REMUNERATION SYSTEM FOR THE MEMBERS OF THE MANAGEMENT BOARD OF INSTONE REAL ESTATE GROUP SE

In this remuneration system, the remuneration of the members of the Management Board of Instone Real Estate Group SE is set by the Supervisory Board. The remuneration is geared towards sustainable and long-term business development. Transparency and verifiability in the remuneration system as well as in the individual remuneration of the members of the Management Board are key elements of good corporate governance for Instone Real Estate Group SE. The remuneration system therefore features a clear and comprehensible structure. It is consistent with the requirements of the Aktiengesetz (AktG – German Stock Corporation Act) in the version implementing the Second Shareholders' Rights Directive) of 12 December 2019 (Bundesgesetzblatt (BGBl – Federal Law Gazette) Part I 2019, no. 50 of 19 December 2019) and essentially takes into consideration the recommendations of the German Corporate Governance Code (the Code) in the version that was adopted on 18 April 2022 and entered into force on 27 June 2022.

This remuneration system for the members of the Management Board of Instone Real Estate Group SE was approved for the first time by the company's 2021 annual general meeting and replaced the remuneration system that came into force in connection with the successful IPO of the company and the first listing on the Frankfurt Stock Exchange on 15 February 2018.

In 2025, the Supervisory Board once again conducted a comprehensive review of the remuneration system for the management board, which was approved by the 2021 annual general meeting with more than 98% of the votes. In doing so, the Supervisory Board took into account the characteristics of the company and its business model, current market standards and best practices as well as the views of international proxy advisors and investors. As part of its review, it came to the conclusion that the remuneration system adopted by the Supervisory Board in 2021 continues to optimally reflect these objectives and the interests of the company and therefore did not make any structural adjustments.

The remuneration system adopted by the Supervisory Board will again apply for a maximum period of four years for all new employment contracts that are entered into with members of the Management Board and to all contract extensions and amendments from 1 July 2025 onwards. Claims for remuneration before 1 July 2025, including claims arising from variable remuneration, continue to be based on the contractual regulations underlying these claims. The current Management Board employment contracts for the CEO and the COO will end at the end of the 2025 financial year and for the CFO at the end of the 2027 financial year, subject to early reappointment or amendment of the contracts.

The key components of the remuneration system are as follows:

Remuneration component	Components	Weighting / description
Non-performance-related remuneration **(approximately 40% of the target remuneration)**	Basic remuneration	Payable annually in 12 equal instalments at the end of each month
	Additional benefits	Comprise for example the use of a company car, accident insurance premiums and reimbursement of other expenses for the Management Board work
Performance-related short-term remuneration – short-term incentive (STI) **(approximately 25% of the target remuneration)**	Financial target: EAT adjusted	37.5% of the STI bonus base amount, measured by the economic success in the underlying financial year
	Financial target: volume of sales contracts	37.5% of the STI bonus base amount, measured by the performance in the underlying financial year
	Strategy and sustainability targets (number: 2-4)	25% of the STI bonus base amount, measured by means of the achievement of targets in the underlying financial year
	Payment	After targets have been ascertained by the Supervisory Board in the month following the audited annual financial statements
Performance-related long-term remuneration – long-term incentive (LTI) **(approximately 35% of the target remuneration)**	Performance share plan (financial targets and non-financial ESG target)	Virtual share tranche, which is paid out after the end of a three-year performance period on the basis of the achievement of targets defined in advance by the Supervisory Board and presented below
	Financial target: relative TSR (Instone share performance including distributions)	20% of the LTI bonus base amount, measured using a comparison of the total shareholder return (Instone share performance including distributions) during the three-year performance period against the development of the SDAX (performance index)

Remuneration component	Components	Weighting / description
	Financial target: earnings per share (EPS target)	50% of the LTI bonus base amount, measured by the performance of the adjusted earnings per share during the three-year performance period
	Non-financial ESG target	30% of the LTI bonus base amount, measured by means of the achievement of this target during the three-year performance period
	Payment	At the end of three years in total in € in the month following the approval of the annual financial statements, for each tranche on the basis of the performance of the Instone share price during the three-year performance period, including distributions (total shareholder return model)
Caps / maximum remuneration	STI cap	200% of the STI bonus base amount
	maximum LTI payment factor	300% of the LTI target achievement
	LTI cap limit	300% of the LTI bonus base amount
	Maximum remuneration	3.15 million € for Chair of the Management Board (CEO) 2.4 million € for each other member of the Management Board
Obligation to hold shares / Share Ownership Guideline	Minimum hold position of the Management Board members in Instone shares	Obligation to hold Instone shares with an equivalent value of a non-performance-related annual base salary (gross) during the entire term of the contract. The equivalent value is calculated here on the purchase price of the shares. If the obligation to hold shares is not fulfilled at the beginning of the contract term, this must be achieved during the term of the contract by making appropriate additional purchases.
Penalty / clawback regulations		Retention and/or recovery of variable remuneration components in the event of a breach of legal or contractual duties or of internal company codes of conduct

