



Compensation

11. Compensation

The section on compensation includes a summary of the principles applied to setting the total compensation paid to members of the management board of Amadeus FiRe AG. It also describes the structure and amount of the compensation paid to the management board members. This section also sets out the principles applied to compensation for the members of the supervisory board, and the amounts involved. The section on compensation is in line with the recommendations of the German Corporate Governance Code. It meets the requirements of the applicable provisions contained in Secs. 289a (2), 314 (1) Nos. 6a and b, 315a (2) No. 2 HGB.

The aim of the management board compensation system is to ensure compensation that adequately reflects the complex responsibilities of the management board members and is competitive for the Company's industry and size. Management board compensation is designed to offer sufficient incentives to achieve a positive long-term performance centered on the Company's well-being and to discourage short-term and risky decisions. Its structure is founded on the creation of long-term business value.

Basic structure of the compensation system for the management board

Compensation components for the management board of Amadeus FiRe AG	
Fixed component	Bonus

Total compensation of the management board comprises a fixed component and a performance-based bonus, taking into account the respective responsibilities of the management board members. The structure of the management board's compensation system is discussed by the supervisory board as proposed by the personnel committee and reviewed on a regular basis. The compensation system for the management board does not provide for any subsequent amendments to the defined targets or contractual inputs and provisions.

EBITA is the Amadeus FiRe Group's most significant performance indicator. For this reason, the variable compensation components of Amadeus FiRe AG's management board members are linked to this indicator. Target compensation is therefore directly linked to the budgets and forecasts of the Amadeus FiRe Group since the variable component of target compensation for a fiscal year is calculated on the basis of forecast EBITA for the respective fiscal year.

Fixed component

Composition of the fixed component	
Fixed salary	Fringe benefits

The fixed component comprises a fixed salary and fringe benefits. The fixed salary is a non-performance based component of compensation and is paid out monthly. In addition, management board members receive fringe benefits in the form of compensation in kind, comprising the amounts recognized under tax law for the use of company cars. The fringe benefits of Amadeus FiRe AG's management board members comprise non-monetary benefits in the form of company cars and accident insurance. There are no additional compensation components such as pension or benefit commitments or third-party benefit plans.

Bonus

Composition of the bonus component	
STI	LTI

The bonus is the performance-based component of management board compensation and consists of a short-term (short-term incentive, STI) and long-term (long-term incentive, LTI) compensation model.

The STI and LTI compensation models do not contain any discretionary component, nor is any such component planned.

Short Term Incentive (STI)

Composition of the STI	
Earnings bonus	Growth bonus

The short-term performance-based bonus for the members of Amadeus FiRe AG's management board consists of an earnings bonus and a growth bonus.

The earnings bonus is calculated as a fixed percentage of the EBITA achieved in the fiscal year based on EBITA before deduction of the management board bonuses. An earnings bonus is paid out once an EBITA margin of at least 6% is achieved. If this threshold is not reached, there is no earnings bonus for the fiscal year.

The growth bonus is calculated based on the increase in EBITA achieved in the fiscal year relative to an EBITA "high water mark" (HWM) achieved in the past, i.e., the highest figure attained to date. Once the HWM is surpassed, a fixed percentage of the share of EBITA above this mark is paid as a growth bonus.

The earnings and growth bonuses are granted based on the consolidated EBITA of the Amadeus FiRe Group. In addition, an earnings and growth bonus can be granted in relation to the earnings of one of the business segments for which a management board member is responsible.

This earnings and growth bonus structure ensures that a short-term performance-based bonus is only distributed to the management board members if the Group performs well and its EBITA develops positively and that negative business performance is not rewarded. If business performance is particularly positive, the maximum possible total annual short-term bonus (STI) can be capped at five times the amount of the annual fixed component. Negative business performance in a fiscal year reduces the short-term performance-based bonus and can result in claims to the short-term performance-based bonus for the respective fiscal year being forfeited entirely.

Long Term Incentive (LTI)

In addition to the STI, the management board members of Amadeus FiRe AG are potentially entitled to a long-term performance-based bonus under a long-term incentive plan (LTI plan).

