OF SAY-ON-PAY VOTES AT AGM 2022

| Fiscal Year | 2021 | | | | 2022 | | | | 2023 | | | | 2024 | | | |
|---|-----------------------------|----|-----|----|------|---|-----|----|--|----|-----|----|------|----|-----|----|
| Quarter | I | II | III | IV | I | II | III | IV | I | II | III | IV | I | II | III | IV |
| Compensation report vote (Consultative) | 2021 Compensation Report | | | | | | | | | | | | | | | |
| BoD vote (Binding) | | | | | | Maximum aggregate amount for the term AGM 2022 – AGM 2023 | | | | | | | | | | |
| EB vote (Binding) | | | | | | | | | Maximum aggregate amount for FY 2023 | | | | | | | |

Role and activities of Nomination and Compensation Committee

The NCC is composed of at least three members of the BoD (Art. 15) who are elected individually at the AGM by the shareholders on an annual basis pursuant to Swiss law and SoftwareONE's Articles of Incorporation. The NCC has the duties of supervision and governance of SoftwareONE's compensation frameworks and philosophy, compensation of the EB as well as the performance evaluation of EB members. The NCC regularly invites the CEO and may invite other members of the Executive Board or, subject to prior notification of the responsible member of the EB, members of the company's management to its meetings as it deems desirable or appropriate. However, the CEO or other members of the EB may not be present when the NCC reviews the compensation or other aspects of the employment of the respective person. The Chair of the Board or the Chair of the NCC may not be present when the NCC reviews the compensation of the respective person. The Chair of the NCC ensures that the BoD is kept informed in a timely and adequate manner during the term of office with regard to the NCC's area of responsibility. Please refer to the [Corporate Governance report](#) section for further details on NCC composition, duties and election. The Chair of the NCC convenes NCC meetings as often as required by SoftwareONE's business, but at least three times a year. During 2021, the NCC held six meetings covering the following agenda items as illustrated in the table below:

| Agenda item during 2021 | | January | March | April | June | September | October |
|------------------------------------|---|---------|-------|-------|------|-----------|---------|
| Compensation governance and policy | Preparation of AGM invitation including maximum amount of compensation for the BoD and EB | | x | | | | |
| | Review BoD composition and succession framework and assessment of BoD | x | | | x | x | |
| | Review EB composition and succession framework | | | x | x | | x |
| BoD compensation framework | Review of BoD compensation levels and framework, including benchmarking analysis | | | | | x | |
| EB compensation framework | Review of EB compensation levels and framework, including benchmarking analysis | | | | | x | x |
| | Review of STI performance and payouts for FY 2020 and target setting for FY 2021 for the EB | x | x | | | | |
| | Target setting for LTI grant in FY 2021 for the EB | | x | | | | |
| | Review of STI framework | | | | | | x |
| Communication | 2020 Compensation and Governance Report | x | x | | | | |
| | Analysis of compensation voting results at the AGM and review of proxy advisor reports | | | | x | | |

Board of Directors Compensation

Elements of compensation

The compensation of the members of the BoD consists of an annual base fee and an additional compensation awarded for duties carried out in BoD committees as chairpersons or ordinary members. In line with Art. 18 of SoftwareONE's Articles of Incorporation and to ensure the independence of the members of the BoD in executing their supervision duties, the compensation of the members of the BoD is paid out 60% in cash and 40% in SoftwareONE shares. The shares allocated as part of the members of the BoD's total compensation are blocked for a period of three years. Through the introduction of a share element in 2020, the long-term focus of the BoD in performing its duties is further strengthened and the interest further aligned with that of SoftwareONE's shareholders.

The following table illustrates the annual base fees for the BoD memberships and the additional compensation for duties in committees. It remained unchanged for 2021:

| Annual base fee for BoD membership for non-executive Directors in CHF | Annual committee fees | | | | |
|---|-----------------------|--------------|--|--------|--------|
| | Audit Committee | | Nomination and Compensation Committee | | |
| | Chairperson | Member | Chairperson | Member | |
| Chairperson | 400,000 | Not entitled | | | |
| Lead Independent Director | 150,000 | 40,000 | 20,000 | 40,000 | 20,000 |
| Ordinary member | 120,000 | 40,000 | 20,000 | 40,000 | 20,000 |

In line with best market practice standards, the members of the BoD do not receive lump-sum expenses but will be reimbursed for expenses at cost. There are no pension contribution payments made to any member of the BoD.