A. Contribution of the remuneration to the promotion of the business strategy and to the long-term development of the company

Key factors in determining the remuneration are the size and complexity of the Instone Group, its economic and financial position, its success and its future prospects. Other substantial criteria for determining the remuneration include the respective duties and the personal performance of the individual members of the Management Board. The remuneration system sets out to establish remuneration that is competitive in a national and international comparison and that helps create added value for customers, employees, shareholders and other stakeholders, in particular by defining performance criteria related to the long-term and sustainable success of the company and linking the remuneration to challenging targets. The key targets defined by the Supervisory Board for the variable remuneration are consistent with the corporate strategy and, by being linked to the business planning, guarantee that the remuneration of the Management Board is synchronised with the long-term business performance.

B. Procedure for defining and implementing as well as reviewing the remuneration system

The responsibility for drawing up the remuneration system, for defining the total remuneration of the individual members of the Management Board and for regularly reviewing the remuneration system lies with the Supervisory Board of Instone Real Estate Group SE. The Supervisory Board has additionally set up a Remuneration Committee, which is responsible in particular for advising on the employment contracts of the Management Board members and for preparing related resolutions as well as for drawing up the definition of the targets for the variable remuneration components and their assessment by the Supervisory Board. The Supervisory Board reviews the remuneration system on the basis of the preparations and recommendations of the Remuneration Committee at regular intervals. If the Supervisory Board identifies a need for action, it decides on the necessary changes and, if these are of material significance, the remuneration system is resubmitted to the Annual General Meeting for approval.

In order to perform its duties, the Supervisory Board can call in external consultants, paying attention to their independence from the Management Board and from Instone Real Estate Group SE, and has done this also in order to draw up this remuneration system. In order to deal with potential conflicts of interest in the Supervisory Board, the rules of procedure of the Supervisory Board contain appropriate regulations, which, among other things, call for the disclosure of potential conflicts of interest to the Chair of the Supervisory Board and include a prohibition on participation and voting when conflicts of interest have been identified, and which also apply to remuneration matters.

The Annual General Meeting adopts a resolution on the remuneration system whenever there is a material change to the system, at least every four years, however. If the Annual General Meeting has not approved the remuneration system, a revised remuneration system must be submitted for approval by no later than the next Annual General Meeting.

C. Determination and appropriateness of the remuneration

In line with the remuneration system, the Supervisory Board sets the amount of the target total remuneration and corresponding maximum remuneration limits (caps) for each member of the Management Board. The remuneration is intended here to be commensurate with the duties and performance of the Management Board member as well as with the situation of the Instone Group, not exceed the normal remuneration for no particular reason and be geared towards the long-term and sustainable performance of the Instone Group. The appropriateness of the remuneration is regularly reviewed by the Supervisory Board. Both external and internal comparative analyses are carried out for this purpose.

Consideration of the terms and conditions of remuneration and employment of the employees and peer group comparison

The internal analysis was carried out in the form of a vertical comparison of the terms and conditions of remuneration and employment of the employees. The levels of remuneration of the Management Board members were considered in relation to the levels of remuneration of the senior management team and the workforce overall. The demarcation of these two groups of employees was carried out by the Supervisory Board. The senior management team currently comprises the first and the second management level below the Management Board. These are the managing directors of the two operating subsidiaries Instone Real Estate Development GmbH and nyoo Real Estate GmbH, the branch managers, the heads of the central departments and the commercial directors. The workforce overall comprises all full-time employees of the Instone Group in Germany (including the senior management team). The results of the vertical comparison, including the development over time, are taken into consideration when defining the remuneration system and future adjustments of the remuneration level of the Management Board.

The Supervisory Board additionally conducted an external comparative analysis of remuneration levels using two peer groups (an industry and a growth peer group) to assess the development of the remuneration system and to review the appropriateness of the terms and conditions of remuneration. The members of the industry peer group were selected using six criteria (size of the company, sector, state, legal form, capital market orientation and relevant employment market) on the premise of ensuring the greatest possible comparability with the Instone Real Estate Group SE. On account of the considerable growth of the Instone Group since the IPO, a second growth peer group was additionally created, which can be compared with Instone Real Estate Group SE in terms of sales growth rates, company size and region.

D. Remuneration components

The total remuneration of the individual members of the Management Board consists of various components. Based on the structure, the remuneration components are regulated in the same way for all members of the Management Board, whereby estimated values are involved, as the amount of the additional benefits as a component of the non-performance-related remuneration can vary in particular.

