



General Meeting of home24 SE on June 17, 2021

Agenda Item 9: Remuneration system for the members of the management board

The supervisory board proposes to approve the following management board remuneration system for the members of the management board, which was resolved by the supervisory board on May 1, 2021:

Management board remuneration system

A. Main features of the management board remuneration system

The management board remuneration system of home24 SE ("**company**") contributes to the promotion of the business strategy and the long-term development of the company. The incentives provided by the remuneration motivate the management board to work towards the sustainable success of the company. The management board remuneration system thus serves the interests of shareholders, employees, customers and other stakeholders. At the same time, the customary and competitive remuneration of the management board shall ensure that the company can continue to compete successfully on the national and international market for the best candidates for the position of management board member.

In determining the amount and structure of the remuneration of the management board, the supervisory board is guided in particular by the following three principles:

- **Responsibility**

The compensation of the management board adequately reflects the responsibility of the management board for the management of the company as well as the responsibility of the individual management board member in his or her area of responsibility.

- **Performance**

The management board remuneration system takes adequate account of the performance of the Board of Management as a body and of its individual members and promotes the commitment to sustainable action by the Board of Management.

- **Entrepreneurship**

The management board will participate to a considerable extent in the long-term increase in value of the company and will thus be encouraged to act in an entrepreneurial manner.

The management board remuneration system is clear and easy to

understand. It complies with the requirements of Section 87a (1) German Stock Corporation Act (*Aktiengesetz*) and the recommendations of the German Corporate Governance Code (“**GCGC**”), to the extent that no deviation from these recommendations is declared. In addition, the remuneration system for the management board provides the supervisory board with the necessary flexibility to react to organizational changes and to take into account different market conditions.

B. Procedure

The remuneration system for the management board is determined by the supervisory board as a whole. The company’s supervisory board does not have a remuneration committee, since the supervisory board currently consists of only four persons, so that the supervisory board does not see any need for a remuneration committee at the moment.

The supervisory board consults external consultants as it deems necessary in each case. When mandating external consultants, the supervisory board pays attention to their independence and requires the submission of a certificate of independence. For the handling of potential conflicts of interest of the members of the supervisory board, the recommendations of the GCGC and the provisions of the rules of procedure of the supervisory board are also complied with in the determination, review and implementation of the management board remuneration system.

The remuneration system for the management board adopted by the supervisory board will be presented to the general meeting for approval.

The supervisory board regularly reviews the remuneration system for the management board and decides on changes if necessary. In the event of significant changes, but at least every four years, the remuneration system is again submitted to the general meeting for approval.

If the general meeting does not approve the remuneration system for the management board put to the vote in each case, a reviewed remuneration system for the management board will be presented at the latest at the following ordinary general meeting.

C. Determination of the total target compensation

The annual target total compensation of a member of the management board is determined by the supervisory board in advance and takes into account not only an appropriate relationship to the tasks and performance of the management board member, but also the economic situation and the success and prospects of the company. In addition, the supervisory board ensures that the total target compensation is in line with the market. To this end, the supervisory board uses both a horizontal and a vertical benchmark.

I. Horizontal benchmark

In order to assess the market conformity, compensation data of a suitable comparison group of other companies are used, whereby the particularities,

in particular the market position, size and business model of the company are sufficiently taken into account. In addition, this peer group comparison is used with caution so that there is no automatic upward trend in compensation.

II. Vertical benchmark

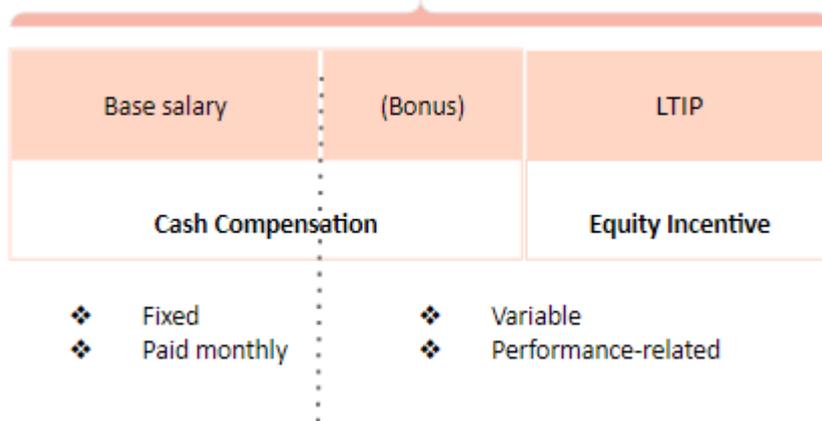
In addition, the supervisory board takes into account the development of the remuneration of the management board in relation to the remuneration of the senior management (e.g. Senior Vice Presidents and C-Level positions) and the workforce (all employees including the senior management) of the home24 group in Germany. The corresponding relationship between the remuneration of the management board and the vertical peer group is also taken into account in the development over time.