Peer group and benchmarking

To assess the competitiveness of the BoD compensation for non-executive BoD members in Switzerland, a benchmarking analysis was again conducted in 2021 by Willis Towers Watson (WTW) targeting compensation levels as well as compensation structure and pay instruments. The selected peer group considers the closest 23 companies in terms of size as well as global reach within the main Swiss Indices (SMI and SMIM), allowing for an adequate and representative comparison. The peer group consists of the following companies: Alcon, Arzys, Baloise, Barry Callebaut, BB Biotech, Bucher Industries, DKSH, Dormakaba, EMS-Chemie, Flughafen Zürich, Georg Fischer, Givaudan, Helvetia, Logitech, OC Oerlikon, Partners Group, Schindler, Sika, Straumann, Sulzer, Swisscom, Temenos and VAT.

The benchmarking exercise showed that the compensation of the members of the Board of Directors is in line with general market practice, both in terms of level and structure whereas some individual elements were below the peer group median. It was concluded that the current levels of compensation are still suitable for the time being and no changes were made.

Compensation awarded to the Board of Directors in 2021

The following table outlines the total compensation awarded to the BoD in 2021. After the 2020 AGM, the adjusted framework came into effect, whereby annual fees are paid 60% in cash and 40% in equity.

| Members of the BoD in CHF | Board | Audit Committee | NCC | Settled in cash | Settled in shares ⁽⁷⁾ | Social security contributions ⁽⁸⁾ | Total compensation FY 2021 | Total compensation FY 2020 ⁽⁹⁾ |
|------------------------------------|---------------------------|-----------------|-------------|-----------------|----------------------------------|--|----------------------------|---|
| Daniel von Stockar ⁽¹⁾ | Chairperson | | Member | 240,000 | 160,000 | 28,633 | 428,633 | 497,662 |
| Peter Kurer | Lead Independent Director | | Member | 102,000 | 68,000 | 9,835 | 179,835 | 209,379 |
| José Alberto Duarte | Member | Member | | 84,000 | 56,000 | – | 140,000 | 160,704 |
| René Gilli | Member | | | 72,000 | 48,000 | 8,997 | 128,997 | 151,055 |
| Timo Ihamuotila | Member | Chairperson | | 96,000 | 64,000 | 11,987 | 171,987 | 197,477 |
| Marie-Pierre Rogers | Member | | Chairperson | 96,000 | 64,000 | 11,987 | 171,987 | 197,477 |
| Jean-Pierre Saad | Member | Member | | 84,000 | 56,000 | – | 140,000 | 172,885 |
| Adam Warby ⁽²⁾ | Member | | Member | 49,000 | 32,667 | 5,547 | 87,214 | – |
| Isabelle Romy ⁽²⁾ | Member | Member | | 49,000 | 32,667 | 5,547 | 87,214 | – |
| Beat Curti ⁽³⁾ | | | | – | – | – | – | 116,946 |
| Andreas Fleischmann ⁽⁴⁾ | | | | – | – | – | – | 59,836 |
| Johannes Huth ⁽⁵⁾ | | | | – | – | – | – | 70,928 |
| Marina Nielsen ⁽⁶⁾ | | | | – | – | – | – | 50,643 |
| Total | | | | 872,000 | 581,334 | 82,533 | 1,535,867 | 1,884,992 |

1) Includes compensation for Chairperson of the BoD only. No additional fees paid for the role as member of the NCC.

2) Adam Warby and Isabelle Romy started in the BoD effective 20 May 2021.

3) B. Curti retired from the BoD effective 8 October 2020, no shares awarded in 2020.

4) A. Fleischmann retired from the BoD effective 30 June 2020, no shares awarded in 2020.

5) J. Huth retired from the BoD effective 19 June 2020, no shares awarded in 2020.

6) M. Nielsen was not standing for re-election for the BoD effective 14 May 2020 (2020 AGM), no shares awarded in 2020.

