

# Remu- neration Report 2022

# Contents

1	<b>I. Introduction</b>
2	<b>II. Management Board Remuneration for the 2022 Fiscal Year</b>
2	1. Changed Regulatory Framework in Remuneration Reporting
2	2. Development of the Management Board Remuneration System
2	3. Overview of the Remuneration System 2022
4	4. Application of the Remuneration Systems in the 2022 Fiscal Year
10	5. Shareholding Obligation
10	6. Reclaim (Clawback) and Reduction (Malus) of Performance-related Remuneration
11	7. Information About Payments in the Event of Withdrawal from the Management Board
11	8. Incapacity for Work/Surviving Dependent's Pension
11	9. Post-contractual Non-compete Clause
12	10. Provisions Due to a Change of Control
12	11. Information on Third-Party Payments
12	12. Information on the Level of Management Board Remuneration in the 2022 Fiscal Year
13	13. Compliance with Maximum Remuneration
14	<b>III. Remuneration of the Supervisory Board in the 2022 Fiscal Year</b>
14	1. Remuneration System of the Supervisory Board
15	2. Remuneration of the Supervisory Board Members
16	<b>IV. Comparative Presentation of the Development in the Remuneration of Management Board Members, Supervisory Board Members and the Rest of the Workforce As Well As the Company's Earnings Development</b>
18	<b>V. Independent Auditor's Report</b>

# I. Introduction

The remuneration report sets out the principles and structure of the remuneration systems for the members of the Management Board and of the Supervisory Board of Deutsche Wohnen SE. It explains the structure and the amount of individual remuneration granted and owed to members of the Management Board and of the Supervisory Board in the 2022 fiscal year.

This compensation report for the 2022 fiscal year was prepared by the Management Board and the Supervisory Board in accordance with the requirements of Section 162 of the German Stock Corporation Act (AktG). It is compliant with the recommendations of the German Corporate Governance Code (GCGC) as amended on April 28, 2022

The remuneration report and the accompanying opinion on the audit of its form and substance conducted by KPMG AG Wirtschaftsprüfungsgesellschaft can be viewed on Deutsche Wohnen SE's [Investor Relations website](#).

# II. Management Board Remuneration for the 2022 Fiscal Year

The following review of the 2022 fiscal year gives background to the remuneration decisions made and enables them to be analyzed comprehensively.

## 1. Changed Regulatory Framework in Remuneration Reporting

As a result of the entry into force of the Act Implementing the Second Shareholders' Rights Directive (ARUG II) on January 1, 2020, the remuneration report for the 2021 fiscal year was prepared on the basis of the new regulatory requirements of Section 162 AktG for the first time. The Annual General Meeting approved the remuneration report for 2021 on June 2, 2022 with a broad consensus of 92.9%.

In view of the positive result of the vote and for reasons of consistency, the Management Board and Supervisory Board see no need to adjust the reporting method.

The 2022 remuneration report will be submitted to the 2023 Annual General Meeting for approval by means of a consultative vote in accordance with Section 120a (4) AktG.

## 2. Development of the Management Board Remuneration System

Until the close of the 2022 Annual General Meeting, the Management Board remuneration system approved by the Annual General Meeting on June 1, 2021 applied (Remuneration System 2021). On June 2, 2022, the Annual General Meeting approved a revision of the remuneration system for members of the Management Board of Deutsche Wohnen SE (Remuneration System 2022) with a majority of 96.9%. The revised remuneration system takes into account the fact that the company is part of the Vonovia Group and that the integration of the companies has progressed in the meantime.

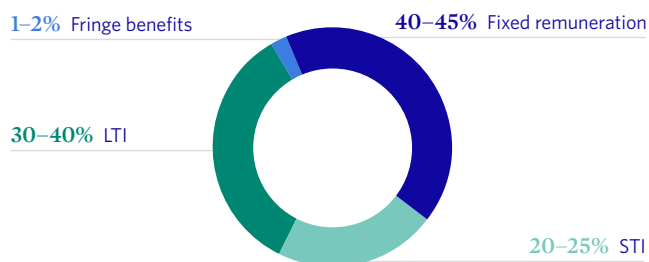
The remuneration of the Management Board for 2022 was determined as follows as part of a transitional arrangement:

The short-term variable remuneration (STI) of the Management Board members for the 2022 fiscal year is based on the Remuneration System 2021. The long-term variable remuneration (LTI) of the Management Board members for the 2022 fiscal year is based on the provisions of the new Remuneration System 2022. Both remuneration systems were and are geared toward the long-term and sustainable development of the company. They are in line with the interests of the shareholders. The contracts of all members of the Management Board of Deutsche Wohnen SE were adjusted in line with the Remuneration System 2022 with effect from June 3, 2022.

## 3. Overview of the Remuneration System 2022

The remuneration system forms the basis for determining the remuneration of Deutsche Wohnen SE Management Board members. The remuneration system is made up of fixed and variable remuneration components for each Management Board member. The sum of these components constitutes the total remuneration.

The fixed remuneration components are paid irrespective of the company's performance and consist of fixed remuneration, benefits in kind and other fringe benefits. Deutsche Wohnen SE does not promise any retirement benefits.



To promote a pay-for-performance approach, the variable remuneration components are linked to the achievement of short- and long-term performance targets. These targets are linked to a short-term variable remuneration component (STI) and a long-term variable remuneration component (LTI). If a Management Board member achieves a target achievement level of 100% in relation to both the STI and the LTI, the sum of these variable payouts and the fixed remuneration, as well as the fringe benefits, will result in the total target remuneration being granted to the respective Management Board member.

The high weighting of the LTI means that the remuneration structure encourages the Management Board to align their work with the long-term and sustainable development of Deutsche Wohnen SE. At the same time, the structure

provides appropriate incentives for achieving annual operating targets through the STI.

In revising the Management Board remuneration system, the Supervisory Board took into account not only the interests of the shareholders, but also the responsibility of the company to its customers and employees and the importance of the company's commitment to the common good. The remuneration of the Management Board members contributes to the promotion of the business strategy and to the sustainable development of the company and, in particular, incorporates non-financial ESG factors (environmental, social and governance).

