



ADVA Optical Networking SE

Meiningen

Publication of the resolution and of the system of remuneration for the members of the Management Board in accordance with Section 120a para. 2 German Stock Corporation Act (AktG)

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The virtual annual general meeting of ADVA Optical Networking SE resolved on Wednesday, May 25, 2023, under agenda item 7 on the approval of the new system of remuneration for the members of the Management Board, as set forth in the following and as it was resolved by the Supervisory Board on March 15, 2023.

Valid votes were cast for 43,969,953 shares, representing 84,55 % of the share capital. Those votes were cast as follows:

40,145,887	Yes	91,30 %
3,824,066	No	8,70 %

The annual general meeting therefore approved the proposed system of remuneration with the required majority.

The system of remuneration is set up as follows:

Preamble

In its meeting on March 15, 2023, the Supervisory Board of ADVA Optical Networking SE ("ADVA SE") decided, based on the proposal by the Nomination and Compensation Committee, to adjust the compensation system for members of the Executive Board that had been approved by the General Meeting on May 19, 2021.

The structure of the Company has changed considerably since the approval of the compensation system by the General Meeting. On July 15, 2022, ADTRAN Holdings, Inc. ("Adtran") acquired a controlling interest in ADVA SE. On November 30, 2022, the General Meeting of ADVA SE approved the conclusion of a control and profit transfer agreement ("CPTA") with Adtran as the controlling company. The CPTA was entered into on December 1, 2022 and came into effect upon entry into the commercial register at the registered office of ADVA SE on January 16, 2023. As a result of the CPTA, the incentive effect of several variable compensation components of the existing compensation system for Executive Board members could no longer be achieved. This applies in particular to compensation instruments that are dependent upon the development of the share price of ADVA SE shares (long-term incentive, share options, and shareholding obligations). The performance criteria of the short-term variable compensation based on the stand-alone business development of ADVA (proforma operating income of the ADVA Group, sales and free cash flow of the ADVA Group) turned out to be no longer appropriate. Finally, the members of the Executive Board are obligated, based on the CPTA, to sometimes also follow instructions that are disadvantageous to ADVA in the interest of the Group.

Consequently, the Supervisory Board decided to revise the compensation system for members of the Executive Board and submit it to the General Meeting for approval. This serves to ensure that ADVA SE can attract and keep suitable and qualified candidates for the position of Executive Board member at ADVA SE also in the future.

1. Principles of the compensation system for members of the Executive Board

The compensation of the Executive Board considers the size, complexity and economic position of the Company and the performance of the entire Executive Board. The compensation system for the Executive Board of ADVA SE is focused on a sustainable and long-term development of the Company and, in its entirety, promotes the business strategy for long-term development of the Company. The compensation system ensures that exceptional performance is rewarded adequately, and that failure to meet targets results in a noticeable reduction of the compensation.

Thus, when establishing the compensation system and determining the compensation amount, the Supervisory Board essentially takes the following guidelines into account:

Size, complexity, and position of the Company	The compensation system takes into account the size and complexity as well as the operative, financial and economic position of the Company.
Duties and performance of the Executive Board	The compensation system considers the duties and performance of the Executive Board as a whole and of the individual members of the Executive Board.
Pay for Performance	The compensation system ensures, by way of adequate performance criteria within the scope of the performance-related variable compensation, which makes up the greater part of the overall compensation, that the performance of the Executive Board is rewarded adequately and that failure to meet targets is also considered (Pay for Performance).
Standard of reasonableness	The Executive Board compensation is customary in the market in terms of structure and amount, and competitive. This is ensured by comparing the Executive Board compensation with relevant comparison groups on a regular basis. In addition, the compensation of the Executive Board members is adequate in relation to the compensation of the senior executives and employees.
Regulatory compliance	The new Executive Board compensation system complies with the German Stock Corporation Act (AktG) and takes into account the recommendations and suggestions of the German Corporate Governance Codex to a large extent.

The present compensation system applies to resolutions of the Supervisory Board regarding the compensation and compensation agreements with the members of the Executive Board that were decided or made after May 24, 2023. In the absence of any agreement to the contrary, compensation claims that were established prior to this date shall continue to be governed by the contractual provisions upon which they are based.

The Supervisory Board establishes a total target compensation for each member of the Executive Board for the upcoming fiscal year. When determining the fixed and variable compensations and their regular review, the Compensation and Nomination Committee and the Supervisory Board take into consideration that the compensation is commensurate with the duties and performances of the Executive Board member as well as with the position of the Company. They also take into consideration that the compensation does not exceed a compensation that is customary in the market without any special reasons.