7) Represents gross amounts settled in blocked shares prior to any deductions such as employee social security and income withholding tax for the fiscal year 2021. The number of blocked shares is determined by dividing each BoD member's individual share compensation amount (40% of annual fee) for one term of office by the closing price of SoftwareONE's share price on the allocation date rounded down. Residual amounts are paid in cash.

8) Employer-paid social security contributions.

9) Amounts are slightly higher than in a regular year since the BoD compensation system was changed from a cash only to a cash and share system following the 2020 AGM.

During 2021, prior to their election to the BoD at the 2021 Annual General Meeting, Isabelle Romy and Adam Warby attended Board meetings and participated in Board discussions in an advisory capacity. For this previous engagement they each received a consulting fee of CHF28,000.

At the 2020 AGM, shareholders approved a maximum aggregate compensation amount of CHF1.9 million for the BoD for the compensation period from 2020 AGM to the 2021 AGM. For this period the effective compensation amounted to CHF1.5 million and is thus within the approved limits.

At the 2021 AGM, shareholders approved a maximum aggregate compensation amount of CHF1.8 million for the BoD for the compensation period from the 2021 AGM to the 2022 AGM. As this compensation period is not yet complete, a conclusive assessment will be provided in the Compensation Report 2022.

Share ownership

The table below shows the shareholdings of the BoD as of 31 December 2021, including information for the 2020 financial year. This table includes available shares and blocked shares in connection with BoD compensation.

| Members of the BoD | Number of directly held shares ⁽¹⁾ | | Total shareholdings as of 31 December 2021 | Total shareholdings as of 31 December 2020 |
|---------------------------------|---|-------------------------------|--|--|
| | Available shares | Blocked shares ⁽²⁾ | | |
| Daniel von Stockar | 17,489,874 | 15,233 | 17,505,107 | 17,498,012 |
| Peter Kurer | 279,630 | 6,473 | 286,103 | 283,088 |
| José Alberto Duarte | – | 5,331 | 5,331 | 2,848 |
| René Gilli | 12,445,068 | 4,569 | 12,449,637 | 12,447,509 |
| Timo Ihamuotila | 20,000 | 6,093 | 26,093 | 13,255 |
| Marie-Pierre Rogers | 15,745 | 6,093 | 21,838 | 19,000 |
| Jean-Pierre Saad ⁽³⁾ | – | 5,331 | 5,331 | 2,848 |
| Adam Warby | 4,000 | 2,483 | 6,483 | – |
| Isabelle Romy | – | 2,483 | 2,483 | – |
| Beat Curti ⁽⁴⁾ | – | – | – | 16,031,853 |
| Total | 30,254,317 | 54,089 | 30,308,406 | 46,298,413 |

1) Ordinary registered shares of SoftwareONE.

2) At grant, a restriction period of three years is applied.

3) Representatives of the share ownership in SoftwareONE of Westminster Bidco S.à r.l., Luxembourg, the Grand Duchy of Luxembourg, which is the direct shareholder of the shares indirectly and beneficially owned by funds advised by KKR, with its principal executive offices in New York, USA.

4) B. Curti retired from the BoD effective 8 October 2020. Shares held indirectly through partnership interests in B. Curti Holding AG, which holds ordinary registered shares of SoftwareONE.

Executive Board Compensation

Elements of compensation

The following section outlines SoftwareONE's compensation framework for 2021. It was amended after extensive review by the NCC and its external advisors following the IPO in 2019 and further refined during the years thereafter. We are convinced that a continuous review of this framework by the NCC enables a proper fit to the corporate culture, goals and strategic ambitions of SoftwareONE in an ongoing volatile environment.

As of 2020, the compensation framework for members of the EB consists of fixed and variable compensation elements. The fixed compensation element comprises a base salary as well as pension and other benefits (e.g. car allowances). The variable compensation element consists of an STI and an LTI plan. The variable compensation elements are mainly dependent on performance achievements which include financial performance and market-related performance. In addition, and to a lesser extent, ESG goals and individual objectives are also part of the Short-Term Incentive plan. The EB compensation elements are summarized in the following table:

| ELEMENTS OF COMPENSATION | Fixed compensation elements | | Variable compensation elements | |
|--------------------------|---|---|--|--|
| | Base salary | Pension and other benefits | Short-Term Incentive plan | Long-Term Incentive plan |
| Purpose | Attract, retain and reward the roles and responsibilities of respective functions | Participation in pension, insurance care plans and additional benefits in line with local market practice | Motivation and reward for annual objective achievements (company and individual goals) | Participation in the long-term success of SWO and alignment with shareholder interests |
| Performance period | – | – | One year | Three years |
| Performance measures | – | – | EBITDA, EBITDA margin, ESG and individual goals | Gross profit and relative total shareholder return (TSR) |
| Payout range | – | – | 0 to 150% of target STI | 0.0 to 2.0 times number of granted performance share units (PSUs) |
| Payment | Cash | Contributions to pension and insurance plans | Cash | Shares |
| | | Other benefits paid out in cash | | |

Fixed compensation elements

Base salary

The base salary for members of the EB is typically paid in cash on a monthly basis unless local laws require otherwise. The base salary amount is defined according to market practice and the responsibility, experience and achievements of each member.

Pension and other benefits

Pension benefits are provided through SoftwareONE's regular pension plan. As the EB members reside in different international locations, some EB members are employed under a foreign employment contract and receive benefits in line with current local market practice. In addition to pension coverage, other benefits such as health care plans, insurance, car allowances or equivalent contributions are also covered. These allowances are paid together with the EB members' base salary and are in line with the company policy in the local jurisdiction.

Further, pursuant to Article 20 of the Articles of Incorporation, new members joining the EB may receive compensation for the loss of their remuneration or for financial disadvantages incurred as a result of changing their jobs. If applicable, such lost compensation is replaced on a like-for-like basis (i.e. no increase in replacement value) and reported in the compensation table for the relevant reporting period under "Other benefits".

Variable compensation elements

Short-Term Incentive plan

The STI compensation elements of the EB reward the overall company performance and the EB members' individual performance in line with the compensation principle of pay-for-performance. The plan is determined by the achievement of three performance metrics; two metrics are financial measures and one can be a mix of financial and non-financial metrics.

The table below illustrates the details on the STI performance metrics in terms of definition, weighting, and payout range for the CEO and the other EB members:

| STI performance metrics | | EBITDA | EBITDA margin | Individual goals |
|-------------------------|---|--------|--|--|
| Definition | SoftwareONE's adjusted EBITDA ¹⁾ | | SoftwareONE's adjusted EBITDA ¹⁾ margin | Individual targets for the respective financial year incl. ESG targets |
| Weighting | 55 % | | 30 % | 15 % |
| Payout range | 0-150 % | | | |

1) 'Adjusted EBITDA' is defined as the underlying like-for-like earnings before interests, tax, depreciation and amortization including one-time specific adjustments in operating expenses.

At the beginning of the one-year performance period, the NCC proposes and the BoD approves the minimum, target and maximum achievement for the respective performance metrics. The required achievement levels for the financial performance metrics are derived from the company's strategic business plan and aligned with a robust budget for the respective year. The individual goals and the relevant ambition levels are defined for each EB member individually and in accordance with the expectation of their performance according to their role and responsibilities. At the end of the performance period, the NCC proposes and the BoD approves the financial performance achievements against the original set targets. In terms of achievement of individual goals, the CEO proposes, the NCC reviews and the BoD approves the outcome for EB members, while the individual performance of the CEO is proposed by the NCC and approved by the BoD. Under specific circumstances, the BoD may apply discretion in the recommendation of the NCC when determining the final STI payout. For performance below or at the minimum, 0% is paid out, whereby on-target performance is awarded with a 100% payout. In case of overperformance, up to 150% can be achieved. The payout of the STI is made entirely in cash.

Long-Term Incentive plan

SoftwareONE's compensation framework is completed by an equity-based element which was introduced in 2020. It offers executives and selected senior managers the opportunity to participate in the long-term success of the group. The goal of this plan is to provide eligible participants with attractive, market-aligned rewards to strengthen management's interest alignment with those of shareholders, and to encourage sustainable long-term value creation for shareholders and the company.