Deutsche Wohnen SE's remuneration system, which has been applied in principle since the 2022 fiscal year, can be summarized as follows:

## Remuneration System Overview

Measurement Basis/Parameters			
<b>Fixed Remuneration</b>	<b>Basic salary (fixed remuneration)</b>	> Fixed contractually agreed remuneration paid in twelve monthly installments	
	<b>Possible benefits in kind and other fringe benefits</b>	> Granting of private use of a company car or a company car allowance, as well as provision of material resources (in particular communications equipment) > 50% of the contributions to private health and long-term care insurance, but no more than the maximum employer's contribution to statutory health and long-term care insurance > D&O insurance	
<b>Variable Remuneration</b>	<b>Short-term incentive (STI)</b>	Type	> Target STI
		Limitation I cap	> 125% of target STI
		Performance criteria	> Group FFO > Adjusted EBITDA > Personal performance factor (0.8-1.2)
		Payout	> Due one month after adoption of the company's annual financial statements > Cash payout
	<b>Long-term incentive (LTI)</b>	Type	> Target LTI
		Limitation I cap	> 250% of target value
		Performance criteria	> NAV per share > Group FFO per share > Fundamental ESG targets
		Payout	> With the next possible payroll after adoption of the annual financial statements following the end of the four-year performance period > Cash payout
<b>Other Compensation Arrangements</b>	<b>Maximum total remuneration</b>	> The maximum total remuneration for the Chief Executive Officer is € 5.5 million gross p.a. and for the other Management Board members is € 3.5 million gross p. a.	
	<b>Malus/clawback</b>	> Partial or full reduction or clawback of variable compensation > Possible in the event of material breaches of duty (for the year of the breach of duty) and in the event of payouts based on incorrect data > Clawback period of one year after payout	
	<b>Benefits in the event of premature termination of contract</b>	> Severance payment in the amount of two years' total remuneration in the event of premature termination of contract due to revocation of appointment, but not more than the remuneration for the remaining term of the employment contract; no severance payment if there is cause for extraordinary termination of the employment contract by the company > Continued payment of fixed remuneration to surviving dependents in the event of death for the month of death and the following six months, as well as continued payment of the STI and LTI on a pro-rata basis until the end of the month of death	

## 4. Application of the Remuneration Systems in the 2022 Fiscal Year

The Remuneration Systems 2021 and 2022 were applied as follows in the 2022 fiscal year. In principle, the Remuneration System 2021 applied for the period from January 1, 2022 to June 2, 2022, and the Remuneration System 2022 applied from June 3, 2022. As a transitional arrangement, the short-term variable remuneration (short-term incentive – STI) for the Management Board members for the entire 2022 fiscal year was still based on the Remuneration System 2021.

As already explained in the Remuneration Report 2021, the long-term remuneration component (long-term incentive – LTI) in the Remuneration System 2021 was conceptually aligned with the relative performance of the return on stocks and the development of the return on real estate as key indicators of the entity's sustainable profitability. As a result of the merger of the company with Vonovia SE, this LTI concept was no longer able to have the incentivizing effect that was originally intended. The Supervisory Board therefore approved the provisions of the Business Combination Agreement dated August 1, 2021 between Vonovia SE and the company, which provided for early and full payout of the allocated LTI tranches of the Management Board and all other executives. For this reason, the LTI of the Management Board members for the 2022 fiscal year is based on the requirements of the Remuneration System 2022. As a result, only LTI tranches granted to members of the Management Board of Deutsche Wohnen SE since the 2022 fiscal year are to be taken into account for this and future reporting.

### 4.1 Non-performance-related Remuneration Components

#### 4.1.1 Fixed Remuneration

Under both remuneration systems, each Management Board member was or is entitled to an annual base salary (fixed remuneration) for their Management Board activities; this is paid in twelve equal monthly installments. The fixed remuneration also covers activities at the level of subsidiaries. The fixed remuneration amount reflects the Management Board member's role on the Management Board, their experience, their area of responsibility, the time spent on their activities, and market conditions.

#### 4.1.2 Fringe Benefits

Furthermore, both remuneration systems provide for non-cash and fringe benefits. Under the Remuneration System 2022, these may include granting private use of a company car or, at the discretion of the Management Board member, a company car allowance, as well as the provision of necessary material resources (e.g. communications equipment) for the performance of duties. Any private use of a company car is taxed as a non-cash benefit and the Management Board member bears the taxes attributable to this private use as a non-cash benefit. The costs associated with running a company car are borne by Deutsche Wohnen SE.

Deutsche Wohnen SE may also pay 50% of the Management Board member's contributions to private health and long-term care insurance, but no more than the maximum employer's contribution to statutory health and long-term care insurance.

The Management Board members are also covered by a standard D&O insurance policy. In accordance with Section 93 (2) Clause 3 AktG, the Management Board members' deductible under the D&O liability insurance is 10% of the damage or one and a half times the fixed annual remuneration.

The Supervisory Board may grant other or additional fringe benefits that are standard market practice.

### 4.2 Variable Compensation Components

The performance-related, variable remuneration components account for most of the remuneration paid to the Management Board members and are aligned with both the achievement of annual operational targets and the long-term, sustainable development of Deutsche Wohnen SE. The STI and LTI can be used to assess Management Board members' performance from different perspectives and over different periods (performance periods).

STI and LTI differ in terms of the financial and non-financial performance criteria used for payout. When selecting the performance criteria, the focus is on implementing the strategy. The performance criteria support the growth strategy of Deutsche Wohnen SE in particular; they also incentivize an increase in profitability and the strengthening of competitiveness. By considering various transparent performance criteria, it is possible to depict the success of Deutsche Wohnen SE in an integrated and multifaceted manner.

In order to consistently pursue the pay-for-performance concept, performance criteria tend to be ambitious.