Target remuneration p.a.	100%
- of which **non-performance-related** remuneration	Approximately 40%
- of which **performance-related** remuneration **– short-term (STI)**	Approximately 25%
- of which **performance-related** remuneration **– long-term (LTI)**	Approximately 35%

The Management Board remuneration comprises non-performance-related salary payments and non-cash benefits, performance-related (variable) remuneration and – in the case of two Management Board members – pension commitments agreed before the appointment to the Management Board, where the allocations by the company up to 2024 correspond to an annual retirement benefit from the age of 65 that is expected to be between 4-6% of the current annual basic non-performance-related remuneration. A multi-year assessment basis is the dominant factor in the variable remuneration in order to create incentives for a sustainable and long-term business performance. The remuneration system expressly provides here for both possible positive and negative developments to be taken into consideration. The Supervisory Board additionally defines a maximum amount (cap) for each performance-related remuneration component. The Management Board remuneration is strongly performance-related, with a particular focus on long-term variable compensation. For example, the STI-bonus amounts to around 62.5% of the non-performance-related remuneration if 100% of the targets are met and to around 125%

if the maximum targets are met. Due to its even greater weighting, the LTI-bonus amounts to around 87.5% of the non-performance-related remuneration if 100% of the targets are met and to around 262.5% if the maximum targets are met.

As an incentive for new Management Board members in the context of their decision-making process to work on the Management Board for the company, there is additionally the option of granting one-off payments, for example in the form of cushioning allowances to cover the costs incurred by relocating or to reduce any loss of salary. This kind of one-time payment is limited in terms of the amount to an annual remuneration.

All activities for the company as well as for the enterprises affiliated with the company within the meaning of sections 15 ff. AktG are settled in principle by this remuneration.

Non-performance-related remuneration

The members of the Management Board of Instone Real Estate Group SE receive non-performance-related remuneration in the form a fixed annual basic salary (basic remuneration) and additional benefits. The fixed annual basic salary is paid in twelve equal instalments at the end of a month, for the last time for the full month in which the Management Board employment contract ends.

In addition, the members of the Management Board receive additional non-performance-related benefits. These include for example the use of a company car and the payment of premiums for an accident insurance policy with benefits at a standard market level and are taken into account in the maximum remuneration for the Management Board.

Performance-related remuneration

The performance-related remuneration components consist of a variable remuneration element with a one-year assessment basis (**short-term incentive – STI**) and a variable remuneration element with a multi-year assessment basis (**long-term incentive – LTI**). Based on the design of the components, the proportion of the LTI outweighs the proportion of the STI in the target remuneration.

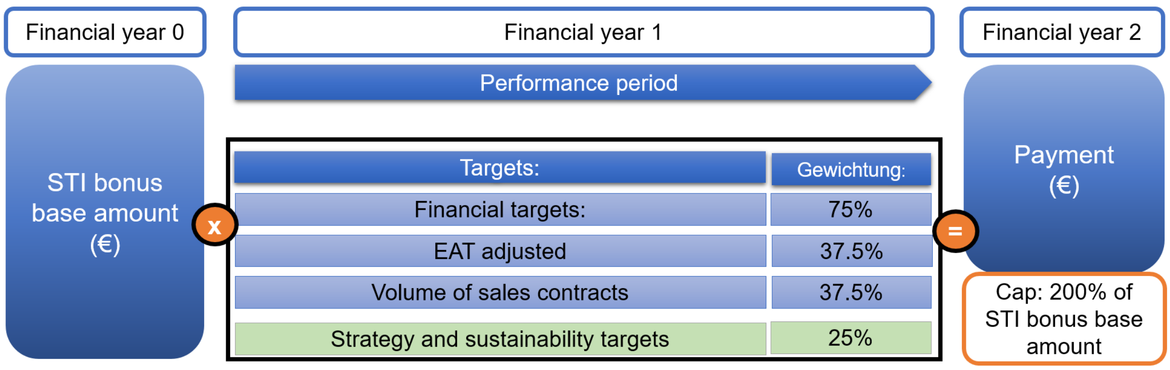
In the event that the member of the Management Board is not entitled to remuneration for the entire financial year underlying the calculation, a corresponding pro rata temporis reduction is made to the variable remuneration components.

One-year variable remuneration – short-term incentive (STI)

The one-year variable remuneration in the form of the STI is linked to

- the economic result or the performance of the Instone Group in the underlying financial year (*financial targets*) and
- *strategy and sustainability targets* defined for the individual members of the Management Board.