The current LTI plans of the management board members are detailed as follows. The LTI plan is aimed at achieving a long-term and sustainable increase in EBITA over the term of the management board members' employment contracts. Management board members receive a long-term performance-based bonus under the LTI plan if the average EBITA achieved in the fiscal years covering the entire term of a management board member's contract is significantly higher than the average EBITA of a multi-year reference period. If this eligibility threshold is not met, there is no entitlement to a long-term performance-based bonus under the LTI plan. In addition to this first eligibility threshold, the LTI plan defines a second, significantly higher threshold, which, if achieved, results in an increase by an additional 50% in the total long-term performance-based bonus granted under the LTI plan.

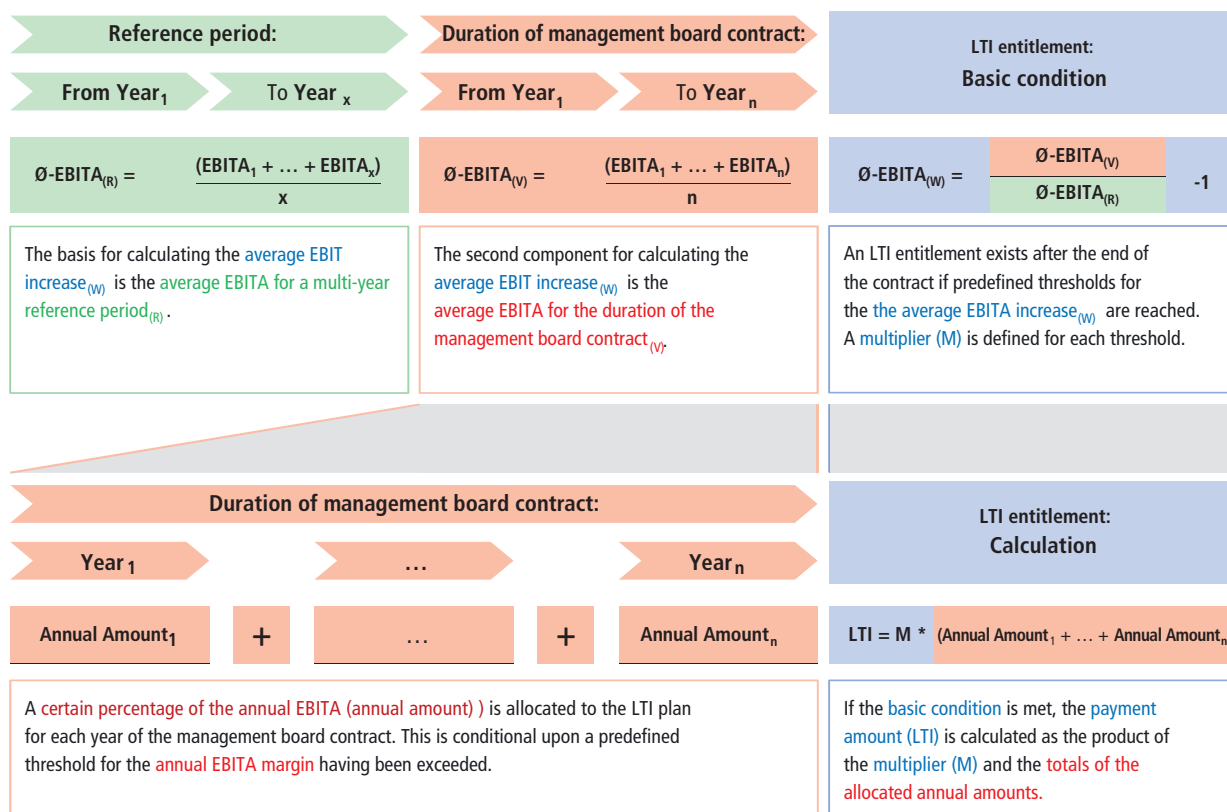
If a management board member leaves the Company before their contract expires for reasons other than long-term illness or death, their entitlement to a long-term performance-based bonus under the LTI plan is forfeited.

The amount of the long-term performance-based bonus entitlement under the LTI plan is calculated as a percentage of the annual EBITA figures achieved during the term. In addition, in each fiscal year of the term, a high EBITA margin must be achieved as a prerequisite for the inclusion of a percentage of the EBITA of the respective fiscal year in the total entitlement under the LTI plan.