#### 4.2.1 Short-term Incentive (STI)

##### STI Framework for the 2022 Fiscal Year

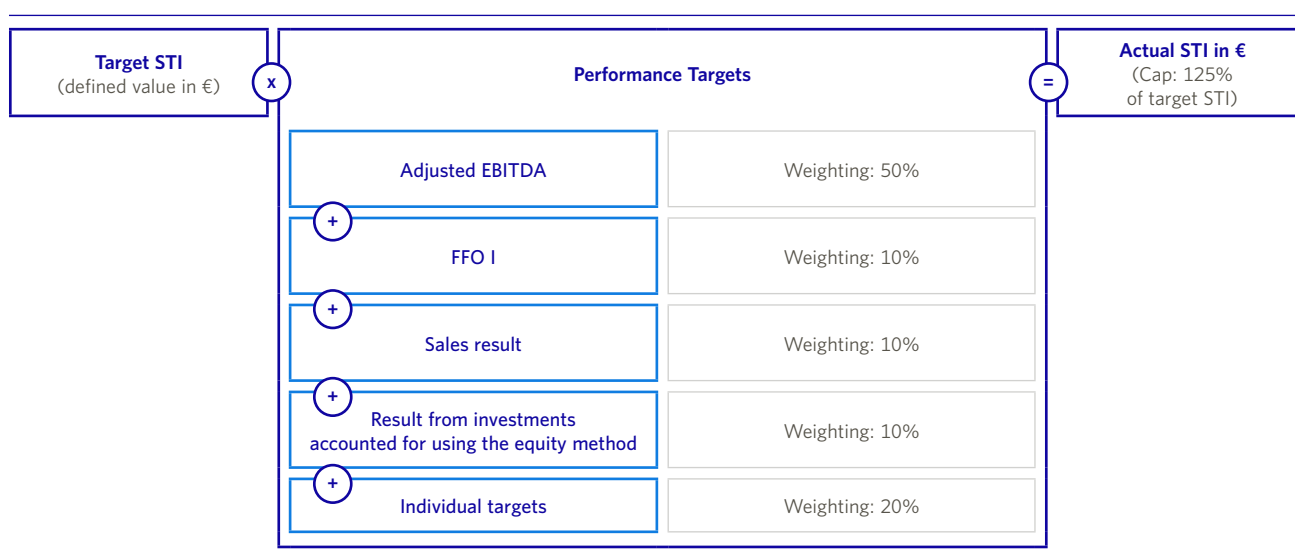
As a transitional arrangement, the STI for the Management Board members for the entire 2022 fiscal year was still based on the Remuneration System 2021.

The STI was subsequently granted for the achievement of annual targets in the 2022 fiscal year and amounted to a maximum of 125% of the STI target amount agreed for each Management Board member. The STI performance targets were made up as follows: 80% company-related financial targets and 20% individual targets. The individual targets

were performance targets related to the individual Management Board member's area of responsibility. All STI targets were agreed with each Management Board member before the start of the fiscal year.

As company-related financial performance criteria, the company used the following key figures with appropriate weighting as part of the STI:

- > Adjusted EBITDA (50%)
- > FFO I (10%)
- > Sales result (10%)
- > Result from investments accounted for using the equity method (10%)



##### STI Performance Criteria for the 2022 Fiscal Year

###### Achievement of Financial Performance Targets

EBITDA – adjusted for one-time effects – takes into account the operating earnings contributions of all four segments (Residential Property Management, Disposals, Nursing Operations and Care Facilities). This makes it one of the most important aggregated performance indicators at Group level, reflecting the financial performance of the company before interest, taxes, depreciation and amortization.

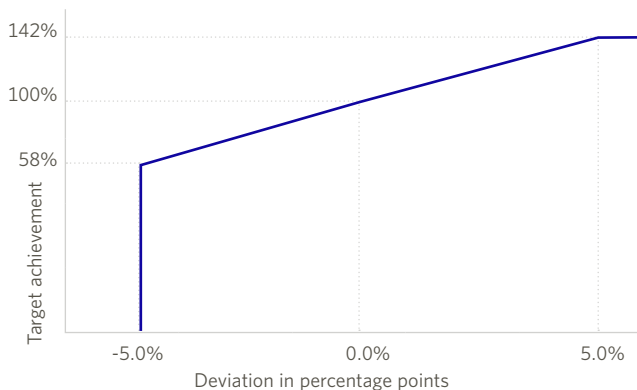
FFO I is a key liquidity-oriented indicator for real estate companies and is the basis for the dividend distributions. Based on adjusted EBITDA before disposal, primarily interest and tax with an impact on cash flow, as well as the share of earnings attributable to minority interests, are deducted.

The sales result (including valuation gains due to disposal) measures the company's success in realizing profits via sales by exploiting market opportunities and thus also releasing liquidity for investments.

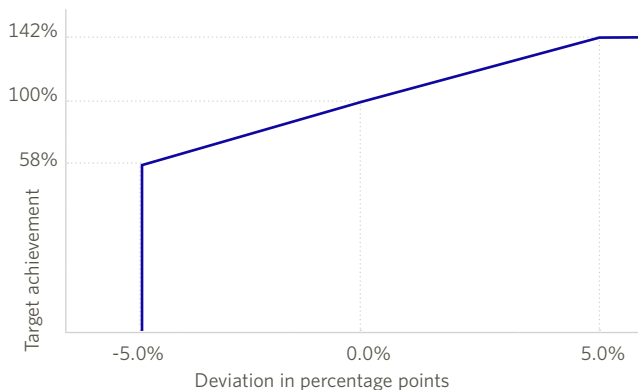
The result from investments accounted for using the equity method takes into account the earnings contribution of minority interests, which are not reflected in adjusted EBITDA but are significant for the measurement of economic performance at Group level.

For each company-related financial STI performance criterion, in addition to the respective target value, the Supervisory Board also set a threshold value that had to be achieved as a minimum for the respective performance target to be deemed at least partially met.

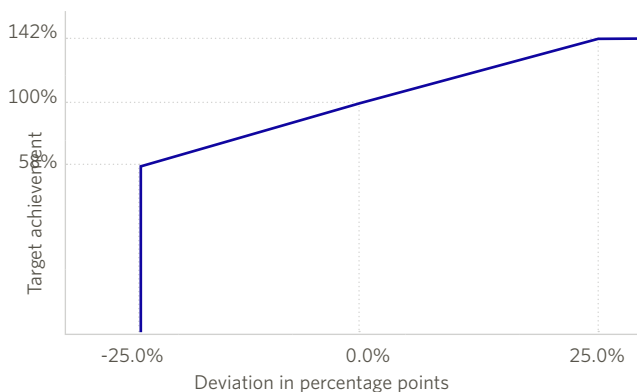
### Adjusted EBITDA Target Achievement Curve



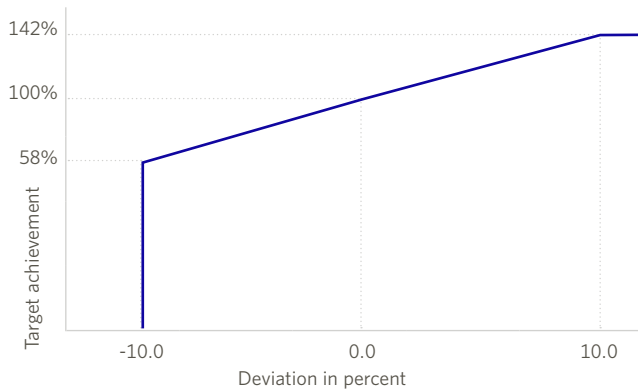
### FFO I Target Achievement Curve



### Sales Result Target Achievement Curve



### Result from Investments Accounted for Using the Equity Method Target Achievement Curve



The target achievement curves reflect the rigorous pay-for-performance concept inherent to the Management Board remuneration system of Deutsche Wohnen SE.