At the beginning of each three-year performance period (i.e. at grant date), eligible participants are granted an individual number of performance share units (PSUs) derived by dividing the individual LTI award (in CHF) by the fair value at grant (in CHF). After the conclusion of the three-year performance period, the PSUs vest as follows:

The vesting multiple depends on the performance achievement of each metric – gross profit and relative total shareholder return (TSR). The vesting range lies between 0.0 and 2.0 times the PSUs granted at the outset. While low performance in one performance metric can be balanced by a higher performance in the other metric, the combined vesting multiple can never exceed 2.0. On the contrary, if performance of both metrics remains below the respective minimum performance thresholds, the resulting combined vesting multiple would be 0.0 and consequently no PSUs would vest.

| LTI performance metrics | | Gross profit | Relative total shareholder return |
|-------------------------|--|--------------|---|
| Description | SoftwareONE's gross profit as disclosed in the financial report | | Total shareholder return (TSR) measured relative to the STOXX ® Global 1800 Industry Technology Index |
| Weighting | 75 % | | 25 % |
| Performance period | Second full financial year after the year in which the grant date occurs | | Three consecutive years starting at grant date |
| Vesting range | 0.0-2.0 times number of PSUs granted | | |

At the beginning of each performance period, the BoD determines the minimum, target and cap for each LTI performance metric upon the NCC's recommendation. In 2021, the NCC discussed different minimum, target and cap achievement level alternatives for each performance metric and submitted a recommendation to the BoD, who ultimately approved the respective vesting curves for the LTI grant in 2021. We deem absolute targets for the gross profit metric, commercially sensitive and confidential strategic information and hence disclose these on a relative basis to avoid unfair competitive disadvantage for SoftwareONE. The following illustration outlines the minimum, target and cap for the respective metrics:

| | | | PERFORMANCE METRIC | |
|-----------------------|---------------------------|-----|---|--|
| | | | Gross profit | relative TSR |
| VESTING CURVES | | | | |
| PAYOUT FACTOR | Minimum | 0.0 | 68% of target as set by the BoD | -33 p.p. of index as set by the BoD |
| | Performance target | 1.0 | 100% of target as set by the BoD | 0 p.p. as set by the BoD |
| | Cap | 2.0 | 132% of target as set by the BoD | +33 p.p. of index as set by the BoD |
| DESCRIPTION | | | The vesting factor of the gross profit depends on the achievement of SoftwareONE's gross profit during the second full financial year (ie 2023) after the year in which the grant date occurs. The vesting factor is determined on a straight-line basis between 0.0 and 2.0 and rounded off to two decimal places. | The rTSR is expressed in percentage points (p.p.) and calculated as simple (positive or negative) difference between the TSR of the SoftwareONE and the TSR of the STOXX® Global 1800 Industry Technology index. The rTSR vesting factor is determined on a straight-line basis between 0.0 and 2.0 and rounded off to two decimal places. |

The overall vesting factor is the sum of the weighted vesting factor metrics and determined at the end of the three-year performance period. The NCC proposes and the BoD approves the performance achievement of each metric against the targets originally set as well as the overall vesting factor. Other circumstances under which no PSUs vest can include various forfeiture clauses relating to termination of employment during the performance period of the LTI.

As of 2021, we have further implemented a claw back provision to protect the interests of the shareholders and the company, which allows for a partial or full recovery of equity allocated to EB members under the Long-Term Incentive plan. This provision applies in specific situations which may cause damage to the group or otherwise negatively affect the legitimate interests of SoftwareONE.

Peer group and benchmarking

Information on peer company compensation is an important point of reference in order to assess the market competitiveness of the compensation awarded to members of the EB. The NCC believes that benchmarking against a consistent and relevant set of peer companies that are similar to SoftwareONE in scope, products and services offered and geographical presence, enables the company to set pay levels towards the middle of the respective market range. This reinforces the talent attraction, motivation and retention efforts needed to support the company's long-term success.