The structure and the amount of the Executive Board compensation will be determined by the Supervisory Board based on a proposal by the Compensation and Nomination Committee. All members of the Executive Board are committed

to the interests of the Company. The applicable regulations for the avoidance of conflicts of interest apply to any decisions regarding the compensation system and its implementation. In particular, each member is obligated to disclose any possible conflicts of interest to the chairperson of the Supervisory Board without delay; any conflicts of interest of the chairperson of the Supervisory Board must be disclosed to the Compensation and Nomination Committee. The Supervisory Board informs about any material conflicts of interest that are not merely temporary in its annual report to the General Meeting.

Within the scope of establishing the specific total target compensation and reviewing its appropriateness, the Supervisory Board uses relevant comparison groups. The following companies are used as external references in future appropriateness tests: Avaya Holdings, Calix, Casa Systems, Ciena, Comtech Telecommunications, Extreme Networks, Fabrinet, Harmonic, Infinera, Lumentum Holdings, MACOM Technology Solutions Holdings, Methode Electronics, NETGEAR, NetScout Systems, OSI Systems, Plantronics, Ribbon Communications and Viavi Solutions. The Supervisory Board can make changes to the comparison group at its due discretion if the comparability of individual companies – regardless of the reason – changes considerably. The horizontal comparison serves to ensure that the Executive Board receives a compensation that is customary in the market and competitive.

For appropriateness tests or changes in the target compensation, there is also a vertical – internal – comparison of the Executive Board compensation in addition to this horizontal – external – comparison. The vertical comparison reviews the compensation of the members of the Executive Board among each other and compared to the senior management circle and to the relevant total workforce of the Company. In doing so, the Supervisory Board takes into account, aside from the current relations of the compensation of the different levels to each other, in particular also the development of the compensation of the described groups over time. The external and internal appropriateness is reviewed at regular intervals. The criteria relevant for the delimitation of the senior management circle and the relevant workforce are established by the Supervisory Board within the scope of the regular review. When mandating external compensation consultants, the Supervisory Board ensures their independence from the Executive Board and the Company.

The Supervisory Board establishes the compensation system for the Executive Board based on a proposal by the Compensation and Nomination Committee. The Supervisory Board can commission external consultants, if necessary. In addition, the Compensation and Nomination Committee prepares the regular review of the system and of the amount of compensation of the Executive Board members by the Supervisory Board. In this case as well, the Compensation and Nomination Committee and the Supervisory Board may commission an external compensation expert, ensuring this expert's independence from the Executive Board and the Company. The expert may recommend that the Supervisory Board make changes, if necessary. The treatment of conflicts of interest must comply with the applicable regulations of the German Stock Corporation Act (AktG) and the German Corporate Governance Codex (DCGK). In case of material changes, and in the future at least every four years, the compensation system decided by the Supervisory Board is submitted to the General Meeting for approval. If the General Meeting rejects the submitted compensation system, a compensation system that has been reviewed by an independent external consultant and, if applicable, updated will be submitted for approval in the next General Meeting at the latest.

Insofar as it is necessary in the interests of the Company and its long-term well-being, the Supervisory Board can decide, based on a recommendation by the Compensation and Nomination Committee, to temporarily deviate from the existing compensation system (procedure and regulations regarding the compensation structure and amount as well as regarding the individual compensation components). This can relate in particular to the configuration of the variable components and the established amount. This grants the Supervisory Board the option to give due consideration, within reasonable limits, to extraordinary developments, for example a severe economic crisis, material acquisitions or disposals of major business units, but not generally unfavorable market developments. Even in case of a deviation from the existing compensation system, the compensation must continue to be aligned with a sustainable and long-term development of the Company and must not overburden its financial performance. Any deviation from the compensation system requires a respective resolution of the Supervisory Board that determines the extraordinary circumstances and the necessity of a deviation.

If senior executives from other companies of the Adtran Group also hold a seat on the Executive Board of ADVA SE, the Supervisory Board of ADVA SE can arrange for the Executive Board employment at ADVA SE to be wholly or partly without compensation and/or take the compensation the respective Executive Board member receives in his or her function at the Adtran Group into consideration when establishing the compensation at the ADVA SE level. This applies in particular if a member of the Board of Directors of Adtran or another senior executive of the Adtran Group holds a seat on the Executive Board at ADVA SE.

