

**Declaration of Compliance of the Management and Supervisory Boards  
of ERWE Immobilien AG, Frankfurt am Main  
in respect of the German Corporate Governance Code (§ 161 AktG)**

The Management and Supervisory Boards of ERWE Immobilien AG hereby declare pursuant to § 161 of the German Stock Corporation Act (AktG):

In the period between submitting its previous Declaration of Compliance in December 2019 and the publication of the new version of the German Corporate Governance Code in the official section of the Federal Gazette on 20 March 2020, ERWE Immobilien AG complied with all the recommendations made by the “German Corporate Governance Code Government Commission” in the version dated 7 February 2017, as published by the German Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette (“DCGK 2017”), with the following exceptions:

- Section 3.8: The company did not comply with the recommendation made in Section 3.8 of the DCGK 2017, namely that, in any directors’ and officers’ liability insurance policy it may take out, it should agree a deductible of at least 10% of the loss up to at least the amount of one and a half times the fixed annual remuneration. Given the amount of remuneration paid to Supervisory Board members and the resultant amount of minimum deductible, the agreement of any such deductible would not provide the company with any additional benefit in terms of enhancing the motivation of the Supervisory Board members to discharge their duties with due care.
- Section 4.2.1: The company did not comply with the recommendation made in Section 4.2.1 of the DCGK 2017, namely that the Management Board should have a Chair or a Spokesperson. The Management Board members represent different divisions that are equally important. Given the size of the Management Board, which is appropriate to the company’s current size, it is not necessary to have any Chair or Spokesperson.
- Section 4.2.3: The company did not at the time comply with the recommendation made in Section 4.2.3 of the DCGK 2017, namely that variable remuneration components should be agreed with the Management Board members. During the period in question, the Supervisory Board developed a new remuneration structure for the Management Board that also includes variable remuneration components. Given the indirect investments held in the company by the Management Board members, it could nevertheless be assumed that no variable remuneration was required in the intervening period.
- Section 5.3: Due to the size of the company and its Supervisory Board, the company did not form the committees called for in Section 5.3 of the DCGK 2017. All duties are discharged by the full Supervisory Board.

On 20 March 2020, the German Corporate Governance Code in its version dated 16 December 2019 was published by the German Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette (“DCGK 2020”). The Management and Supervisory Boards of ERWE Immobilien AG hereby declare pursuant to § 161 AktG:

Since the publication of the new version, ERWE Immobilien AG complied with the recommendations of the DCGK 2020 and will continue to comply with these in future, with the following exceptions:

- Section B.5: According to Section B.5 of the DCGK 2020, an age limit should be specified for members of the Management Board and disclosed in the Corporate Governance Statement. The company is of the opinion that the reaching of a specified age limit does not allow any conclusions to be drawn as to the competence of a given Management Board member. The company has therefore not specified any age limit for Management Board members. Accordingly, no age limit is disclosed in the Corporate Governance Statement. In this respect, the company therefore diverges from Section B.5 of the DCGK 2020.
- Section C.1: The company diverges from the recommendation made in Section C.1 of the DCGK 2020, namely that the Supervisory Board should determine specific objectives regarding its composition, should prepare a profile of skills and expertise for the entire Board and provide information about what the shareholder representatives on the Supervisory Board regard as the appropriate number of independent Supervisory Board members representing shareholders and the names of these members. The composition of the Supervisory Board has to ensure that the Management Board is effectively advised and supervised in accordance with the company’s best interests. To ensure that these statutory duties are properly discharged, in compiling its election proposals the Supervisory Board will, also in future, primarily be guided by the expertise, skills and experience of the candidates in question. The Supervisory Board will take due account of diversity. However, the Supervisory Board considers that the prior setting of specific targets or quotas that go beyond the target share of female Supervisory Board members called for by law in § 111 (5) AktG is neither necessary nor appropriate, as this would effectively limit the selection of suitable candidates available to the company, particularly as a small public listed stock corporation with a Supervisory Board comprising only three members. Accordingly, the Corporate Governance Statement also does not include any reporting of targets in this respect.
- Section C.2: Diverging from Section C.2 of the DCGK 2020, no age limit has been specified for members of the Supervisory Board. Accordingly, no such age limit has been disclosed in the Corporate Governance Statement. The company is of the opinion that the reaching of a specified age limit does not allow any conclusions to be drawn as to the competence of a given Supervisory Board member.
- Sections D.2, D.3 and D.5: Due to the current size of the company and its Supervisory Board, no committees pursuant to D.2, D.3 and D.5 of the DCGK 2020 have been formed. The Supervisory Board is of the opinion that, where the Supervisory Board comprises only three members, the forming of committees would not enhance the efficiency of its advisory and supervisory activities in any meaningful way. The Supervisory Board performs its activities in plenary form. In this respect, the company also diverges from the recommendation in Section D.11 of the DCGK 2020.