The following table shows the target values and the actual values of the performance criteria reached in the 2022 reporting year as well as the resulting target achievement levels of the STI for the 2022 fiscal year.

### STI 2022 Target Achievement – Deutsche Wohnen

	Budget Value	Actual	Target Achievement
	in € million	in € million	in %
EBITDA (adjusted)	641.5	665.9	131.7
FFO I	489.7	517.9	141.7
Sales result	9.2	12.8	141.7
Result from investments accounted for using the equity method	0.0	-167.2	0.0



### Achievement of Individual Targets

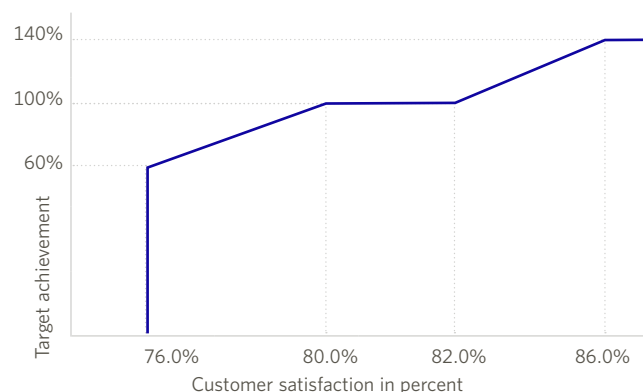
As individual performance criteria for the STI, the company used strategic goals that were specific to the fiscal year for the department and/or the entire Management Board; these were included in the STI with a weighting of 20%. Together with the individual performance targets, the criteria and methods by which the Supervisory Board determined the individual target achievement level for each Management Board member at the end of the fiscal year were also defined. Individual STI performance targets could assume a maximum target achievement of 125%.

For the 2022 fiscal year, individual targets were set for customer satisfaction and progress toward ESG (environmental, social, governance)/CSR (corporate social responsi-

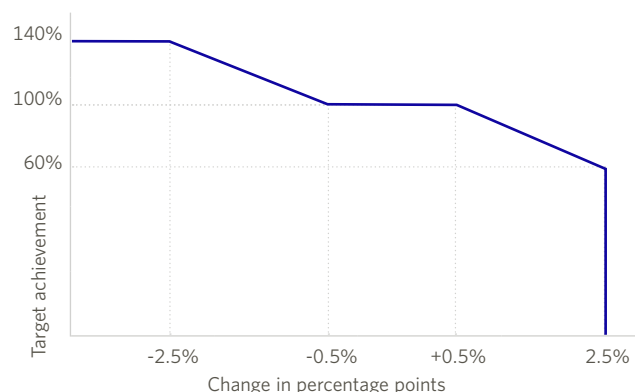
bility) aspects. Customer satisfaction measures how satisfied customers are with Deutsche Wohnen. Progress toward ESG/CSR determines the improvement in energy efficiency (measured in kWh/m<sup>2</sup>). The target values for both performance targets were derived from the values from the 2021 fiscal year. Each of the performance targets carried a weighting of 5% toward the STI.

The third individual target related to the integration of the CSR organization into Vonovia's organizational structure (VNA). Specific targets included integration into Vonovia's sustainability area and into an integrated climate roadmap by the end of the 2022 fiscal year. The third individual target carried a weighting of 10% toward the STI.

#### Customer Satisfaction Target Achievement Curve



#### Energy Efficiency Target Achievement Curve



The individual performance of a Management Board member was assessed on the basis of the individual performance criteria. In this context, the target achievement for integrating CSR into Vonovia's organizational structure (VNA) was 100%.

#### Individual Targets – Deutsche Wohnen

	Target Value	Actual	Target Achievement
			in %
Customer satisfaction (in %)	81.0	83.4	114.0
ESG/CSR progress (in kWh/m <sup>2</sup> )	121.0	118.57	130.5

This resulted in an overall target achievement of 111.15% with regard to the Management Board members' individual performance targets.

## Overall Target Achievement and Payout from the STI for the 2022 Fiscal Year

The amount resulting from the overall target achievement level of the STI was paid out to each of the Management Board members.

The following table summarizes the target achievement levels and the payout amounts per Management Board member:

### STI 2022 Summary – Deutsche Wohnen

	Target Amount	Minimum Amount	Maximum Amount (Cap)	Achievement of Financial Targets (80% Weighting)	Achievement of Individual Targets (20% Weighting)	Total Target Achievement	Payout Amount
	in € k	in € k	in € k	in %	in %	in %	in € k
Lars Urbansky	318.0	0.0	397.5	117.73	111.15	116.41	370.2
Konstantina Kanellopoulos	128.0	0.0	160.0	117.73	111.15	116.41	149.0
Olaf Weber	60.0	0.0	75.0	117.73	111.15	116.41	69.8

#### 4.2.2 STI Under the Remuneration System 2022

From the 2023 fiscal year, the STI will be based on the Remuneration System 2022, which is described in the invitation to the Annual General Meeting on June 2, 2022 and in this report under Item 3. At this point, therefore, the STI system under the Remuneration System 2022 is not presented again.

#### 4.3 Long-Term Incentive (LTI)

In addition to the STI, Deutsche Wohnen SE grants Management Board members an annual LTI with a long-term incentive effect and a balanced risk-reward profile. The LTI takes the form of a performance cash plan and is measured over a performance period of four years; the amount awarded

depends on the achievement of certain financial targets and of certain sustainability targets. In the 2022 fiscal year, the LTI was based entirely on the Remuneration System 2022.