The present compensation system for members of the Executive Board shall apply as of May 24, 2023, to all amendments of the existing Executive Board agreements, to their extensions, and to new Executive Board agreements to be entered into.

2. Overview of the components of the compensation system

The compensation of the members of the Executive Board of ADVA SE comprises non-performance-related (fixed) and performance-related (variable) compensation components.

Fixed compensation components

The fixed compensation components comprise the basic compensation and the fringe benefits.

Variable (i.e. performance-related) compensation components

The variable compensation components comprise a short-term variable compensation as well as long-term variable compensation components (market-related Performance Stock Units, company-related Performance Stock Units, time-related Restricted Stock Units; Performance Stock Units are also referred to as "PSUs" and Restricted Stock Units as "RSUs" in the following). In addition, in view of the company merger with Adtran completed in 2022, a bonus that is dependent upon the achievement of specific targets is granted for the fiscal years 2023 and 2024.

Short-term variable compensation component

Annual Target Incentive Cash Bonus

Performance criteria	Adjusted EBIT of the Adtran Group with simultaneous achievement of a minimum threshold for the sales of the Adtran Group
Assessment period	The target amount of the bonus is set for one fiscal year. The targets are set and reviewed quarterly.
Cap/Profit Limitation	200% of the target value
Disbursement	Quarterly at the end of the respective quarter

Long-term variable compensation components

Annual Restricted Stock Units

Vesting	During a period of four years, 25% can be converted into shares on each respective anniversary of the disbursement.
Exercise requirements	Existing employment relationship on the respective date
Cap/Profit limitation	Exercise limitation in case of a value increase to 300% between disbursement and conversion, taking into consideration all RSUs allocated within a tranche
Disbursement	Conversion into Adtran shares after vesting

Annual Performance Stock Units

Performance criteria	Development of the Total Shareholder Return ("TSR") of Adtran compared to the NASDAQ Telecommunications Index
Assessment period	Three years
Cap/Profit limitation	Exercise limitation of the maximum 150% TSR target and a share value increase to 200% between disbursement and conversion, taking into consideration all PSUs allocated within a tranche

Disbursement Delivery of Adtran shares and disbursement of dividend credits in cash

3-Year Plan Performance Stock Units (three-year plan)

Performance criteria Adjusted EBIT of the Adtran group

Assessment period Three years

Cap/Profit limitation Exercise limitation in case of a share value increase to 200% of the originally allocated PSUs between disbursement and conversion, taking into consideration all PSUs originally allocated

Disbursement Delivery of Adtran shares and disbursement of dividend credits in cash

2-Year Integration One-Time Bonus

Performance criteria Synergy savings, individual targets

Assessment period Through the end of 2024

Cap/Profit limitation Regarding the 50% cash disbursement limited to a payout of 66% of a fixed annual salary and regarding the 50% PSUs grant limited to a grant value of 66% of a fixed annual salary; exercise limitation of the maximum target and a share value increase to 200% between disbursement and conversion (Cap)

Disbursement Monetary payment and delivery of Adtran shares and disbursement of dividend credits in cash

Other contractual components

Malus & Clawback Partial or complete reduction or clawback of variable compensation components in case of serious breaches of contract, violations of code of conduct or the law, or to the extent that relevant laws or rules of a securities exchange require withholding or clawback arrangements

Maximum annual compensation*

2,900,000 EUR for the chairperson of the Executive Board

2,800,000 EUR for every ordinary member of the Executive Board

*The maximum compensation is comprised of the basic compensation and the fringe benefits, the variable (i.e. performance-related) compensation components in case of maximum target achievement, and taking into consideration any applicable caps. For the company-related PSUs and the integration bonus, the achievable maximum amounts are distributed evenly over the individual years of the term. As a precautionary measure, any compensation that the parent company of the Group pays the members of the Executive Board with regard to their service on the Executive Board at the Company (in particular RSUs as well as market- and company-related PSUs) will also be considered. If members of the Board of Directors or other senior managers of the Adtran Group also hold a seat on the Executive Board at the Company at the same time, any amounts that are not paid by the Company or its dependent companies and that are not paid specifically for the service on the Executive Board at the Company will not be taken into consideration.