Variable remuneration - STI



The financial targets defined in the STI, to which a total of 75% of the STI bonus base amount is allocated, comprise the adjusted earnings after tax (**EAT adjusted**) and the **volume of sales contracts**, which were both given an identical weighting of 37.5% each. Both the EAT adjusted and the volume of sales contracts are key operating financial and management figures and key performance indicators of the Instone Group and integral elements of the company forecasts. These two financial targets are therefore key for the business strategy of the Management Board and the long-term development of the Instone Group. The measurement of the short-term variable remuneration using these key operating financial and management figures and performance indicators seems appropriate in the view of the

Supervisory Board in order to guarantee in this way the incentives of the Management Board to implement the business strategy. The earnings-based performance indicator EAT adjusted is additionally a yardstick for the dividend policy. The key real estate sector indicator of the volume of sales contracts includes all sales-related transactions such as notarised property purchase agreements, individual orders from customers and rental income. Both financial targets are derived from the business planning drawn up by the Management Board and approved by the Supervisory Board and from the forecasts and are redefined uniformly for the Management Board for each bonus year. The EAT adjusted and the volume of sales contracts are calculated using the adjusted results of operations, which form the basis for the financial reporting of the Instone Real Estate Group SE and is explained in more detail in the annual report.

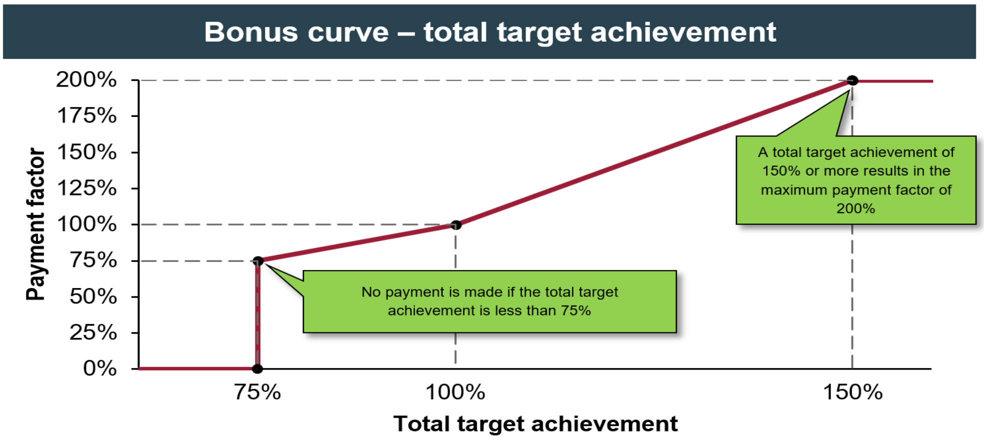
The linking of the one-year variable remuneration with these key financial and management performance indicators of the Instone Group serves to guarantee profitable and sustainable growth. Moreover, the selection of these targets is used to set incentives for the Management Board to act in line with the business strategy and the planning approved by the Supervisory Board and, in the best-case scenario, to exceed the forecast communicated to the capital market.

The **strategy and sustainability targets** that are key for the bonus year in question are individually defined by the Supervisory Board for each bonus year and for each member of the Management Board. The Supervisory Board generally sets two to four targets for each Management Board member here, which are used to implement the business strategy and serve the long-term business development. The strategy and sustainability targets account for 25% of the STI bonus. This gives the Supervisory Board the possibility of defining central, non-compulsory financial targets in the company's interest for the Management Board and linking them to the personal performance of the Management Board members. In addition to environmental issues such as the reduction of CO^2, customer and employee satisfaction, the value of investor sales or the optimisation of the company financing, these targets can for example include the further development of the "nyoo" product line or the creation of subsidised housing. In order to ensure that the achievement of targets is sufficiently transparent and verifiable, the Supervisory Board pays attention to defining targets and defining criteria for the targets where their achievement can be identified and measured ideally using quantitative methods. The Supervisory Board can weigh the annually defined strategy and sustainability targets differently here, where each individual target within the strategy and sustainability targets have to be weighted with a minimum of no less than 25%.

An STI bonus base amount in euros is agreed for each Management Board member in the respective employment contract. The payment amount of these variable remuneration components is determined by the achievement of the targets, for which the Supervisory Board defines target and threshold values to be achieved for each performance period, thereafter as follows:

- After the end of the bonus year (performance period) in question, the Supervisory Board ascertains how much of the individual target has been achieved and, taking the weighting of the relevant individual target into account, transfers the individual target achievement to a total target achievement. The maximum target achievement for each individual STI target is capped here at 175%.
- The total target achievement is assigned to an STI payment factor in accordance with a bonus curve (see below). If the total target achievement is less than 75% (**target floor**), no claim arises for payment of the STI bonus. Because ambitious targets are set, above-average performance of the Management Board members merit above-average rewards: if the total target achievement is 150% or more (**target cap**), the STI payment factor amounts to 200%. The STI payment factor for a total target achievement between 100% and 150% is calculated in proportion to this. When the total target achievement is between 75% and 100%, the STI payment factor equals linearly to the total target achievement.
- The STI payment factor is multiplied by the agreed STI bonus base amount and thus produces the payment amount of the STI bonus in euros for the performance period. The payment amount can here total a maximum of 200% of the STI bonus base amount (**cap**). The payment is made in the month following the approval of the company's audited annual financial statements.