III. Differentiation by function

The remuneration system for the management board leaves the supervisory board the flexibility to take into account the function and area of responsibility of the individual member of the management board when determining the amount and the structure of the total target compensation. Function-specific differentiations – for example for the Chairman of the management board – are possible at the dutiful discretion of the supervisory board, also taking into account criteria such as market conditions, qualifications, experience and length of service on the management board. Accordingly, the compensation of a member of the management board may, for example, be set at a lower level overall for the first term of office when he or she is first appointed. These possibilities of differentiation result in the shares of the individual remuneration components in the target total compensation being stated in the remuneration system in percentage ranges.

D. Components of the management board remuneration

The remuneration of the members of the company's management board consists of fixed and variable components. The fixed, non-performance-related remuneration comprises the annual fixed cash remuneration and customary fringe benefits. The variable compensation consists of a short-term component (bonus) and a long-term component (LTIP).



The remuneration system for the management board is also supplemented by the possibility of appropriate and customary commitments in connection with the commencement of activities on the management board.

E. Structure of the total target compensation

The structure of the target total remuneration for a member of the management board of the company is determined at the beginning of the respective term of office. The value of the long-term variable compensation component is subject to fluctuations (for further details, see H.II.2). For the purposes of this overview, it is assumed that the long-term variable compensation component is granted at the highest possible value of the “**LTIP Cap**” (see below H.II.2). In addition, the value of the short-term bonus is based on the assumption of 100% target achievement.

In this case, the share of the fixed remuneration in the total target compensation is 15-35%. The share of the short-term variable remuneration in the total target compensation amounts to 3-10% and the share of the long-term variable remuneration in the total target compensation amounts to 60-80%. In accordance with the requirements of the German Stock Corporation Act (*Aktiengesetz*) and the GCGC, the supervisory board thus ensures that the variable compensation resulting from the achievement of long-term targets exceeds the share of compensation with short-term targets.

When reviewing the compensation of the members of the management board, the supervisory board may adjust individual compensation components taking into account market appropriateness and customary practice, in particular in the event of extraordinary (market) developments.

F. Maximum compensation limits

The total remuneration of a member of the management board is limited to a maximum of EUR 15 million per year. However, due to the overall structure of the compensation with a predominant part of long-term, variable compensation linked to the development of the company’s share price, this maximum limit can only be reached if the company’s valuation multiplies

during the term of an LTIP tranche. The possible cap on the amount in excess of the maximum amount will be applied when claims under the LTIP performance shares issued for the relevant year are settled after the end of the Waiting Period.

G. Fixed remuneration components

The fixed, non-performance-related fixed remuneration, the amount of which is based on the area of responsibility and experience of the respective member of the management board, is paid in twelve monthly installments.

The members of the management board also receive customary fringe benefits, including in particular contributions to health insurance and monthly gross amounts corresponding to the employer's contributions to the statutory pension and unemployment insurance, as well as the assumption of the costs for a D&O insurance and an accident/disability insurance.

H. Variable remuneration components

The variable remuneration is linked to performance and is geared to short and long-term development. In accordance with the recommendations of the GCGC, the value-based portion of the long-term oriented variable compensation outweighs the portion of the short-term oriented variable compensation. The amount at which the respective component is realized depends on the achievement of the relevant targets.

In order to ensure the implementation of the corporate strategy for long-term and sustainable growth of the company, operational annual targets of a financial and non-financial nature are derived for the members of the management board, the achievement of which is incentivized via the annual bonus as short-term oriented variable compensation. In addition, there is the long-term oriented variable compensation under the company's LTIP, which rewards the long-term success of the company and the long-term share price development and thus also sustainable growth in the interest of the shareholders.

I. Short-term oriented variable remuneration

At the beginning of each fiscal year, the supervisory board determines certain ambitious performance criteria for the annual bonus, which – in addition to operational objectives – are also based on strategic objectives. In addition to financial performance targets, these are also non-financial performance criteria. The concrete selection of the performance criteria is made by the supervisory board taking into account the business environment. The performance criteria are measured by means of suitable key figures.

The weighting relevant for the calculation of the annual bonus is as follows:

- **Financial performance criteria: 70-80%**

The financial performance criteria are linked to the company's success,

measured against predefined operational targets (sales growth, profitability, liquidity, earnings).

- **Non-financial performance criteria: 20-30%**

The non-financial performance criteria relate to improving sustainability (such as customer satisfaction, employee satisfaction, diversity, sustainability, compliance).

After the end of the fiscal year, the supervisory board determines the amount of the individual annual bonus depending on the achievement of objectives. The maximal annual bonus to be achieved if targets are fully met is specified in the service agreements of the respective members of the management board. If the targets are completely missed, the respective member of the management board does not receive a bonus.