When determining the compensation, the Supervisory Board checks whether and which compensation components the members of the Executive Board will receive with regard to their service on the Executive Board of Adtran, and

whether these are consistent with the present compensation system for the Executive Board. If this is not the case, the Supervisory Board will not approve the granting of such compensation components. In addition to limiting the amount of the maximum compensation (total compensation) for the respective fiscal year, the Supervisory Board will also limit all variable compensation components.

3. Compensation components in detail:

3.1. Basic compensation

The basic compensation is a fixed, i.e. non-variable, compensation based on the full year paid out in equal installments. The amount of the basic compensation is based on the responsibility and experience of the respective member of the Executive Board. It is agreed with the respective member of the Executive Board in individual contracts upon the member's appointment or in case of an extension. It ensures that all members of the Executive Board receive an adequate income.

3.2. Annual Target Incentive Cash Bonus

The members of the Executive Board receive a so-called Annual Target Incentive Cash Bonus according to the Variable Incentive Compensation Plan or Variable Incentive Cash Compensation ("VICC") of the Adtran Group as a short-term variable compensation.

The Annual Target Incentive Cash Bonus rewards the success of the operative development in the respective fiscal year. This ensures that targets are based on demanding financial, operative, and strategic success parameters, upon the achievement of which the amount of the actual disbursement depends.

At the beginning of a respective fiscal year, the Supervisory Board establishes an individual target compensation for 100% of total target achievement for each member of the Executive Board. This amount is calculated by multiplying the fixed annual salary of the members of the Executive Board with the individually set incentive target in percent.

Furthermore, performance criteria are established according to the VICC at the beginning of each fiscal year. According to previous and current practice, the Adjusted EBIT of the Adtran Group and the sales of the Adtran Group are used as relevant criteria. The "Adjusted EBIT" is the EBIT shown in the audited financial statements of Adtran, adjusted by restructuring costs, acquisition-related costs, amortizations of intangible assets, costs for share-based compensation, non-cash changes in the value of investments within the framework of the Deferred Compensation Plan, and other exceptions established in the individual case. However, according to the VICC, other key figures can also be used as performance criteria.

At the beginning of each quarter, a minimum, target, and maximum amount is established for each performance criterion for the respective quarter. In order to receive the pro rata bonus for the respective quarter, the minimum target has to be achieved for both performance criteria. The member of the Executive Board receives 100% of the annual target bonus if the target amount is achieved for all four quarters. If the maximum targets are achieved for all four quarters, the member of the Executive Board receives 200% of the annual target bonus. Values between the thresholds are calculated by means of non-linear interpolation. After target achievement has been determined in the respective subsequent quarter, the payments owed for the respective previous quarter become due. There will be no payments, however, before this remuneration system has been presented to the general meeting.

If a member of the Executive Board resigns during the year, the entitlement regarding the Annual Target Incentive Cash Bonus will depend on the existence of the employment relationship at the time the payment becomes due.

The annual bonus is paid out by the Company with which the Executive Board service agreement exists.

3.3 Long-term variable compensation components

Within the scope of the incentive plans of the Adtran Group, Adtran pays the members of the Executive Board time-related RSUs, market-related PSUs, and company-related PSUs within the framework of a three-year plan in order to offer a competitive compensation that adequately acknowledges the contributions of the members of the Executive Board to the success of the company. The long-term variable compensation instruments serve to establish the right incentives in order to achieve a sustainable corporate development. The costs for the disbursements and their management are borne by Adtran. Disbursements from these instruments are only made after submission of this compensation system to the General Meeting.

a) Annual Restricted Stock Units

The members of the Executive Board receive a certain sum for the allocation of Restricted Stock Units or RSUs each year. The allocation takes place regularly during the first quarter of the fiscal year. A later allocation is also possible in

case of entry during the year, changes in the duties, or for other factual reasons. The number of RSUs to be allocated is calculated by dividing this sum by the value of the Adtran shares according to the NASDAQ closing price on the day when the decision regarding the allocation is made.

As a general rule, the allocations can be converted into Adtran shares over the course of four years in equal installments (25% per year) after the time has lapsed. Within the four-year vesting period, the members of the Executive Board earn a quarter of the originally allocated RSUs for each full year they have been the Executive Board of the Company since allocation of the RSUs.

In order for the member of the Executive Board to receive the shares on each exercise date, the member must have entered into a current service agreement with the Company or any other group company of the Adtran Group. Once an RSU is converted into Adtran shares, the member of the Executive Board becomes the owner of the shares. Aside from general restrictions, such as insider trading rules and "blackout periods" existing pursuant to the guidelines of the Adtran Group, there are, in principle, no further disposal restrictions after acquisition of the shares.