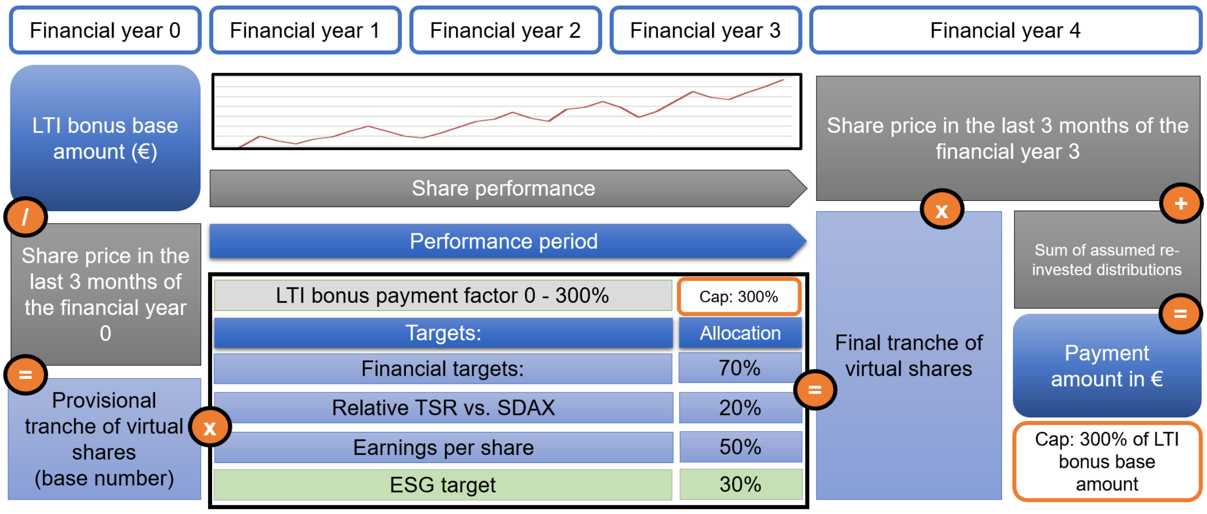
An example of the total target achievement for the STI and the resulting STI payment factor is illustrated below:



Long-term variable remuneration – long-term incentive (LTI)

As a further component of the variable remuneration, a commitment is additionally made to the members of the Management Board comprising a multi-year variable compensation in the form of an LTI bonus on the basis of a share-based virtual performance share plan. Through the linkage to the price of the Instone share, incentives are set for the Management Board to promote the long-term and sustainable development of the Instone Group. Moreover, the harmonisation of the interests of the shareholders and the Management Board is strengthened.

Variable remuneration - LTI



The amount of any LTI bonus depends on

- the level of the LTI bonus base amount and the underlying average share price at the time the virtual share tranche is allocated in financial year 0,
- the achievement of *financial targets* and a *non-financial ESG target* during a three-year performance period and
- the *performance of the share price* (taking any distributions into account) of the Instone Real Estate Group SE during the three-year performance period.

The measurement period for the multi-year variable remuneration thus amounts to a total of three years.

The financial targets defined in the LTI are the performance of the adjusted *earnings per share, EPS* (**EPS target**) and the total shareholder return (performance of the share price in due consideration of distributions) of the Instone Real Estate Group SE in comparison with the SDAX (**relative TSR**), to which a total of 70% of the LTI bonus base amount is allocated and which are given a 50% and 20% weighting. Both financial targets are derived from the business planning and from the forecasts drawn up by the Management Board and approved by the Supervisory Board and are defined uniformly for the Management Board for each three-year performance period anew.

Using the **EPS target**, a target is defined that is used to set incentives for the Management Board on the basis of the multi-year performance period to increase the company's long-term earning power. As a result, an incentive is set to manage the company profitably and on a profit-oriented basis and at the same time to generate sustainable growth over the long term in the interests of the shareholders. The EPS target is defined in the form of an aggregated target value over the performance period. The EPS target is calculated using the adjusted results of operations (as defined in the annual report), which forms the basis for the financial reporting of the Instone Real Estate Group SE and is explained in more detail in the annual report.