#### How the LTI Works - Weightings

The Management Board members are allocated an LTI tranche at the beginning of each fiscal year. The target amount of the LTI payout (based on 100% target achievement) is set out in the Management Board members' employment contracts. The actual payout amount of the LTI at the end of the four-year performance period is dependent on the achievement of targets for the performance criteria described below. The target amounts and the minimum and maximum values subject to the LTI target cap of 250% provided for in the remuneration system are shown in the following table:

### LTIP Tranche 2022 – Allocation

	Allocation Value	Minimum Value	Maximum Value (Cap)
	in € k	in € k	in € k
Lars Urbansky	636.0	0	1,590.0
Konstantina Kanellopoulos	254.0	0	635.0
Olaf Weber	120.0	0	300.0

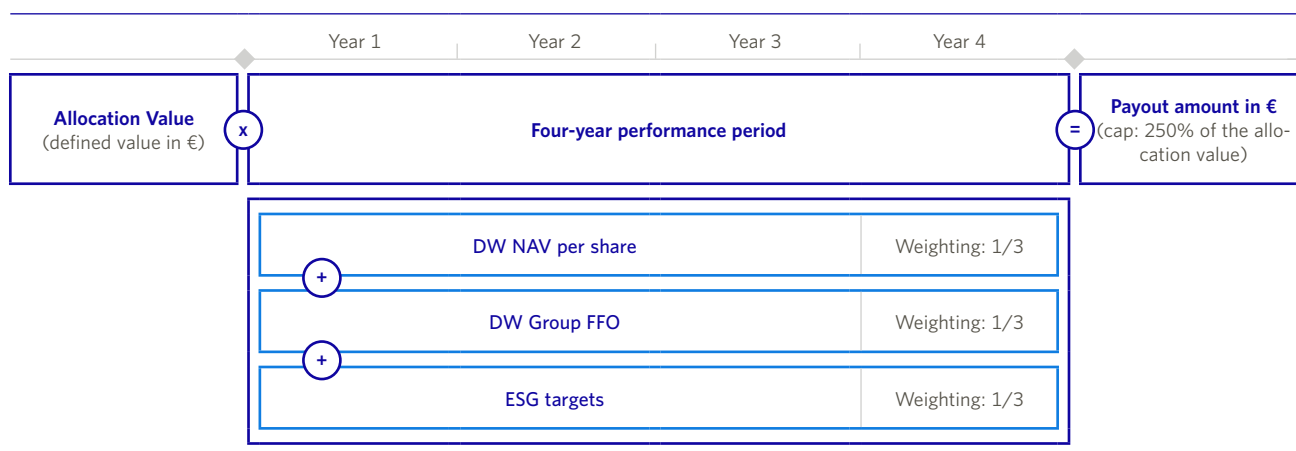
The actual payout amount, which will be determined at the end of the 2025 fiscal year, is calculated based on the target amount and target achievement during the performance period. The target achievement level is determined based on the following financial performance criteria:

- > DW NAV (net asset value) per share
- > DW Group FFO (Funds from Operations) per share

The DW NAV per share and DW Group FFO per share financial performance criteria incentivize a long-term increase in the value of the company and align the interests of the Management Board with those of the shareholders.

Furthermore, the achievement of targets is generally determined on the basis of sustainability criteria (ESG targets). Including ESG targets ensures that the concerns of other stakeholders are taken into special consideration. The relevant financial and non-financial performance criteria are linked to each other by way of addition and are each weighted at one third.

Overall, the LTI provides incentives for achieving both long-term and sustainable growth for Deutsche Wohnen SE. The following illustration shows how the LTI works:



All performance criteria are equally underpinned by ambitious target achievement curves, whose possible target achievement levels cover a range of 0–250%. The Supervisory Board defines a target value for each performance criterion at the start of each performance period, where the target achievement level comes to 100%. In addition, a minimum and maximum value are defined. If the value actually achieved is equal to the minimum value, the target achievement level comes to 50%, and if it is below this, the target achievement level comes to 0%. Where the value is equal to the maximum value, the target achievement level is limited to 250%. The target achievement level is interpolated on a straight-line basis between the above-mentioned values.

At the end of the respective performance period, an overall target achievement level is determined on the basis of the individual target achievement levels and taking into account their weighting in relation to one another. The payout amount of an LTI cannot exceed 250% of the target value of the relevant LTI tranche (this is the cap).

In accordance with recommendation G.11 Clause 1 of the GCGC 2022, the Supervisory Board has the option of taking extraordinary developments into account to an appropriate

extent in order to maintain or restore the original value ratios.

The payout for the respective performance period is due with the next possible payroll after adoption of the company's annual financial statements following the end of the respective performance period, but not later than December 31 of the fiscal year following the end of the performance period.

#### 2022 LTI Tranche Performance Criteria

##### DW NAV per share

The first financial performance criterion, DW NAV per share, is one of Deutsche Wohnen SE's elementary key performance indicators. It reflects the value of the property assets and the modernization and new construction measures and is therefore a decisive factor in the company's performance. To calculate DW NAV per share, deferred taxes on investment properties are added to the equity attributable to Deutsche Wohnen shareholders and the fair value of derivative financial instruments, goodwill and intangible assets is deducted. The NAV calculated in accordance with these criteria is divided by the number of DW shares as of the reporting date (reporting date value NAV to reporting date value shares – non-diluted).

### DW Group FFO per share

DW Group FFO per share is also highly relevant for the management of Deutsche Wohnen SE. Apart from the importance of strong annual operational earnings power, creating incentives for a sustained and long-term increase in income is impactful. Therefore, the performance criterion DW Group FFO per share is included in the LTI. The focus in

the four-year performance considerations is on the long-term development of the DW Group FFO.

Target achievement is measured as follows using the 2022–2025 growth rate (CAGR) for the two financial performance criteria:

KPI	Minimum Value (50%)	Target Value (100%)	Maximum Value (250%)
DW NAV per share (Weighting: 50%)	1.80%	3.30%	6.30%
DW Group FFO per share (Weighting: 50%)	2.00%	3.50%	6.50%

### ESG

In addition to the financial targets, non-financial performance criteria in the form of ESG targets are also included when determining the LTI payout. This ensures that other significant non-financial targets – which are central components of the corporate philosophy described – are given appropriate consideration. ESG targets generally focus on environmental, social and governance factors and are those that are of fundamental importance for the long-term and sustainable growth of Deutsche Wohnen SE. By considering ESG targets, input factors for sustainable corporate development are taken into account.

