



## Hypoport SE

Lübeck

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### **Publication of the resolution on the adoption of the remuneration system for Management Board members in accordance with section 120a (2) of the German Stock Corporation Act (AktG)**

At the Annual Shareholders' Meeting of Hypoport SE on Friday 21 May 2021, the remuneration system for the Management Board of Hypoport SE was presented for approval under agenda item 7 'Adoption of a resolution on the approval of the remuneration system for Management Board members in accordance with section 120a AktG'.

The proposed remuneration system for the Management Board of Hypoport SE was adopted with the following voting result:

4,724,887	shares were represented through submission of a valid vote (= 72.76% of the subscribed capital)
3,273,148	votes in favour (69.27%)
1,451,739	votes against (30.73%)
63,693	abstentions

The remuneration system for the Management Board of Hypoport SE has been formulated as follows:

#### **Remuneration system for the Management Board of Hypoport SE**

The remuneration system for the Management Board of Hypoport SE ('remuneration system') is an abstract system of coordinates that the Supervisory Board of Hypoport SE has to apply when determining the individual remuneration for the members of the Management Board of Hypoport SE. It is structured in accordance with relevant statutory requirements and the provisions of the German Corporate Governance Code as amended on 19 December 2019 ('DCGK').

##### **I. Remuneration components and adjustment mechanism**

The total remuneration for members of the Management Board of Hypoport SE is composed of a basic salary, variable year-end remuneration and fringe benefits. Fringe benefits may include contributions to the cost of health insurance and long-term care insurance, the provision of a company car or a monetary benefit in lieu of a company car. In addition, Hypoport SE bears the cost of maintaining a reasonable level of cover under a directors' and officers' liability insurance policy.

The adjustment of the individual remuneration components is determined annually on the basis of consolidated EBIT, three-year EBIT, the three-year EBIT delta and the change in EBIT. Consolidated EBIT is defined as earnings before interest and tax (EBIT) as reported in the Hypoport Group's IFRS consolidated annual financial statements excluding expenses for variable annual remuneration for members of the Management Board of Hypoport SE. Three-year EBIT equals average consolidated EBIT for the three financial years prior to the most recently ended financial year. It is always at least €5.0 million. The three-year EBIT delta equals half of the percentage change in three-year EBIT compared with three-year EBIT in the most recently ended financial year. For example, if three-year EBIT increases by 10 per cent, the three-year EBIT delta is 5 per cent. If three-year EBIT decreases by 10 per cent, the three-year EBIT delta is minus 5 per cent. The change in EBIT equals consolidated EBIT in the most recently ended financial year less three-year EBIT.

The basic salary is always at least €204,000.00. It is increased or decreased by the three-year EBIT delta each year.

The amount of variable annual remuneration equals a percentage ('bonus rate') of the change in EBIT. The bonus rate is never more than 5 per cent. The bonus rate for the following financial year is increased or decreased each year conversely to the three-year EBIT delta. The level of change equals the three-year EBIT delta as a percentage of the bonus rate. For example, if the bonus rate is 5 per cent and the three-year EBIT delta increases by 10 per cent, the bonus rate is reduced by 10 per cent to a new bonus rate of 4.5 per cent. The variable annual remuneration must be no more than the basic salary for the financial year just ended. This means that at a basic salary of €300,000.00, the total variable annual remuneration can, at most, amount to €300,000.00.

The basic salary is paid in twelve equal monthly instalments. The variable annual remuneration is payable by 31 March of the following year, but not before the IFRS consolidated annual financial statements for the Hypoport Group have been adopted.

The performance criteria linked to the remuneration components are consistent with the business strategy and the sustainable long-term performance of the Company. The Supervisory Board places particular importance on the Company's performance over the long term and has therefore defined multi-year assessment bases for both the adjustment of basic salary and the determination of variable remuneration. This approach is the best fit for Hypoport SE's requirements as a growth company and for its business strategy. Because of the particular structure of the remuneration system, specific target total remuneration has not been set.

## **II. Determination of maximum remuneration**

In accordance with applicable statutory requirements, the remuneration system specifies an absolute figure at which remuneration is capped. The permitted total remuneration per financial year, including all remuneration components and fringe benefits, is capped at a maximum of €2 million per individual member of the Management Board.

## **III. Proportion of total remuneration allocated to the different remuneration components**

The total remuneration paid to members of the Management Board of Hypoport SE amounts to at least €204,000.00 and no more than €2 million. Within this range, the remuneration may vary as it is linked to the business performance of Hypoport SE. Assuming an increase in consolidated EBIT of 10 per cent in each of the next four years (2022 to 2025) and corresponding adjustments to the total remuneration using the assessment bases specified in clause I, fixed remuneration (€204,000.00) accounts for 25–30 per cent of the total remuneration while variable remuneration components make up the remaining 70–75 per cent. Based on the aforementioned assumptions, the basic salary accounts for approximately 89 per cent of the total remuneration while variable annual remuneration accounts for approximately 11 per cent. In terms of the relative weighting of basic salary and variable annual remuneration, the

latter must not exceed 50 per cent. Of the maximum total remuneration of €2 million, variable annual remuneration can therefore at most amount to €1,000,000.00.