In the case of the current five-year management board contract of Mr. von Wülfing, for example, the first threshold is reached if EBITA increases by an average of at least 20% compared with a three-year reference period (the three years prior to the start date of the management board contract). The second threshold is reached if EBITA increases by at least 30% on average. If the average increase in EBITA is less than 20% there is no entitlement to a long-term performance-based bonus under the LTI plan.

The figure below illustrates theoretical payments under the LTI plan:

Example of terms and conditions of a management board LTI plan



If the requirements are met, the respective management board member is entitled to a payout at the end of the LTI term. The payment is due after approval of the Company's consolidated financial statements for the last fiscal year of the term of the plan.

The supervisory board modified the design of the long-term variable compensation of management board members under the management board member compensation system with effect from 20 March 2019. Compensation under the LTI plan will be granted in shares in the future. On the basis of the current basic LTI structure presented above, the supervisory board plans to grant performance share units over the term of future management board contracts, calculated by reference to the annual

EBITA achieved. These would be earned on expiry of the management board contract depending on the increase in average EBITA achieved and paid out in cash.

The performance share units would be granted for a fiscal year in the form of the grant amount of the current fiscal year divided by the share price. The share price would be calculated as the non-volume weighted average closing price of the Amadeus FiRe AG shares over a predefined number of trading days of the respective fiscal year. Dividend payments made over the further contractual term would also be converted into performance share units which would be earned on expiry of the management board contract and paid out in cash.

Weighting of the fixed, STI and LTI components

As explained above, the target compensation of management board members for a given fiscal year is directly linked to the budgets and forecasts of the Amadeus FiRe Group. The original targets and forecast communicated for fiscal year 2019 – an increase in EBITA by 5% year on year – resulted in the following weighting of the compensation components:

Weighting of target compensation for 2019

Fixed component	STI	LTI*
35%	51%	14%

*LTI percentage assuming that the first threshold is reached as of the expiry date of the LTI plan based on the medium-term forecast. If the threshold is not reached, the component is forfeited in full.

The weighting will change from time to time based on the annual budgets and forecasts and any new management board contracts concluded. At the last shareholder meeting, the supervisory board announced that it intended to increase the weighting of the target amount for the long-term performance-based bonus under the LTI plan for management board contracts concluded in the future.

In March 2019, the supervisory board also made changes to the compensation system for management board members regarding the weighting between short-term and long-term variable consideration. The variable compensation resulting from the achievement of long-term targets (LTI plan) will be higher than the share from the achievement of short-term targets (STI). This will be implemented accordingly in all new management board contracts.

Minimum compensation and maximum achievable compensation

The minimum compensation of management board members is their fixed compensation, i.e., the fixed salary and fringe benefits. Performance-based compensation including both the STI and LTI is contingent and may be forfeited altogether.

The maximum achievable management board compensation is the fixed compensation plus the performance-based compensation (STI and LTI). Performance-based compensation is linked to the EBITA of the Amadeus FiRe Group, which has a natural market and performance-related ceiling. The amount of the short-term performance-based compensation (STI) is capped at five times the fixed compensation. The long-term performance-based compensation (LTI) does not have any defined absolute ceiling; it is calculated as a percentage of the Group's EBITA and is contingent on the eligibility criteria being met.

Future LTI plans for management board members will be capped and will therefore define a maximum payout amount for the LTI plan.

With this measure, the supervisory board ensures that the compensation system for management board members provides for minimum compensation in the amount of the fixed component and a clearly defined amount of maximum achievable compensation through specified caps for the STI and LTI.

Other provisions in the management board contracts

If a management board contract is terminated early, outstanding variable compensation components relating to the period before termination of the contract are paid out in accordance with the defined targets and provisions of the management board contract.

Early removal of a management board member and cancellation of a management board contract may result in severance payment entitlements. All management board contracts cap severance payments at a maximum of two annual salaries (fixed compensation plus earnings bonus) or compensation for the remaining term of the employment contract, if lower.

None of the current management board contracts contains clawback provisions or special provisions governing a potential change of control.