With the **relative TSR**, an incentive is set for the Management Board to generate an above-average performance in comparison with other listed companies. The performance of the share price additionally reflects the increase in value of the company from the shareholders' perspective. The Supervisory Board continues to consider the SDAX to be an appropriate benchmark, even if Instone's shares are not listed in the SDAX at the time this management board remuneration system is adopted, as the SDAX continues to consist of companies of a comparable size. In the event that developments arise that, in the Supervisory Boards opinion, suggest a reference to the SDAX is no longer appropriate, the Supervisory Board can select another suitable share index as a benchmark.

The Supervisory Board additionally defines a non-financial **ESG target** (*environmental, social and governance target*), to which 30% of the LTI bonus base amount is allocated. The use of the ESG target, which is defined uniformly for all Management Board members for each LTI tranche that is granted annually, is intended to promote the sustainable business development of the Instone Group in line with the company's ESG strategy. The Supervisory Board will define a target here that is consistent with the interests of the company's stakeholders and which is geared towards a long-term, three-year target fulfilment. These targets, which are at the discretion of the Supervisory Board, may for example include environmental targets such as multi-year CO2 reduction targets as well as targets that fall into the 'social' category, such as the achievement of a certain level of diversity at the various management levels or the reduction of a gender pay gap. The Supervisory Board reports on the definition and fulfilment of the targets in accordance with the statutory requirements in the annual remuneration report. Ideally, the measurement of how much of the targets are achieved will be designed so that it can be quantified.

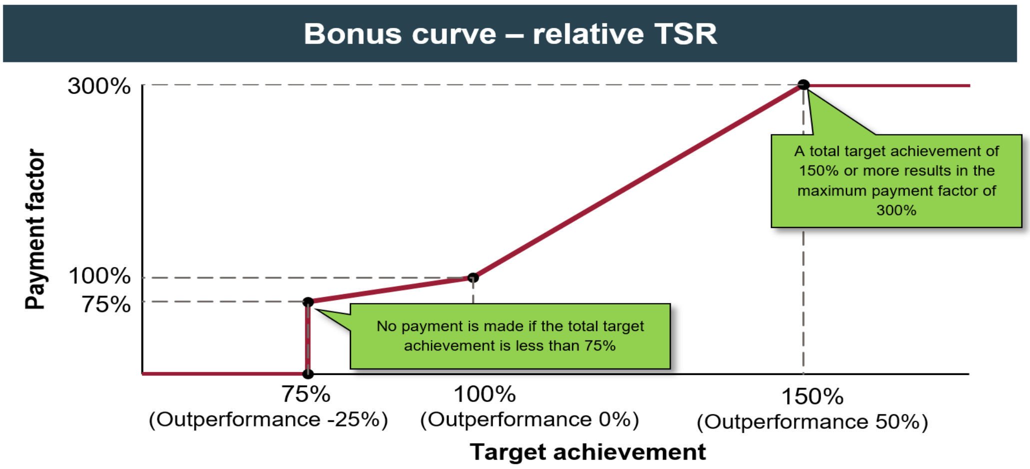
An LTI bonus base amount in euros is agreed for each Management Board member in the respective employment contract. This is divided by the average volume-weighted Instone share price of the last three months of the financial year before the start of the performance period in order thus to determine the provisional tranche of virtual shares allocated to the Management Board member in question (**base number**). The payment amount of this variable remuneration component is determined by the achievement of the targets, for which the Supervisory Board defines target and threshold values to be achieved for each performance period, and the price performance of the Instone share thereafter as follows:

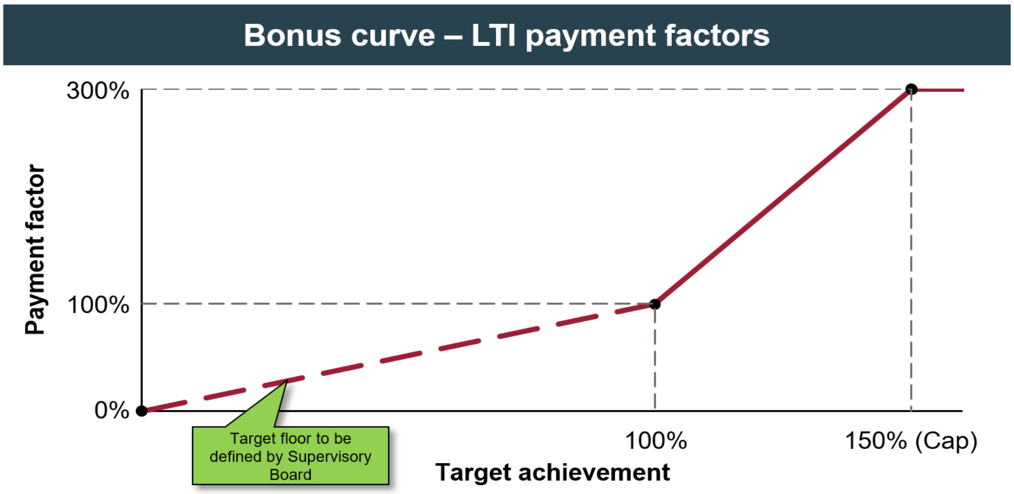
- After the end of the three-year performance period, the Supervisory Board ascertains how much of each individual target has been achieved.
- The target achievement for each individual target is assigned to an LTI payment factor in accordance with a bonus curve (see below). Taking the respective weighting of the individual target into account, a total payment factor is generated from the individual LTI payment factors that have been calculated in this way. Because ambitious targets are set, above-average performance of the Management Board members merit above-average rewards: if the target achievement is 150% or more for an individual target (**target cap**), the relevant LTI payment factor for this individual target amounts to 300%. The LTI payment factor for a target achievement between 100% and 150% is calculated in proportion to this. If the target achievement for an individual target is 100% or less, the LTI payment factor corresponds to the respective target achievement (subject to and down to a **target floor** defined by the Supervisory Board).
- To determine the relative TSR, the closing price of the Instone share is set in relation to the opening price. For smoothing purposes, the volume-weighted average of the closing prices of the Instone share in XETRA trading (or a comparable successor system) on the Frankfurt Stock Exchange over the previous three months is used to determine the opening and closing prices, and the closing price also takes into account distributions, including dividend payments, assuming reinvestment in Instone shares during the performance period. To calculate the performance of the SDAX (as performance index), the initial value is the arithmetic mean of the closing prices on the SDAX of the last three months before the respective performance period starts and the final value is the arithmetic mean of the closing prices on the SDAX of the last three months of the respective three-year performance period. The target achievement for the relative TSR and the pro rata LTI payment factor amounts to 100% if the performance of the share price (taking into account distributions, including dividend payments, assuming reinvestment in Instone shares during the performance period) of the Instone share corresponds to the performance of the SDAX at the end of the performance period. If the target achievement

in the relative TSR is less than 75%, this target is deemed to have been missed and it is cancelled (see bonus curve below).

- The base number of virtual shares is multiplied by the total payment factor and the average volume-weighted share price of the last three months before the end of the last financial year of the performance period, taking into account distributions, including dividend payments, assuming reinvestment in Instone shares during the performance period (total shareholder return model) in order to equate the Management Board with a genuine shareholder. The payment is made after the end of the performance period in the month following the approval of the company's audited annual financial statements.

An example of the bonus curves for the relative TSR target (first illustration) and for calculating the additional LTI payment factors (EPS target and ESG target) (second illustration) is provided below:





If the share price performs exceptionally, the Supervisory Board is entitled to take an appropriate longer period before the end of the respective bonus year into consideration for the calculation of the average closing price. If capital measures result in a reduction or an increase in the number of Instone shares (e.g. share splits or reverse splits), this effect is taken into account and its impact neutralised in the determination of the target achievement by suitable calculations.

The payment amount of the LTI bonus is capped in total at the amount (cap) that corresponds to 300% of the LTI bonus base amount (**LTI cap limit**).

Obligations to hold shares / Share Ownership Guideline

To strengthen the long-term development and promotion of the Management Board's investment in Instone Real Estate Group SE, the members of the Management Board are required by a Share Ownership Guideline to acquire shares in Instone Real Estate Group SE in the amount of a non-performance-related gross annual salary within a four-year build-up phase, starting upon their appointment to the Management Board to hold them over the entire term of their Management Board employment contract. The equivalent value is calculated here on the purchase price of the shares. Shares already held by a Management Board member are credited here.

If the Management Board member in question has acquired shares in the amount of a non-performance-related gross annual salary, the holding may fall below this threshold by up to 50% for a period of a maximum of six months. In this case, the Management Board member is required to replenish the share portfolio he holds up to the amount of a non-performance-related gross annual salary within a period of six months.

E. Definition of maximum remuneration and temporary divergences from the remuneration system

Maximum remuneration

In accordance with section 87a(1) sentence 2 no. 1 AktG, the Supervisory Board has defined a maximum limit for the total of all remuneration components including additional benefits and pension commitments. This amounts to 3.15 million € for the Chair of the Management Board (CEO) and 2.4 million € for each other member of the Management Board. These maximum remuneration levels set by the Supervisory Board take into account the results of the peer group analysis as well as the strongly performance- and growth-oriented design of this remuneration system and are intended to allow for a market-oriented and company-specific further development of Management Board remuneration in the interest of the Company.