The RSUs motivate the members of the Executive Board to maintain the service relationship with the Company and to promote the growth of the Group and the share performance.

Exercise restrictions are defined for the members of the Executive Board in the event of a value increase of the shares to 300% between allocation and conversion, taking into account all RSUs allocated within a tranche (i.e. 100% of the RSUs allocated for a total of four years). Hence, the conversion of vested RSUs is possible until the ceiling is reached. Should the ceiling be reached, any RSUs exceeding the ceiling have to be returned.

b) Market-related Performance Stock Units

For the members of the Executive Board a certain sum for the allocation of market-related Performance Stock Units or PSUs will be determined each year. The allocation takes place regularly during the first quarter of the fiscal year. A later allocation is also possible in case of entry during the year, changes in the duties, or for other factual reasons. The number of market-related PSUs to be allocated is calculated by dividing this sum by the value of the Adtran shares according to the NASDAQ closing price on the day when the decision regarding the allocation is made.

The term of the market-related PSUs is three years. The earnings of the PSUs is determined based on a comparison of the development of the TSR of Adtran compared to the development of the TSR of the NASDAQ Telecommunications Index.

The respective member of the Executive Board earns 0% of the target number of the market-related PSUs if the relative TSR performance of Adtran does not correspond to at least the 20th percentile of the benchmark index, and 150% of the target number of PSUs if the relative TSR performance of Adtran corresponds to, or exceeds, the 80th percentile of the benchmark index. For anything in between, the earned market-related PSUs are determined based on the following table.

Adtran's TSR performance compared to the benchmark index indicated as a percentile	Earned market-related PSUs (in percent of the target number)
Under 20th percentile	0%
20th percentile	25%
25th percentile	38%
30th percentile	50%
35th percentile	63%
40th percentile	75%
45th percentile	88%
50th percentile	100%
55th percentile	108%
60th percentile	117%
65th percentile	125%
70th percentile	133%
75th percentile	142%
80th percentile or higher	150%

The member of the Executive Board receives a corresponding number of Adtran shares based on the PSUs earned at the end of the three-year period in each case. The recipients of the market-related PSUs in each case receive credits

for dividends paid on the shares that correspond to the market-related PSUs during the term of the PSUs. These credits are earned and become due together with the PSUs, and are paid out in cash.

Aside from general restrictions, such as insider trading rules and “blackout periods” existing pursuant to the guidelines of the Adtran Group, there are, in principle, no further disposal restrictions after acquisition of the shares.

The market-related PSUs reward, in particular, a better performance of the Adtran shares compared to the benchmark index and promote a long-term development during their multi-year assessment period.

Exercise restrictions are defined for the members of the Executive Board for the maximum amount resulting from the achievement of the maximum 150% TSR target and, additionally, a share value increase to 200% between disbursement and conversion, taking into consideration all PSUs allocated within a tranche. Hence, the conversion of vested PSUs is possible until the ceiling is reached. Should the ceiling be reached, any PSUs exceeding the ceiling have to be returned.

c) 3-Year Plan Performance Stock Units

The members of the Executive Board participate in Adtran’s Long-Term Financial Plan, according to which the members of the Executive Board are allocated a specific sum for the allocation of PSUs annually within the scope of a three-year plan. PSUs allocated in the first year can be converted after three years; PSUs allocated in the second year can be converted after two years, and PSUs allocated in the third year can be converted after one year.

The value of the PSUs allocated in the respective fiscal year in principle corresponds to a certain percentage of the annual fixed salary. The number of Performance Stock Units to be allocated is calculated by dividing this amount by the value of the Adtran shares according to the NASDAQ closing price on the day when the decision regarding the allocation is made.

The earning of the PSUs depends on the achievement of a target for the Adjusted EBIT (as defined above) through the end of the three-year term. The instrument thus rewards the long-term EBIT growth of the Group.

- If the Adjusted EBIT equals more than 51% and less than 100% of the target amount, the entitled individuals receive 50% of the target number of PSUs.
- If the Adjusted EBIT reaches or exceeds 100% of the target amount, but stays below 110% of the target amount, the entitled individuals receive 100% of the target number of PSUs.
- If the Adjusted EBIT reaches or exceeds 110% of the target amount, but remains below 120% of the target amount, the entitled individuals receive 121.4% of the target number of PSUs.
- If the Adjusted EBIT reaches or exceeds 120% of the target amount, the entitled individuals receive 142.9% of the target number of PSUs.