The ESG targets are set by the Supervisory Board at the beginning of each performance period. They may vary between different performance periods so that targeted incentives can be set. In setting the targets, particular attention is paid to the strategic relevance, transparency and measurability of the targets.

Since Deutsche Wohnen SE's ESG methodology had to be restructured, no ESG targets could be set for the 2022 LTI tranche. These will be taken into account in future tranches. For the 2022 tranche, the two financial performance targets each account for 50% of the target achievement.

The individual target achievement curves (target values), actual values and the resulting target achievement levels will be published at the end of the performance period of the 2022 LTI tranche as of December 31, 2025 in the remuneration report for the 2025 fiscal year.

## 5. Shareholding Obligation

The Remuneration System 2021 included shareholding obligations. The Remuneration System 2022 no longer provides for such an obligation.

## 6. Reclaim (Clawback) and Reduction (Malus) of Performance-related Remuneration

The contracts of employment of Management Board members of Deutsche Wohnen SE include malus and clawback provisions that provide for a reduction or reclaim of variable remuneration components at the reasonable discretion of the Supervisory Board. This option exists if a Management Board member demonstrably breaches their duties to an extent that is conducive to a legally binding termination for cause or demonstrably breaches their material due diligence requirements under Section 93 AktG either intentionally or through gross negligence.

If variable remuneration components are determined or paid out based on erroneous data, e.g. erroneous consolidated financial statements, the Supervisory Board may correct the determined variable remuneration components and/or clawback remuneration components already paid out.

A clawback or reduction is possible in the above-mentioned cases within a year of the variable remuneration component being paid out. The reduction or clawback is generally implemented for the year in which the breach of duty was committed.

Any and all liability for damages on the part of the Management Board member vis-à-vis the company remains unaffected by the malus and clawback provisions.

Similar malus and clawback provisions existed under the Remuneration System 2021.

In the 2022 fiscal year, the Supervisory Board did not receive information or identify any evidence to justify an application of the malus and clawback provisions. Therefore, the Supervisory Board of Deutsche Wohnen SE did not demand repayment or reduction of the performance-related remuneration of the incumbent Management Board members in the 2022 fiscal year.

## **7. Information About Payments in the Event of Withdrawal from the Management Board**

### **7.1 Severance Payments**

If provisions on severance payments are agreed in Management Board contracts, such payments are limited to a severance payment entitlement in the event of revocation of the appointment and resulting premature termination of the Management Board employment contract. In line with the recommendations set out in the GCGC, this is then limited in terms of amount to two annual total compensation payments (i.e. fixed remuneration, fringe benefits, STI and LTI) (severance pay cap), and never exceeds the remuneration for the remaining term of the employment contract. The severance pay provided for in the employment contract and the severance pay cap provided for in the employment contract are calculated on the basis of the total remuneration for the last fiscal year that precedes the early termination of the Management Board activities, and also on the basis of the expected total remuneration for the current fiscal year, if applicable. In the case of termination of the Management Board member's employment contract for cause, no severance payments will be made.

A new Management Board employment contract was agreed with the Management Board member Lars Urbansky with effect from June 3, 2022 with the following severance payment provision: "If the Management Board member is dismissed as a member of the company's Management Board and the employment contract ends prematurely in accordance with Item 14.5, the company will pay the Management Board member a severance payment amounting to two years' compensation less payments for the notice period in accordance with Item 14.5, but no more than an amount equal to the compensation to which the Management Board member would be entitled until the end of the contract term in accordance with Item 14.1 ('Severance Payment Cap')."

### **7.2 LTI in the Event of Early Termination**

If the employment contract of a Management Board member ends due to the passage of time, death, or revocation of the appointment, the LTI that was granted for the year in which the employment contract of the Management Board member ends, will be reduced on a pro-rata basis by 1/12 for each month that the employment ends before the end of the relevant calendar year. The other LTIs are not reduced. If a Management Board member's employment contract is terminated for cause by Deutsche Wohnen SE pursuant to Section 626 (1) of the German Civil Code before the end of the performance period or if the Management Board member resigns without the company having determined good cause for this, all rights and vested rights in respect of the LTI are forfeited with immediate effect and without compensation. This does not include claims by the Management Board member to LTIs whose performance period had already ended when the Management Board member's employment contract ends.

## **8. Incapacity for Work/Surviving Dependent's Pension**

In the event of a temporary or permanent incapacity for work on the part of a Management Board member due to illness, the company will continue to pay the fixed remuneration for up to six months after the start of the incapacity for work; but in any case at the longest until the end of the employment relationship. The STI can be reduced and pro-rated by the Supervisory Board if the Management Board member is unable to work for more than six months in one entire fiscal year, though these months do not necessarily need to be consecutive.

If the Management Board member dies, the surviving dependents may be granted a continuation of the fixed remuneration for the month in which death occurs and for the six calendar months following the month in which death occurs. The STI is to be paid and pro-rated until the end of the month in which death occurs, with the anticipated achievement of the company-related targets to be determined by the Supervisory Board at its reasonable discretion taking into account the past and expected business development in the relevant calendar year.

## **9. Post-contractual Non-compete Clause**

The Supervisory Board may agree post-contractual non-compete clauses with the Management Board members for a period of up to 24 months. For this period, adequate compensation to be determined on a case-by-case basis

(compensation for non-competition) in accordance with the legal provisions set forth in Sections 74 et seqq. of the German Commercial Code (HGB) is granted to employees. The compensation is paid out in installments at the end of the month. The Management Board member will assume statutory charges arising on this amount. If a post-contractual non-compete clause is agreed, any severance payments granted on the occasion of premature termination of Management Board activities will be offset against the compensation for non-competition.

As of December 31, 2022, no post-contractual non-compete clauses had been agreed with any active Management Board members.

## 10. Provisions Due to a Change of Control

No commitments have been agreed for benefits in the event of premature termination of the employment contract by a Management Board member due to a change of control.