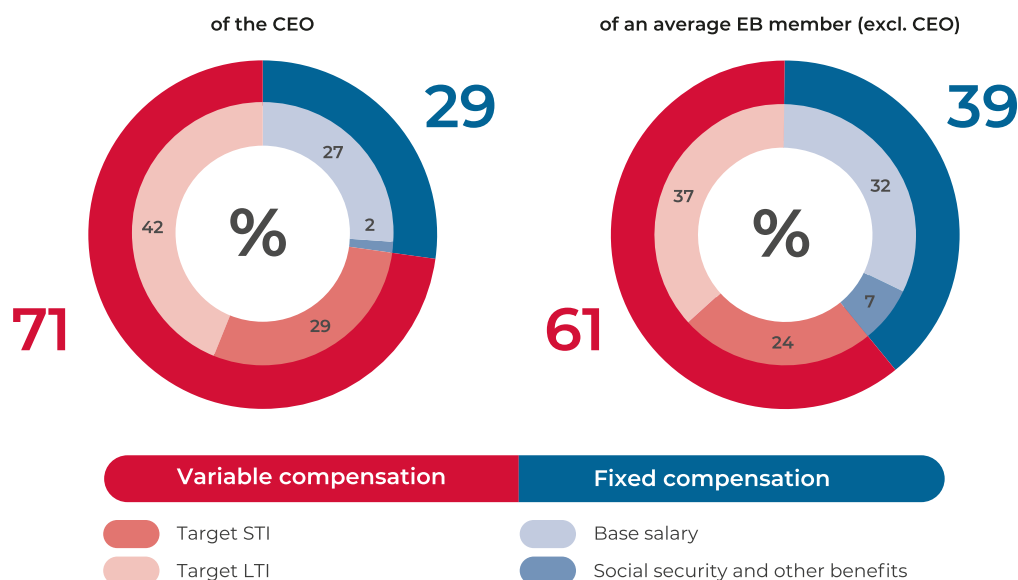
In this regard, the NCC adopted a comprehensive approach to the peer group construction in March 2020, which led to the compilation of two complementary peer groups: the Swiss Market Index Mid (SMIM) and a peer group of selected European technology companies. The blend of the selected peer companies provides a good balance between the industries and geographies from which key talents are sourced. The following companies were included in the analysis: Alcon, Arzyta, Bâloise, Barry Callebaut, BB Biotech, Bucher Industries, DKSH, Dormakaba, EMS-Chemie, Flughafen Zürich, Georg Fischer, Givaudan, Helvetia, Logitech, OC Oerlikon, Partners Group, Schindler, Sika, Straumann, Sulzer, Swisscom, Temenos, VAT, Accenture, Adyen, Amadeus IT Group, ATOS, Bechtle, Cancom SE, Capgemini, Computacenter, Dassault Systems, Indra Sistemas, Micro Focus, Nemetschek, SAGE, Softcat, Software Aktiengesellschaft and Sopra Steria. When setting the EB's pay levels, the NCC targeted the middle of the respective market ranges.

These constructed peer groups – compiled together with Willis Towers Watson - provide one of the references for a periodic review of EB member compensation in terms of both level and structure.

Compensation mix

In 2021, the total target compensation of the CEO was split into around 71% variable compensation and 29% fixed compensation. Of the 71% variable target compensation portion, 29% consisted of the target STI and 42% of the target LTI portion. For other EB members excluding the CEO, the fixed compensation was on average 39% (29% - 44%) and the variable compensation 61% (56% - 71%). 24% (19% - 27%) of the variable target compensation consisted of the target STI and 37% (31% - 52%) consisted of the target LTI.

Target Compensation Mix



Compensation awarded to the EB in 2021

The following table outlines details concerning the compensation awarded to the CEO as the highest paid member of the EB and to the other EB members from 1 January to 31 December 2021. The total compensation awarded in 2020 is also listed.

| in CHF | Fixed compensation | | | Variable compensation | | Total compensation FY 2021 ⁽⁵⁾ | Total compensation FY 2020 |
|---|--------------------|-------------------------------|-------------------------------|-----------------------|--|---|----------------------------|
| | Base salary | Social security contributions | Other benefits ⁽³⁾ | Realized STI | Awarded LTI grant value ⁽⁴⁾ | | |
| Dieter Schlosser, CEO ⁽¹⁾ | 763,587 | 30,181 | 8,152 | 209,918 | 1,162,501 | 2,174,339 | 2,440,668 |
| Aggregate amount of EB members excluding CEO ⁽²⁾ | 1,865,403 | 329,853 | 22,148 | 559,323 | 2,061,686 | 4,838,413 | 3,971,259 |
| Total | 2,628,990 | 360,034 | 30,300 | 769,241 | 3,224,187 | 7,012,752 | 6,411,927 |

1) The CEO is compensated in SGD (average exchange rate in 2021 of CHF 1 to SGD 1.472 applied).