The supervisory board will include a clawback provision in all management board contracts concluded in the future as a further element of the compensation system. Variable compensation could then be retained or reclaimed in justified cases. This will allow the supervisory board to give appropriate consideration to extraordinary developments.

If a management board contract is terminated early, both management board members of Amadeus FiRe AG have to comply with subsequent non-compete agreements for 24 months from the date on which the contract ends. This applies to all possible reasons for terminating the contract except for permanent inability to work. Severance payments are not deducted from compensation for non-competition.

Management board members do not receive any additional compensation for mandates they accept at affiliates.

Individual compensation for management board members

The first table below shows the individual compensation inputs for the variable components for the two active management board members Robert von Wülfig and Dennis Gerlitzki. Mr. von Wülfig's current management board contract is valid for five years and expires on 31 December 2020. The current management board contract of Mr. Gerlitzki has a term of three years and expires on 31 December 2021.

Overview of the individual bonus inputs

Robert von Wülfig

STI	
Earnings bonus	0.7% of consolidated EBITA 1.0% of the training segment result
Growth bonus	5% of consolidated EBITA above HWM 5% of the training segment result above HWM
LTI	Threshold >20% → 0.3% of EBITA Threshold >30% → 0.45% of EBITA

Dennis Gerlitzki

STI	
Earnings bonus	0.7% of consolidated EBITA
Growth bonus	5% of consolidated EBITA above HWM
LTI	Threshold >20% → 0.3% of EBITA Threshold >30% → 0.45% of EBITA

The following tables provide an overview of the remuneration earned by members of the management board as well

as any potential entitlements under the LTI plan in the reporting year and the prior year.

Overview of individual management board compensation

Robert von Wülfig

2019 in EUR k	2019	Remuneration earned		2018	Received	
		2019 (min)	2019 (max)		2019	2018
Fixed Compensation	324	324	324	234	324	234
Other Compensation	19	19	19	18	19	18
STI	435	0	1.620	673	673	444
LTI*	183	0	n.a.	105*	0	0
Total	961	343	Dependent on EBITA-Development	1,030	1,016	678

Dennis Gerlitzki (appointed as of 1 Jan 2019)

2019 in EUR k	2019	Remuneration earned		2018	Received	
		2019 (min)	2019 (max)		2019	2018
Fixed Compensation	252	252	252	-	252	-
Other Compensation	15	15	15	-	15	-
STI	367	0	1.260	-	0	-
LTI*	177	0	n.a.	-	0	-
Total	811	267	Dependent on EBITA-Development	-	267	-

Peter Haas (left the board as of 31 Dec 2018)

2019 in EUR k	2019	Remuneration earned		2018	Received	
		2019 (min)	2019 (max)		2019	2018
Fixed Compensation	-	-	-	620	0	620
Other Compensation	-	-	-	24	0	24
STI	-	-	-	1,962	367	3,144
LTI*	-	-	-	400	0	2.000
Gesamt	-	-	-	3,006	367	5,788

*) The amounts accrued during the year for a later due date are not discounted here

Mr. Peter Haas did not renew his management board contract and retired from the Company effective 31 December 2018 at the end of his contractual term. The multi-year LTI and a portion of the STI for fiscal year 2018 were paid out to Mr. Peter Haas in fiscal year 2018. The rest was settled in the fiscal year just ended.

Peer group comparison

A comparison with a suitable peer group should be used to assess whether the actual total compensation of the management board members is customary for the industry. The supervisory board does not consider there to be any appropriate peer group in the industry. As Germany's only listed personnel services provider operating exclusively as a niche provider in Germany, it is difficult to define an industry peer group. Alternatively, companies of a similar size can be used. Consequently, the supervisory board used the index on which the Amadeus FiRe share is listed and analyzed the compensation paid to management board members of SDAX companies. The supervisory board is well aware that this comparison only gives a rough indication for assessing the amount of compensation.

Compared with the average compensation paid by companies listed on the SDAX, the compensation components and total compensation of Amadeus FiRe's management board members are lower.