## 11. Information on Third-Party Payments

The fixed remuneration fundamentally covers all activities carried out by Management Board members on behalf of the company and its affiliated companies. This includes, more particularly, Group-internal Supervisory Board mandates. If remuneration claims arise for activities outside the DW Group, the Supervisory Board shall decide on a case-by-case basis whether and to what extent these activities are to be offset against the fixed remuneration.

The Management Board members did not receive payments from third parties for their Management Board activities in the 2022 fiscal year.

## 12. Information on the Level of Management Board Remuneration in the 2022 Fiscal Year

### 12.1 Target Remuneration

The target total remuneration of Management Board members in office in the reporting year was set out in the employment contract as follows for the 2022 fiscal year:

### Target Remuneration

	Lars Urbansky (Co-CEO)	Konstantina Kanellopoulos (Co-CEO) since Jan.1, 2022	Olaf Weber (CFO) since Jan.1, 2022
	2022	2022	2022
	in € k	in € k	in € k
Basic remuneration	636.0	254.0	120.0
Fringe benefits	18.0	0.6	2.3
Short-term variable remuneration (STI 2022)	318.0	128.0	60.0
Long-term variable remuneration (LTI 2022-2025)	636.0	254.0	120.0
<b>Total</b>	<b>1,608.0</b>	<b>636.6</b>	<b>302.3</b>

### 12.2 Remuneration Granted and Owed

The following tables illustrate the remuneration granted and owed to the individual active members of the Management Board including the relative shares of individual remuneration components in accordance with Section 162 (1) Clause 1 AktG. The granted and owed remuneration in the 2022 fiscal year is broken down as follows:

- > The basic remuneration paid out for the 2022 fiscal year
- > The fringe benefits accrued in the 2022 fiscal year, and
- > The STI determined for the 2022 fiscal year

To facilitate transparent reporting in the correct accounting period if possible, the disclosures are made based on a vesting-oriented interpretation. Accordingly, the STI for the 2022 fiscal year is considered granted and owed remuneration, even though it is only due to be paid out in the 2023 fiscal year. The reason for this is that the underlying payment was provided in full by the end of the 2022 fiscal year.

As already explained in the Remuneration Report 2021, in view of the combination with Vonovia SE, a lump-sum payment of the LTI tranches allocated in the fiscal years 2018-2021 was made in the 2021 fiscal year. As a result, no four-year performance period of an LTI tranche granted prior

to the 2022 fiscal year ended as of December 31, 2022 and there is no remuneration granted and owed in the 2022 fiscal

year for an LTI tranche in accordance with the vesting-oriented interpretation of Section 162 (1) Clause 1 AktG.

## Remuneration granted and owed

	Lars Urbansky Co-CEO		Konstantina Kanellopoulos (Co-CEO) since Jan. 1, 2022		Olaf Weber (CFO) since Jan. 1, 2022	
	2022		2022		2022	
	in € k	in %	in € k	in %	in € k	in %
Basic remuneration	636.0	62	254.0	63	120.0	62
Fringe benefits	18.0	2	0.6	0	2.3	1
<b>Total fixed remuneration</b>	<b>654.0</b>	<b>64</b>	<b>254.6</b>	<b>63</b>	<b>122.3</b>	<b>64</b>
Short-term variable remuneration	370.2	-	149.0	-	69.8	-
STI 2022	370.2	36	149.0	37	69.8	36
<b>Total</b>	<b>1,024.2</b>	<b>100</b>	<b>403.6</b>	<b>100</b>	<b>192.1</b>	<b>100</b>

In the 2022 fiscal year, no remuneration was granted or owed in favor of former Management Board members. No pension commitments were made to former Management Board members. Therefore, no remuneration was granted and owed in the 2022 fiscal year in this regard either.

Payouts of the long-term variable remuneration component under the applicable LTI are attributed to the year the underlying LTI tranche is allocated. Fringe benefits are recognized at the imputed income for tax purposes. If the total benefits for a fiscal year exceed the defined maximum remuneration, then the last payment to be made in each case, which is often the payout determined from the LTI allocated for the fiscal year, is reduced by the excess amount.

## 13. Compliance with Maximum Remuneration

In accordance with Section 87a (1) Clause 2 No. 1 AktG, the Supervisory Board has set an upper limit for the total amount of all remuneration elements for Management Board activities for one year, i.e. currently made up of fixed remuneration, fringe benefits, short-term variable and long-term variable remuneration components (maximum remuneration). The maximum remuneration further limits the maximum achievable total remuneration (sum of the individual components with maximum target achievement). Under both Remuneration System 2021 and Remuneration System 2022, this amounts to € 5.5 million gross p.a. for the Chief Executive Officer(s) of the Management Board and € 3.5 million gross p.a. for each of the other Management Board members.

# III. Remuneration of the Supervisory Board in the 2022 Fiscal Year

## 1. Remuneration System of the Supervisory Board

The remuneration system for the Supervisory Board of Deutsche Wohnen SE was approved by the 2021 Annual General Meeting with 99,31% of the vote. This system is regulated in Section 10 (7) of the Articles of Association and is reflected in the Remuneration System 2021 for the Supervisory Board. The Remuneration System 2021 is compliant with statutory requirements and takes into account the recommendations and suggestions of the German Corporate Governance Code.

The Supervisory Board remuneration system provides for the following remuneration for the members of the Supervisory Board:

- > Each member of the Supervisory Board receives annual fixed remuneration of € 75,000
- > The Chair of the Supervisory Board receives three times the remuneration of a regular member of the Supervisory Board, while the Deputy Chair receives one-and-a-half times the remuneration of a regular member of the Supervisory Board.
- > For membership on the Audit Committee, each member receives an additional flat rate of € 20,000 per fiscal year, with the Chair of the Audit Committee receiving € 45,000 per fiscal year.
- > Membership on other Supervisory Board committees is remunerated at € 7,500 per member and per committee per fiscal year; the respective committee chair receives twice this amount.

Members of the Supervisory Board who are not on the Supervisory Board or on a committee for a full fiscal year or who have not held the position of Chair or Deputy Chair of the Supervisory Board or chair of a committee for a full fiscal year will be remunerated proportionally for each calendar month, or part thereof, of their service.

The sum total of all remuneration plus remuneration for membership on Supervisory Boards and comparable supervisory bodies of Group companies must not exceed an amount of € 300,000 (in each case excluding any applicable value-added tax) per calendar year and per Supervisory Board member, regardless of the number of committee memberships and functions. The remuneration is to be paid after the Annual General Meeting for the past fiscal year.