2) Please note that of the four remaining EB members, two are compensated in USD (average exchange rate in 2021 of CHF 1 to USD 1.094 applied) and the two other EB members in CHF.

3) Other benefits comprise payments related to additional insurances, car allowance and further benefits granted.

4) The second LTI grant took place in 2021. For details regarding the grant logic and the calculation of the fair value at grant date refer to the financial notes.

5) Numbers for 2021 are for five EB members after July 2021 whilst those for 2020 relate to four EB members.

Approved versus total compensation awarded to the EB

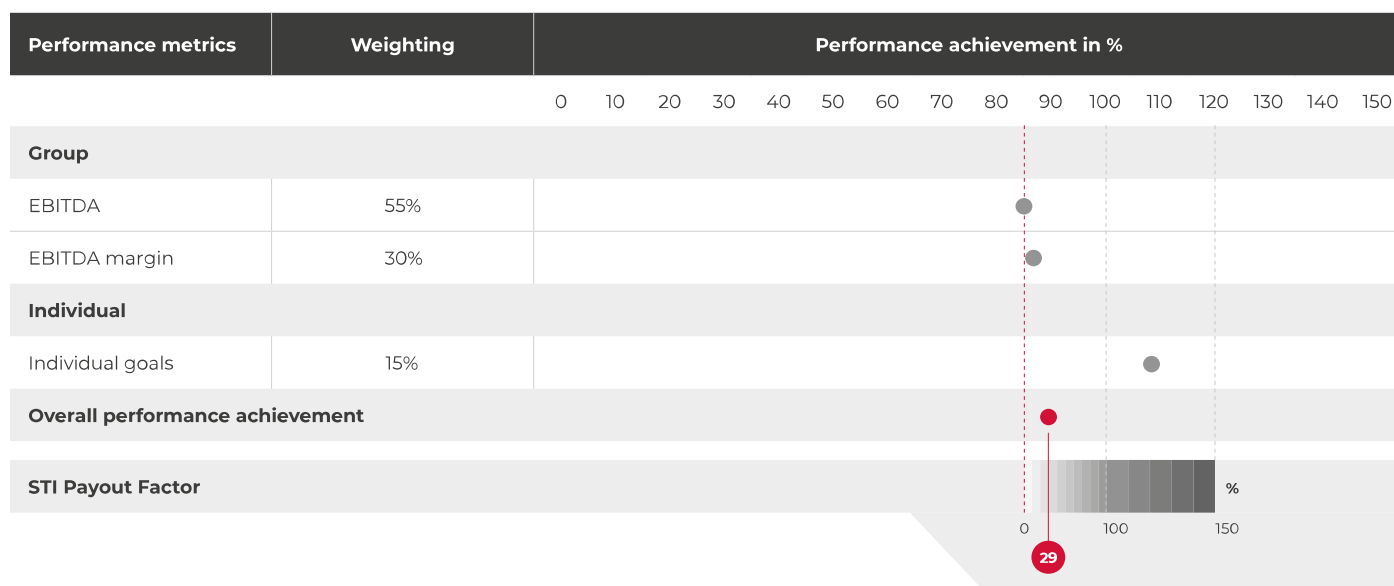
The total compensation for the EB for 2021 of CHF 7 million (including social security contributions) is below the total maximum aggregate compensation amount of CHF 12 million, which was approved by the AGM on 14 May 2020.

Outcome of the 2021 STI performance achievement

For 2021, the STI performance metrics consisted of the following three: EBITDA, EBITDA margin and individual goals. In the context of our continuous assessment of the compensation framework, the robustness of the link between performance achievement in % and STI payout factor is reviewed annually and adapted if necessary to better reflect a changing business environment and to avoid excessive risk taking.

While the EBITDA and EBITDA margin performance achievement was below the target level, the individual performance goals achievements were slightly above target, as illustrated below. The overall performance achievement by all EB members (including the CEO) resulted in a final STI payout factor of 25% for the CEO and 27% - 33% for other full year EB members.