Vertical compensation comparison

In a vertical comparison, the salaries of the management board members are compared with those of senior management and of the workforce as a whole. Management board compensation should not be inordinately higher than the salaries of the rest of the workforce and the Company's senior management. The supervisory board does not believe this to be the case at Amadeus FiRe. On the contrary, the amount of compensation paid across the various ranks is linked to and commensurate with performance.

Fiscal year 2019	Average compensation
Management board	EUR 890k
Senior management	EUR 170k
Employees (internal)	EUR 60k

Supervisory board compensation

The compensation of the supervisory board is determined by the shareholder meeting and is governed by Art. 13 of the articles of incorporation and bylaws. The compensation paid to the supervisory board was most recently amended at the 2014 annual shareholder meeting, and the articles of incorporation and bylaws were amended accordingly. This compensation is based on the functions and responsibilities of the members of the supervisory board. Each member of the supervisory board receives annual compensation of EUR 20,000, the chairman of the supervisory board receives double this amount and the deputy chairman one and a half times. Supervisory board members who were only on the supervisory board for part of the fiscal year receive prorated compensation. Starting from the sixth supervisory board meeting in a given fiscal year, each member of the supervisory board receives a per-meeting fee of EUR 500. A per-meeting fee was paid out for two additional meetings in the fiscal year.

Additional compensation is paid for chairing and sitting on supervisory board committees. The chairman of a committee receives EUR 8,000, the chairman of the accounting and audit committee and the chairman of the standing committee (which is currently not established) each receive EUR 10,000 and members of committees receive EUR 5,000 for each full year of membership or chairmanship. If a supervisory board member does not attend meetings of the supervisory board or committees of which he or she is a member, one third of his or her total compensation is reduced in proportion to the ratio between the total number of meetings of the supervisory board or committees of which he or she is a member and the meetings that the supervisory board member did not attend. Out-of-pocket expenses incurred by supervisory board members in the course of their duties are reimbursed. No variable compensation is paid to supervisory board members.

MANAGEMENT REPORT Compensation

The members of the supervisory board received the following specific compensation during the reporting year:

Amounts stated in EUR k	Supervisory board compensation	Committee compensation	Per-meeting fee
Mr. Christoph Groß	40.0	8.0	1.0
Mr. Michael C. Wissner	29.2	9.7	1.0
Mr. Knuth Henneke	20.0	5.0	1.0
Ms. Annett Martin	19.0	0.0	0.5
Ms. Dr. Ulrike Schweibert	20.0	0.0	1.0
Mr. Hartmut van der Straeten	20.0	10.0	1.0
Ms. Ulrike Bert	20.0	5.0	1.0
Ms. Angelika Kappe	20.0	0.0	1.0
Mr. Elmar Roth	20.0	0.0	1.0
Mr. Andreas Setzwein	20.0	5.0	1.0
Ms. Ulrike Sommer	20.0	5.0	1.0
Mr. Mathias Venema	20.0	0.0	1.0
	268.2	47.7	11.5

The members of the supervisory board received the following specific compensation in 2018:

Amounts stated in EUR k	Supervisory board compensation	Committee compensation	Per-meeting fee
Mr. Christoph Groß	40.0	8.0	0.0
Mr. Michael C. Wissner	29.0	9.7	0.0
Mr. Knuth Henneke	18.7	4.7	0.0
Ms. Annett Martin	20.0	0.0	0.0
Ms. Dr. Ulrike Schweibert	20.0	0.0	0.0
Mr. Hartmut van der Straeten	20.0	10.0	0.0
Ms. Ulrike Bert	20.0	5.0	0.0
Ms. Angelika Kappe	20.0	0.0	0.0
Mr. Elmar Roth	20.0	0.0	0.0
Mr. Andreas Setzwein	20.0	5.0	0.0
Ms. Ulrike Sommer	20.0	5.0	0.0
Mr. Mathias Venema	20.0	0.0	0.0
	267.7	47.4	0.0

In addition to the supervisory board compensation listed above, additional payments were made to the supervisory board's employee representatives as part of their employment in fiscal year 2019 and recognized as an expense. The amount of the payments depends on the applicable salary grades in the Company. Supervisory board members did not receive any further compensation or benefits for individual services rendered in the reporting period, in particular advisory and referral services.

Responsible:

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