The member of the Executive Board receives a corresponding number of Adtran shares based on the PSUs earned at the end of the three-year period in each case. The respective PSUs are earned if the performance target is already reached by the end of the first or second fiscal year. However, a conversion into shares cannot be made before expiration of the three-year period and requires that the entitled individual is still in a service relationship. If the target amount of the Adjusted EBIT is already reached before expiration of the three-year period, an adjusted target is established as an incentive for further improvements regarding the out-performance that is still possible.

Aside from general restrictions, such as insider trading rules and “blackout periods” existing pursuant to the guidelines of the Adtran Group, there are, in principle, no further disposal restrictions after acquisition of the shares.

Exercise restrictions are defined for the members of the Executive Board for the maximum amount that is the result of an increase in value of the shares to 200% between allocation and conversion, taking into account all PSUs allocated within a tranche. Hence, the conversion of vested PSUs is possible until the ceiling is reached. Should the ceiling be reached, any PSUs exceeding the ceiling have to be returned.

d) 2-Year Integration One-Time Bonus

For the period through the end of the fiscal year 2024, the members of the Executive Board receive a so-called 2-Year Integration One-Time Bonus for an extensive integration of ADVA SE into the Adtran Group if pre-defined targets are achieved by the end of the fiscal year 2024. Specific individual targets also focus on employee satisfaction.

The members of the Executive Board receive a certain sum for the allocation of company-related Performance Stock Units or PSUs; their value corresponds to a certain percentage of the fixed annual salary of the member of the Executive Board. The number of PSUs to be allocated is calculated by dividing this sum by the value of the Adtran shares according to the NASDAQ closing price on the day when the decision regarding the allocation is made.

The PSUs, as the first element of the integration bonus, are earned if specific synergies are achieved by the end of the fiscal year 2024. A target value and a threshold value are established for this purpose.

- No PSUs are earned if the achieved synergies are below the threshold value, which means that conversion into shares is not possible.
- If the synergies reach or exceed the threshold value, but remain below the target amount, any PSUs that correspond to 33% of the fixed annual salary at the time of allocation are earned and can be converted into shares.
- If the synergies reach or exceed the target value, any PSUs that correspond to 66% of the fixed annual salary at the time of allocation are earned and can be converted into shares.

Exercise restrictions are defined for the members of the Executive Board for the maximum amount that is the result of an increase in value of the shares to 200% between allocation and conversion, taking into account all allocated PSUs.

Aside from general restrictions, such as insider trading rules and "blackout periods" existing pursuant to the guidelines of the Adtran Group, there are, in principle, no further disposal restrictions after acquisition of the shares.

The second element of the integration bonus is a payment in money that is due if the established threshold value for the synergy savings is reached by the end of the fiscal year 2024 and, in addition, the individual targets established for the members of the Executive Board are achieved.

Provided all individual targets are achieved, the component to be paid out in money equals at most 66% of the annual fixed salary owed by the Company. The individual targets are assigned percentage amounts in each case that are used to calculate the amount to be disbursed when the synergy savings threshold value is reached and some, but not all, individual targets are achieved.

3.4 Ratio of variable compensation components to each other

Within the scope of the definition of the total target compensation, the Supervisory Board ensures that the variable compensation resulting from the achievement of long-term oriented targets exceeds the portion of short-term oriented targets. However, there can be deviations in the individual case (e.g. due to the availability of RSUs or PSUs in a given fiscal year), which should balance out over the service term of the member of the Executive Board.

4. Compensation in kind and other additional compensation (fringe benefits)

In addition to the aforementioned cash compensation, the members of the Executive Board receive various fringe benefits that are in part event-related fringe benefits. The fringe benefits regularly granted comprise a company car for business and private use or a corresponding lump-sum payment for a company car. Furthermore, members of the Executive Board receive the usual employer's share of any statutory social security contributions, health insurance, and a standard employer retirement plan (US 401k). All members of the Executive Board are in principle entitled to fringe benefits in the same way; however, these can vary in the individual case depending on the personal situation and utilization, in particular in terms of the amount. The Supervisory Board can grant different or additional fringe benefits that are customary in the market.