For one member of the EB who joined in July 2021, the STI performance achievement covers pro rata the time period since joining SoftwareONE and, in light of the short tenure, is an abbreviated assessment focusing on individual goals.



Outcome of the LTI performance achievement going forward

The first vesting under the current LTI will occur in 2023. Respectively, information regarding the LTI performance achievements and vesting factors will be provided in the Compensation Report 2023 as such information is not available prior to the actual 2023 vesting date.

Share ownership

In 2021, we introduced ownership requirements for the EB members with a five-year build-up period. The minimum shareholding requirement level has been set at 300% and 200% of base salary respectively for the CEO and EB members. We are pleased to report that all EB members present throughout the whole of 2021 have already met their build-up commitment.

The table below shows the shareholdings of each EB member as of 31 December 2021, considering the number of directly held shares and restricted shares. The total shareholdings as of 31 December 2020 are also listed:

| EB members | Number of directly held shares | | Total shareholdings as at 31 December 2021 | Total shareholdings as at 31 December 2020 |
|------------------|--------------------------------|-------------------------------|--|--|
| | Vested shares ⁽¹⁾ | Blocked shares ⁽²⁾ | | |
| Dieter Schlosser | 714,822 | 143,966 | 858,788 | 858,788 |
| Hans Grüter | 292,988 | 143,966 | 436,954 | 436,954 |
| Alex Alexandrov | 806,026 | 176,797 | 982,823 | 915,623 |
| Neil Lomax | 728,982 | 143,966 | 872,948 | 781,183 |
| Bernd Schlotter | – | – | – | – |
| Total | 2,542,818 | 608,695 | 3,151,513 | 2,992,548 |

1) Also includes shares individually purchased under the ESP.

2) Consisting of MEP restricted shares, subject to staggered restriction periods for a term of three years with early leaver conditions.

Further compensation information

Employment agreements

All members of the EB have employment contract agreements with a six-month notice period, which are governed by the applicable laws. They are not entitled to severance payments.

Their employment agreements also prohibit the EB members from competing against SoftwareONE for a period of up to 12 months after termination of their employment contract. For the specified non-competitive period, SoftwareONE agrees to pay a compensation to the EB member for their compliance with this non-competitive undertaking to an amount equal to 80% of their last base salary (excluding any ancillary benefits and subject to deduction of any social security and further deductions). This is payable in arrears in monthly installments, for as long as the EB member complies with the non-competitive agreement. However, SoftwareONE may at any time up to two months prior to the last day of employment, waive compliance with the non-competitive agreement whereupon such payments will no longer be due.

In case of a change of control, the LTI plan will terminate with effect from the date of the change of control unless otherwise decided at the discretion of the BoD.

Payments to current or former members of the Executive Board

In relation to 2021, no payments other than those set out in the compensation table for EB members were made to current or former EB members or 'closely related persons'.

Loans to members of the Executive Board

Article 23 of SoftwareONE's Articles of Incorporation allow for loans and credits of up to CHF 1,000,000 at market-based conditions to be granted to EB members. In 2021, no loans or credits were made to EB members.

Outlook 2022

In line with ensuring a continuous fit of the compensation framework to the corporate culture, goals and strategic ambitions of SoftwareONE, the NCC further elaborated individual compensation elements during the course of 2021. The areas of focus were performance metrics, their relative weight and the way performance achievements are translated into the STI payout factor. Going forward, performance will be measured based on gross profit, EBITDA margin and strategic goals (newly weighted at 30%), including ESG objectives. The objective is to emphasize the relevance of growth combined with cost awareness as well as SoftwareONE's future business evolution, while reinforcing its commitment to ESG.



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To the General Meeting of
SoftwareONE Holding AG, Stans

Zurich, 2 March 2022

Report of the statutory auditor on the compensation report

We have audited the compensation report of SoftwareONE Holding AG for the year ended 31 December 2021. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the sections “Board of Directors compensation” on pages 67 to 68 and “Executive Board compensation” on pages 72 to 73 of the compensation report.



Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.



Auditor's responsibility

Our responsibility is to express an opinion on the compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Opinion

In our opinion, the compensation report for the year ended 31 December 2021 of SoftwareONE Holding AG complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

Kaspar Streiff
Licensed audit expert
(Auditor in charge)

Max Lienhard
Licensed audit expert