#### **IV. Limitations under extraordinary circumstances, clawback**

The total remuneration for each member of the Management Board is capped at a maximum amount of total remuneration as specified above. Moreover, the components of variable annual remuneration are subject to limits on their payment. Due to the variable nature of the assessment bases for remuneration, all components of remuneration can be adjusted up or down in the event of extraordinary circumstances.

The Supervisory Board can also claw back some or all of the remuneration paid to members of the Management Board for the preceding financial year by 1 April of the following year (i) if insolvency proceedings are initiated in respect of the assets of Hypoport SE or such proceedings are rejected due to lack of assets or (ii) if variable remuneration components were paid out erroneously on the basis of incorrect data.

#### **V. Remuneration in the event of employment being terminated**

In line with recommendations G.12 and G.13 of the DCGK, payments awarded to a member of the Management Board upon early termination of their employment as a board member should be capped at two years' annual remuneration. Furthermore, the payments should not exceed the remuneration that would be owed for the remaining term of the employment contract. Outstanding variable remuneration components for the period until the termination date of the contract should be paid in accordance with the agreed assessment bases and on the contractually stipulated due dates.

The employment contracts of all members of the Management Board include a non-competition clause that applies to the two years after the end of the contract. During the period that the non-competition clause applies, Hypoport SE must pay annual compensation equivalent to half of the average contractually agreed remuneration benefits regularly paid out over the previous three years. Any remuneration that the relevant member of the Management Board earns, or wilfully fails to earn, during this period through other work is offset against the compensation paid for the period of prohibition of competition. However, only that amount is offset by which the sum of the compensation for the period of prohibition of competition and the amount earned elsewhere exceeds the most recently received contractual remuneration by more than 10 per cent, or 25 per cent if the relevant member of the Management Board had to change their place of residence as a result of the prohibition of competition. In the event that compensation for a period of prohibition of competition is paid, any severance payment should be offset against it.

#### **VI. Offsetting of remuneration for secondary employment**

In accordance with recommendation E.3 of the DCGK, members of the Management Board may take up secondary employment – especially supervisory board posts in external companies – only with the approval of the Supervisory Board of Hypoport SE. If a member of the Management Board is appointed to the supervisory board of a Hypoport Group company, the member's remuneration should be reduced by the remuneration granted for the supervisory board post in question, in accordance with recommendation G.15 of the DCGK. In the event that a member of the Management Board intends to take up a post on a supervisory board outside the Group, the Supervisory Board of Hypoport SE will determine in advance whether and to what extent their remuneration will be offset in accordance with recommendation G.16 of the DCGK.

#### **VII. Processes**

Because the Supervisory Board of Hypoport SE consists of only three members, as specified in the Company's statutes, all aspects of its work, including the definition, implementation and review of the

remuneration system, are carried out by the entire Supervisory Board. In accordance with the provisions of the German Stock Corporation Act, the Supervisory Board makes changes to the annual basic salary and sets annual variable remuneration with retroactive effect from 1 January of the respective financial year on the basis of the audited separate and consolidated financial statements for that year and the calculated consolidated EBIT, three-year EBIT, the three-year EBIT delta and the change in EBIT. In this context, the Supervisory Board also continually reviews adjustments to the structure and appropriateness of the remuneration system, collaboratively defines any relevant need for adjustment and prepares the adoption of appropriate resolutions.

The main criteria used to assess the appropriateness of remuneration are the functions and responsibilities of each Management Board member and their personal performance. The financial situation, performance and sustainable development of the Company, customary remuneration in a comparable environment and the pay structures for senior management and the general workforce (including changes over time) are also taken into account. Furthermore, the level of remuneration is set so as to be competitive in the market for highly qualified executives.

In accordance with recommendation G.8 of the DCGK, subsequent changes to the target values or reference parameters for variable remuneration are not permitted. However, the Supervisory Board may, in exceptional circumstances as defined in section 87a (2) sentence (2) AktG, diverge from the remuneration system temporarily if this is necessary in the interest of the Company's long-term success.

The Management Board and the Supervisory Board jointly prepare a report about the remuneration granted and owed to each individual member of the Management Board in the reporting year in accordance with section 162 AktG and present this report to the independent auditor for review and subsequently to the Annual Shareholders' Meeting for approval.

In line with recommendation E.1 of the DCGK, all members of the Supervisory Board must immediately disclose any potential conflicts of interest to the chairman of the Supervisory Board. The Supervisory Board's report to the Annual Shareholders' Meeting discloses any conflicts of interest that arose and the manner in which they were addressed. If a member of the Supervisory Board is affected by a material conflict of interest that is not temporary in nature, their Supervisory Board appointment should be terminated.