The members of the Executive Board are included in the coverage provided by a financial loss liability insurance policy (directors & officers insurance), subject to a deductible, taken out by the Company. This insurance provides for a statutory deductible for the Executive Board required pursuant to Section 93 para. 2 sentence 3 German Stock Corporation Act (AktG). Some of these benefits are taxable as non-cash benefits for the members of the Executive Board.

5. Withholding and recovery clause (malus and clawback clause)

The following malus and clawback provisions are also part of the variable compensation components. Based on these provisions, clawback or reduction of variable compensation components already or not yet been paid out is possible under certain conditions. This clawback or reduction option applies to all variable components of the Executive Board compensation.

In the future, the Supervisory Board can, in case of serious duty or compliance violations or serious unethical conduct, review both the amount of the disbursement of the variable compensation and, depending on the extent of the violation, possibly even reduce it to zero at its due discretion. In these cases, the Supervisory Board also has the option – depending on the severity of the violation – to void variable compensation components in their entirety or in part.

In case of a grossly negligent or intentional violation of the duty of care of a prudent and conscientious business manager pursuant to Section 93 para. 1 German Stock Corporation Act (AktG) by a member of the Executive Board, the Company has the right to demand repayment in whole or in part of any variable compensation components paid out for the respective assessment period in which the violation of duty occurred.

If the variable compensation components were wrongly paid out on the basis of false data, the Company has the right to demand repayment of the difference amount resulting from the recalculation of the amount of the variable compensation compared to the payment already made. The Company must demonstrate that the data, upon which the calculation of the compensation was based, was false and the variable compensation of the member of the Executive Board was therefore too high.

The clawback options also exist if the position or employment relationship with the member of the Executive Board has already ended at the time of the right of recovery. Claims for damages against the member of the Executive Board remain unaffected thereby. The clawback option becomes time-barred three years after disbursement at the latest.

To the extent the variable compensation components that Adtran specifically grants for service on the Executive Board at ADVA do not contain any corresponding withholding or clawback clauses, the members of the Executive Board are obligated to waive payment of the variable compensation or repay any variable compensation components already received.

Insofar as future statutory regulations or rules of a securities exchange, which are relevant for the appointed members of the Executive Board, require further withholding or clawback provisions, the respective withholding or clawback rules will be agreed with the members of the Executive Board.

6. Relative portions of the compensation components

The relative portions of the individual compensation components in the total target compensation of the members of the Executive Board are approximately as follows*:

Fixed compensation	22-36%
Regular fringe benefits	1-3%
Annual Target Incentive Cash Bonus	11-18%
Annual Restricted Stock Units	8-15%
Annual Performance Stock Units	8-15%
3-Year Plan Performance Stock Units	15-30%
2-Year Integration One-Time Bonus	7-10%

*The compensation is comprised of the basic compensation and the fringe benefits, the variable (i.e. performance-related) compensation components. Achievement of the target amount (100%) is used as the basis for calculation in each case. For the company-related PSUs under the 3-year plan and the 2-year integration bonus, yet not for the annual PSUs, the achievable maximum amounts are distributed evenly over the individual years of the term.

The ratio of the fixed and variable compensation components should not be firmly established, but should be within the aforementioned ranges. The system provides that a function-specific differentiation can be made at the dutiful discretion of the Supervisory Board based on the criteria market conditions, experience, function and area of responsibility of the member of the Executive Board. This means, for example, that a prominent member of the Executive Board, like the chairperson of the Executive Board, can receive a higher total compensation. In addition, in case of a first-time appointment of a member of the Executive Board, an overall lower compensation or a reduction of compensation components can be established for the first appointment period. Furthermore, within the scope of reviewing the compensation of the Executive Board, the Supervisory Board has the option of adjusting only individual, instead of all, compensation components, if required, taking into consideration the market and adequacy. This means, for example, that the short-term or long-term compensation can be specifically adjusted to a changed standard industry practice, thereby optimizing the total target compensation in line with market requirements. The result of the described differentiation options is that the portions of the individual compensation components in the total target compensation can vary. It must further be taken into account that the integration bonus agreed on the basis of the company merger is to remain a one-time bonus.

Within the scope of the definition of the total target compensation, the Supervisory Board ensures that the variable compensation resulting from the achievement of long-term oriented targets exceeds the portion of short-term oriented targets. However, there can be deviations in the individual case (e.g. due to the availability of RSUs or PSUs in a given fiscal year), which should balance out over the service term of the member of the Executive Board.