After payment of the annual bonus, a member of the management board is free to dispose of the corresponding amount. However, the supervisory board has the option, within three years after payment of the annual bonus, to demand partial or full repayment of the amount paid out if it turns out that the supervisory board unknowingly determined the bonus amount on the basis of false information (*clawback*).

The concrete targets, the target figures relevant for their remuneration and the actual achievement of targets for the respective fiscal year are published in the remuneration report of the following year.

II. Long-term oriented variable remuneration

As long-term, share-based variable compensation, the management board receives performance shares under the company's LTIP.

1. Main features of the LTIP

The LTIP enables the management board to participate in increases in the value of equity, as the performance of the Performance Shares is linked to the performance of the company's shares. The Performance Shares are structured like options. The beneficiary contains the difference between the higher share price at the time of exercise and the Base Price determined at the time of granting of the Performance Shares – at the company's discretion – either in the form of shares of the company or in cash. The vesting period is usually 12 months after the Effective Date of the grant. According to the currently valid LTIP conditions, Performance Shares can generally be exercised after a four-year Waiting Period, provided that they are vested and the average growth rate of the sales growth of the home24 Group, adjusted for special effects, is at least 10% in the four years after the Performance Shares were granted. The Performance Shares can be exercised within four years after the end of the Waiting Period:



To the extent that the company serves the claims from exercised Performance Shares in the form of shares, the beneficiary is not subject to any requirements regarding the holding of the corresponding shares.

2. Participation of the management board

The methodology for determining the number and Base Price of the Performance Shares to be granted to a member of the management board is determined at the beginning of the respective term of office for the entire term of office of the management board member.

Generally, a member of the management board receives one tranche of Performance Shares for each year of the term of office with economic effect as of January 1 of the respective year (successive issue of annual tranches) or a total commitment for the term of the management board service agreement (joint issue of all annual tranches). For each tranche, the vesting period, the Waiting Period and the Exercise Period are to be determined independently.

When determining the relevant Base Price for a tranche, the supervisory board takes into account the average closing price of the company's shares in Xetra trading over a representative period of time (e.g. the previous month or quarter), as determined by the supervisory board.

In determining the number of Performance Shares to be granted to a management board member, the supervisory board takes into account the fact that the management board as a whole and with its current size should, in principle, generally participate in the company's appreciation in value by means of LTIP performance shares at a rate of around one percent per year. However, the value of the Performance Shares of an annual tranche determined according to Black Scholes may not exceed a limit set by the supervisory board at the time of grant ("**LTIP Cap**"). The LTIP Cap is derived by the supervisory board from the target total compensation for the respective management board member.

I. Crediting of remuneration for sideline activities of management board members

Any paid or unpaid secondary commercial activity of any kind, including membership in supervisory boards, advisory boards or similar bodies, as well as honorary activities within a company and the assumption of political functions, require the prior written approval of the supervisory board. As a matter of principle, approval is not granted for the assumption of more than two supervisory board mandates in non-group listed companies or

comparable functions. The supervisory board can decide at its own discretion whether and to what extent the remuneration for approved secondary activities should be offset against the remuneration.

J. Commitments in connection with the commencement of service on the management board

Upon first-time appointment as a member of the management board, the supervisory board decides, at its dutiful discretion, to what extent and in what form - e.g. in cash or through LTIP Performance Shares - appropriate one-time payments customary in the market will be made. This leads to increased flexibility in the negotiations, which enables the supervisory board to negotiate specific terms of engagement in the best interests of the company e.g. to compensate for claims from previous employment which a member of the management board loses through joining the company.

K. Compensation-related legal transactions

The service agreements for the members of the management board are in each case concluded for the duration of the appointment. The initial appointment of management board members is for a maximum of three years.

There are no contractual commitments in the event of premature termination of management board activities. In the event of permanent incapacity to work on the part of a member of the management board, the service agreement of the respective member of the management board shall end at the end of the calendar quarter in which the permanent incapacity to work is established.

L. Temporary deviations

The supervisory board may temporarily deviate from the management board compensation system if this is necessary in the interest of the company's long-term well-being. This requires a resolution of the supervisory board to determine the circumstances underlying and requiring such deviation. In this case, deviations from the management board remuneration system are possible with regard to the rules on the procedure, the compensation structure and amount as well as the individual compensation components

M. Application

This remuneration system applies to all new or extended management board service agreements concluded after the end of the annual general meeting of the company on June 17, 2021. For existing service agreements, the previous compensation structure shall continue to apply in accordance with Section 26j para. 1 of the Introductory Act to the Stock Corporation Act (EgAktG) and the explanatory memorandum to the GCGC, also in order not to interfere with current plans with a multi-year assessment basis.

Disclaimer

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