- Section F.2: The company reserves the right to diverge from the recommendation made in Section F.2 of the DCGK 2020 and to draw on the statutory publication deadlines in each case should this be necessary for the proper preparation and audit of its financial statements and reports. The company accords priority to the accuracy and completeness of the respective financial statements and reports. The company endeavours to make its financial statements and reports available to shareholders at the earliest opportunity.
- Section G.3: Diverging from Section G.3 of the DCGK 2020, in assessing whether the specific total remuneration of Management Board members is in line with usual levels, the Supervisory Board has foregone comparison with any peer group. Given the company's specific business alignment, it would only be possible to a limited extent to identify any peer group. This would therefore not provide any additional representative insights as to whether remuneration conforms to usual levels.
- Section G.10: In contrast to the recommendation made in Section G.10 of the DCGK 2020, only long-term variable remuneration amounts are granted to Management Board members as share-based remuneration. This approach is also consistent with the original draft of the German Corporate Governance Code dated 9 May 2019. Given the size of the company, the granting of short-term variable remuneration amounts by way of share-based remuneration each year would require an inappropriately high level of accounting input.
- Section G.11: By way of divergence from the recommendation made in Section G.11 of the DCGK 2020, the possibility of the Supervisory Board retaining or reclaiming variable remuneration if justified (claw-back) is contractually provided for only for the long-term variable remuneration granted to Management Board members. The company believes that it is sufficient and appropriate to have the possibility to account for extraordinary developments only in respect of long-term variable remuneration. Apart from this, the company has the option of drawing on general legal provisions in the event of any relevant breaches of duty.

Frankfurt am Main, August 2020

The Management Board

The Supervisory Board

### **Information on corporate practices**

In addition to the statutory and supervisory regulations and the German Corporate Governance Code, ERWE Immobilien AG also bases its corporate management and control to the standards it has set itself in its internal risk and compliance management system and the principles and values of its Code of Conduct.

ERWE Immobilien AG has a systematic risk management system in place which enables the Board of Management to identify risks and market trends at an early stage and to react immediately to relevant changes in the risk profile. The risk management is subject to the annual audit at regular intervals and is constantly being developed further.

ERWE Immobilien AG's compliance management system comprises all measures taken by the company to comply with statutory regulations as well as the elaboration and monitoring of the internal rules which the company has set itself. The aim is to prevent misconduct, reduce liability and reputational risks and enhance the corporate culture and public image. The compliance management system therefore describes business and behavioural principles, in particular data protection, the handling of business partners, conflicts of interest and donations, IT security and tax compliance. Responsibility for this area lies with the compliance-manager appointed by the Executive Board, who reports directly to the it.

With its Code of Conduct, ERWE Immobilien AG has established binding Group-wide guidelines for all managers and employees throughout the Group. The aim of this Code of Conduct is to assist all employees with legal and ethical challenges in their daily work and to provide them with an orientation on proper conduct.

### **Description of the working methods of the Executive Board and Supervisory Board**

The Executive Board and Supervisory Board work closely together in the interest of the company. The Executive Board manages the company in accordance with the law, the Articles of Association and its bylaws and its own rules of procedure. The rules of procedure contain, among other things, rules to deal with conflicts of interest, the decision-making powers of the entire Executive Board, a catalogue of transactions and measures that require the approval of the Supervisory Board as well as the duties to inform the Supervisory Board. The Board of Management of ERWE Immobilien AG consists of three persons, Mr Axel Harloff, Mr Rüdiger Weitzel and Mr Christian Hillermann.

The Supervisory Board supervises the Board of Management in its leadership of the company and assists it in an advisory capacity. It appoints and dismisses the members of the Executive Board, determines the business transactions requiring its consent, decides on the remuneration system for the Executive Board and determines the total remuneration of the Executive Board. It is involved in all decisions of fundamental importance for ERWE Immobilien AG and is kept informed by the Board of Management about important matters during the time period between the regular meetings. The Supervisory Board consists of three members. The principles of cooperation of the Supervisory Board are governed by the rules of procedure of the Supervisory Board. These determine in particular the passing of resolutions and the handling of confidential information and conflicts of interest. According to its own assessment, the Supervisory Board functions efficiently with the entirety of its three members. A separate efficiency audit was not conducted in the 2020 financial year, as this was not considered appropriate in view of the size of the board and the and the effort involved. Due to the close and and trusting cooperation, the Supervisory Board is of the opinion that it operates with a high degree of efficiency. Due to the small size of the Supervisory Board, no committees were formed.

## **Targets for the share of female employees**

In the 2019 business year, the Supervisory Board of ERWE Immobilien AG determined both the current status of the share of female employees and defined targets for the Board of Management and the Supervisory Board.

For the Board of Management, the current share of women at ERWE Immobilien AG is zero. The target figure for the Board of Management was also set at zero.

The decisive considerations for this are based on the one hand on the size of the committees and on the other on the fact that while in the composition of the Board of Management, gender diversity is considered, membership should be based on the best interests of the company, which is primarily guided by the knowledge, skills and experience of the candidates. The setting of a higher target would restrict the selection of suitable female and male candidates from the outset. Hence characteristics such as gender were and are of secondary importance in the selection of personnel. In addition, two of the three board members are the founders and current majority shareholders of the company. In the event of an expansion of the executive board the supervisory board is open to an increase of the target.

The Supervisory Board has decided on a gender quota of 0% in view of its existing composition and size. While it generally aims to raise the share of female members, it cannot prejudge the decision of the Annual General Meeting.

As ERWE Immobilien AG does not employ any staff other than the Board of Management, there are currently no targets to be set for management levels below the Board of Management.

## **Succession planning**

Together with the Board of Management, the Supervisory Board ensures long-term succession planning for the Board of Management. Specific qualification requirements and competence criteria are developed and taken into account in the individual selection process. The chairman of the Supervisory Board discusses suitable candidates with the Executive Board when vacancies are to be expected and informs the Supervisory Board thereof. If necessary, the Supervisory Board is assisted by external consultants in the development of a qualification profile and/or the search for qualified external candidates.

Frankfurt, March 2021

Management Board and Supervisory Board of ERWE Immobilien AG