7. Maximum annual compensation

Pursuant to Section 87, para. 1 sentence 2 no. 1 German Stock Corporation Act (AktG), the Supervisory Board has established a maximum compensation for the chairperson of the Executive Board and for an ordinary member of the

Executive Board. From the date of validity of this Executive Board compensation system, the compensation amounts to EUR 2,900,000 for the chairperson of the Executive Board and EUR 2,800,000 for an ordinary member of the Executive Board.

The Supervisory Board points out that these amounts do not constitute the total target compensation deemed appropriate by the Supervisory Board, but merely an absolute upper limit that could be achieved by a member of the Executive Board in the event of optimum target achievement.

The maximum compensation is comprised of the basic compensation and the fringe benefits, the variable (i.e. performance-related) compensation components for maximum target achievement and taken into consideration applicable caps. For the company-related PSUs and the integration bonus, the achievable maximum amounts are distributed evenly over the individual years of the term. As a precautionary measure, any compensation that the parent company of the Group pays the members of the Executive Board with regard to their service on the Executive Board at the Company (in particular RSUs as well as market- and company-related PSUs) will also be considered. If members of the Board of Directors or other senior managers of Adtran also hold a seat on the Executive Board at the Company at the same time, any amounts that are not paid by the Company or its dependent companies and that are not paid specifically for service on the Executive Board at the Company will not be taken into consideration.

In addition to limiting the amount of the maximum compensation (total compensation) for the respective fiscal year, the Supervisory Board will also limit all variable compensation components.

8. Term and payments upon termination of the Executive Board mandate

The Supervisory Board pays attention that in case of a first appointment of Executive Board members both the appointment term and the term of the Executive Board service agreement do not exceed two years at the most. In the first ordinary meeting of the Supervisory Board in a calendar year, proposals of the Nomination and Compensation Committee are discussed and reappointments or extensions of the service agreements for the subsequent year are decided. The maximum term is thus in principle shorter than the five years required under stock corporation law.

Executive Board service agreements include severance pay provisions that refer to the following regulations:

In case of an ordinary termination of the service relationship pursuant to the contract term agreed in the Executive Board agreement, the variable compensation components owed to the member of the Executive Board on the basis of temporally completed assessment periods are paid out to the member of the Executive Board on the regular due dates.

In case of temporally not completed assessment periods, a pro-rata disbursement for the lapsed portion of the assessment period is made on the regular due date, assuming complete target achievement (100%).

If the Company terminates the service relationship prior to expiration of the agreed contract term, and such termination is not due to a violation that allows for a malus/clawback (see above), the variable compensation components owed on the basis of temporally completed assessment periods are paid out to the member of the Executive Board on the regular due date. In case of temporally not completed assessment periods, a pro-rata disbursement for the lapsed portion of the assessment period is made on the regular due date, assuming complete target achievement (100%). In addition, the member of the Executive Board receives the basic compensation through the end of the agreed contract term.

If a member of the Executive Board terminates the service relationship prematurely prior to expiration of the agreed contract term, the variable compensation components owed on the basis of temporally completed assessment periods are paid out to the member of the Executive Board on the regular due date. In case of temporally not completed assessment periods, a pro-rata disbursement for the lapsed portion of the assessment period is made on the regular due date, assuming complete target achievement (100%).

In all aforementioned cases, the expiry of RSUs and PSUs is subject to the conditions of the respectively applicable plans.

All aforementioned severance payments as well as any severance payment agreed in case of mutually agreed resignation is limited to the extent that they neither exceed the value of two annual basic compensations nor the compensation for the remaining term of the employment contract in any case, taking into consideration the basic compensation including fringe benefits yet to be disbursed and any other non-cash benefits ("Severance Caps").

Calculation of the Severance Caps is based on the total compensation of the previous fiscal year and, if applicable, also on the expected total compensation of the current fiscal year.

9. Change of control

The Executive Board service agreements of the Company do not contain any commitments for benefits in the event of premature termination of the employment contract by the member of the Executive Board due to a change of control.

10. Deduction for secondary activities

As a general rule, the Supervisory Board must not approve more than two Supervisory Board mandates or comparable functions of the Executive Board members with listed companies outside the ADVA Group. The Supervisory Board decides at its sole discretion on a case-by-case basis whether and to what extent the compensation for approved positions of the Executive Board members with listed companies outside the ADVA Group results in a reduction of the compensation of the respective Executive Board member.

Meiningen, May 2023

ADVA Optical Networking SE

The Management Board