Temporary divergences from the remuneration system

In exceptional cases, the Supervisory Board can diverge from the remuneration system in accordance with the statutory regulation of section 87a(2) sentence 2 AktG if highly unusual circumstances make a divergence necessary in the interests of the long-term well-being of the company. This requires a resolution of the Supervisory Board that identifies the need for a divergence in a transparently and well-founded manner. The elements of the remuneration system affected specifically by the divergence and the need for the divergence must furthermore be explained to the shareholders in the remuneration report. A divergence can be made when the depicted requirements in particular of the performance criteria for the variable remuneration, the proportion of the components of the target remuneration and for exceptional additional benefits are met.

F. Possibilities for the company to recover components of the variable remuneration

The employment contracts of the members of the Management Board contain regulations that grant the Supervisory Board the discretion to fully or partially retain (*penalty*) or recover (*clawback*) components of the variable remuneration. A requirement for the possibility of applying these regulations is a grossly negligent or serious breach, as a minimum, of legal or contractual duties or of internal company codes of conduct. In these cases, the Supervisory Board can, at its due discretion, reduce and retain components of the variable remuneration that have not yet been paid out or recover components of the variable remuneration that have already been paid out.

The above-mentioned claims are time-barred upon the expiry of two years from the end of the measurement period for the variable remuneration components in question.

G. Remuneration-related legal transactions

Terms and requirements for ending remuneration-related legal transactions

The term of the Management Board employment contracts run in parallel with the duration of the appointment of the respective Management Board member decided by the Supervisory Board. In the event that the member is reappointed, it can be agreed that the employment contract continues in force. Each employment contract has a fixed term and therefore does not contain an ordinary right of termination. The right to terminate contracts without notice is not affected.

Severance payments

If the employment contract of a member of the Management Board is validly terminated with immediate effect by the company for good cause before the term of the LTI bonus has ended (known as a “bad leaver event”), all rights arising from the LTI bonus that is to be allocated to a period before the relevant term of three years has expired, are forfeited without compensation.

If the employment contract of a member of the Management Board ends before the term of the LTI bonus has ended and the requirements for a “bad leaver event” are not met at the same time (known as a “good leaver event”), the entitlement to the LTI bonus from performance periods already in progress and, if applicable, for the commencing performance period on a pro rata basis, remain unaffected.

The option of the Supervisory Board to stipulate special termination rights in employment contracts to the benefit of members of the Management Board in the event of a change of control at the company remains unchanged. The Supervisory Board is entitled to grant as part of the agreement on a special termination right of this kind a severance payment in connection with the cessation of the work on the

Management Board as a result of this special termination right being exercised that amounts to the annual remuneration for up to two years, but limited, however, to the value of the remuneration due to be paid for the remaining term of the employment contract.

The Supervisory Board is also entitled to grant in other events of premature cessation of the work on the Management Board a severance payment that amounts to the annual remuneration for up to two years, but limited, however, to the value of the remuneration due to be paid for the remaining term of the employment contract.

Components of the variable remuneration are paid in the event of cessation of the work on the Management Board in accordance with the originally agreed assessment bases (performance targets, performance periods, etc.) and due dates.

Pension commitments

Two members of the Management Board still have a company pension plan in the form of individual contractual pension agreements that come into effect after the minimum pensionable age of 65 years is reached. These two pension agreements were agreed in 2008 and 1987 respectively and thus significantly before the IPO and the appointment of the eligible Management Board members and will also continue to be executed. However, new pension commitments within the framework of this company pension system will no longer be granted in the future.

Pension components will be credited to the two eligible Management Board members as part of the company pension scheme model – under the terms of the old underlying agreements – for the duration of the pension commitment; these components entitle the beneficiaries to receive a certain monthly payment after they reach the age of 65 and, on a cumulative basis, reflect the relevant pension entitlement under the company pension plan. The respective amount of the monthly pension components is calculated using the monthly non-performance-related cash remuneration of the eligible Management Board member, which is multiplied by an age factor representing an appropriate interest rate and a further fixed amount determined on an annual basis. The provisions required for the pension components and the resulting pension obligations are recalculated on an actuarial basis every year. The amount of the pension components that are credited decreases as the term of the pension agreements progresses, with fixed non-performance-related remuneration otherwise staying the same. The pension components credited in 2020 and that are to be paid out after the beneficiaries reach the age of 65 corresponded and will also correspond during the period of application of this remuneration system to approximately 0.5% and approximately 0.7% of the fixed non-performance-related remuneration of the eligible Management Board members.

Surviving dependants receive 60% or 55% of the pension.