In addition to the function-related fixed remuneration, the company also reimburses the Supervisory Board members for cash expenses incurred due to the exercising of their office. VAT due on their remuneration is reimbursed by the company to the extent that the Supervisory Board members are eligible to separately invoice VAT and to the extent that they have exercised this right. Furthermore, the members of the Supervisory Board are included in a directors' and officers' (D&O) liability insurance policy maintained by the company at an appropriate level in the interests of the company, insofar as this is economically possible at reasonable terms. The costs for this are borne by the company.



## 2. Remuneration of the Supervisory Board Members

The remuneration for Supervisory Board members that is granted and owed in the reporting year is as follows, with the remuneration payments for the 2022 fiscal year included in accordance with the vesting-oriented interpretation, even though they only fall due in the next fiscal year:

### Supervisory Board remuneration

	2022				
	Fixed Remuneration		Committee Remuneration		Total Remuneration
	in € k	in %	in € k	in %	in € k
Helene von Roeder (Chair) since January 2022	225	91	22.5	9	247.5
Florian Stetter (Deputy Chair) since June 2013	112.5	80	27.5	20	140
Dr. Fabian Heß since January 2022	75	73	27.5	27	102.5
Peter Hohlbein since January 2022	75	83	15	17	90
Christoph Schauerte since January 2022	75	68	35	32	110
Simone Schumacher since January 2022	75	59	52.5	41	127.5

# IV. Comparative Presentation of the Development in the Remuneration of Management Board Members, Supervisory Board Members and the Rest of the Workforce As Well As the Company's Earnings Development

In accordance with the requirements set forth in Section 162 (1) Clause 2 Point 2 of the German Stock Corporation Act (AktG), the following table illustrates the development of remuneration for Management Board members, Supervisory Board members and the rest of the workforce, including the earnings development of the company since 2020. The remuneration for the Management Board and Supervisory Board relates to granted and owed remuneration in accordance with Section 162 AktG.

The average development of employees' remuneration, based on full-time equivalence, was calculated by looking at the agreed contractual remuneration of all employees at the end of each year who were in active employment with a Group company up to the end of the reporting year. Trainees, Berufsakademie students, interns, temporary employees and marginal employees are excluded from the calculation. Since the HR integration was not carried out, those employees working in the Nursing division are not included.

## Comparative presentation

in € k	2022	2021	2021-2022 Change in %	2020-2021 Change in %
<b>Management Board members</b>				
Lars Urbansky*	1,024.2	2,186.5	-53	319
Konstantina Kanellopoulos	403.6	-	-	-
Olaf Weber	192.1	-	-	-
<b>Supervisory Board members</b>				
Helene von Roeder (Chair)	247.5	-	-	-
Dr. Florian Stetter (Deputy Chair)	140.0	107.5	30	2
Dr. Fabian Heß	102.5	-	-	-
Peter Hohlbein	90.0	-	-	-
Christoph Schauerte	110.0	-	-	-
Simone Schumacher	127.5	-	-	-
<b>Employees</b>				
Total workforce	54.1	52.7	3	2
<b>Earnings performance</b>				
EBITDA (adjusted) in € million	701.8	726.8	-3	3
EPS in €	-1.09	2.45	-144	-44
Deutsche Wohnen SE net loss/profit for the year according to HGB in € million	-313.4	90.6	-446	218

\*In view of the combination with Vonovia SE, a lump-sum payment of the LTI tranches allocated in the fiscal years 2018-2021 was made in the 2021 fiscal year.

In the past fiscal year, the comparative presentation was based on the remuneration received. In the interest of transparent and, as far as possible, accrual-based reporting, the reporting of remuneration granted and owed has been changed to a vesting-oriented interpretation for the 2022 fiscal year.

# V. Independent Auditor's Report

To Deutsche Wohnen SE, Berlin

## Report on the Audit of the Remuneration Report

We have audited the attached remuneration report of Deutsche Wohnen SE, Berlin, for the financial year from January 1 to December 31, 2022, including the related disclosures, prepared to meet the requirements of Section 162 AktG [Aktiengesetz: German Stock Corporation Act].

### Responsibilities of Management and the Supervisory Board

The management and the Supervisory Board of Deutsche Wohnen SE are responsible for the preparation of the remuneration report, including the related disclosures, in accordance with the requirements of Section 162 AktG. The management and the Supervisory Board are also responsible for such internal control as they have determined necessary to enable the preparation of the remuneration report that is free from material misstatement, whether due to fraud or error (i.e., accounting manipulation and misstatement of assets).

### Auditor's Responsibilities

Our responsibility is to express an opinion on this remuneration report, including the related disclosures, based on our audit. We conducted our audit in accordance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report, including the related disclosures, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts, including the related disclosures, in the remuneration report. The procedures selected depend on the auditor's professional judgment. This includes an assessment of the risks of material misstatement, whether due to fraud or error, in the remuneration report, including the related disclosures. In assessing these risks, the auditor considers the internal control system relevant for the preparation of the remuneration report, including the related disclosures. The objective is to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the Supervisory Board, as well as evaluating the overall presentation of the remuneration report, including the related disclosures.

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

### Opinion

In our opinion, on the basis of the knowledge obtained in the audit, the remuneration report for the financial year from January 1 to December 31, 2022, including the related disclosures, complies in all material respects with the financial reporting requirements of Section 162 AktG.

### Other matter – formal examination of the remuneration report

The substantive audit of the remuneration report described in this independent auditor's report includes the formal examination of the remuneration report required by Section 162 (3) AktG, including issuing an assurance report on this examination. As we have issued an unqualified opinion on the substantive audit of the remuneration report, this opinion includes the conclusion that the disclosures pursuant to Section 162 (1) and (2) AktG have been made, in all material respects, in the remuneration report.

### Limitation of liability

The terms governing this engagement, which we fulfilled by rendering the aforesaid services to Deutsche Wohnen SE, are set out in the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms] as amended on January 1, 2017 (see Appendix 2). By taking note of and using the information as contained in this auditor's report, each recipient confirms to have taken note of the terms and conditions laid down therein (including the limitation of liability of EUR 4 million for negligence under Clause 9 of the General Engagement Terms) and acknowledges their validity in relation to us.

**Imprint**

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As of: April 2023

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