

Remuneration Report

2021

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I. Introduction

The remuneration report describes the principles and structure of the remuneration system for Vonovia SE Management Board and Supervisory Board members while explaining the structure and amount of individual remuneration granted and owed to Management Board and Supervisory Board members for the 2021 fiscal year. This report has been prepared by the Management Board and Supervisory Board in accordance with the requirements of Section 162 of the German Stock Corporation Act (AktG) and complies with the recommendations of the German Corporate Governance Code (GCGC) as amended on December 16, 2019. In addition, the guidelines of the Working Group on Sustainable Management Board Remuneration were taken into account in their current version.

The remuneration report and attached report on the audit of the remuneration report conducted by KPMG AG Wirtschaftsprüfungsgesellschaft in accordance with the requirements of Section 162 (3) AktG both in terms of form and content can be found on the Vonovia SE investor relations website (<https://investoren.vonovia.de/en/corporate-governance/annual-general-meeting/>).

II. Review of the 2021 Fiscal Year from a Remuneration Perspective

The following review of the 2021 fiscal year gives context to the remuneration decisions made and enables them to be analyzed comprehensively.

Approval of the new remuneration system by the 2021 Annual General Meeting

The Vonovia SE Supervisory Board has adopted a revised remuneration system for Management Board members that implements the requirements of the German Stock Corporation Act (AktG) introduced with the ARUG II, taking into account the recommendations of the GCGC, and which was approved by the Annual General Meeting on April 16, 2021 with a vote of 87.75%.

The new remuneration system has applied to all members of the Management Board of Vonovia SE since January 1, 2021. Remuneration entitlements – including those arising from the previously relevant provisions on variable remuneration for periods prior to January 1, 2021 – continue to be based on the respective underlying contractual provisions.

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 will for the first time be prepared on the basis of the new regulatory requirements of Section 162 AktG.

With the following presentation, Vonovia SE aims to provide clear and comprehensive reporting that is intended to lay the groundwork for broad acceptance by all stakeholders of the remuneration paid to executive bodies. When preparing the remuneration report, Vonovia SE therefore followed national and international best practice benchmarks in order to meet the capital market's expectations of a high level of transparency and comprehensibility when it comes to remuneration decisions.

Vonovia SE's remuneration reporting therefore far exceeds the new regulatory requirements.

The 2021 Remuneration Report will be submitted to the 2022 Annual General Meeting for approval by means of a consultative vote in accordance with Section 120a (4) AktG.

Business development and target achievement in the 2021 fiscal year

For the Vonovia SE Supervisory Board, the clear link between its overarching corporate strategy and how Management Board members' remuneration is structured is of key importance. Only with an appropriately designed remuneration system can strategy and corporate success as well as remuneration for the Management Board's performance be clearly linked (pay-for-performance). For this reason, a high proportion of the Vonovia SE Management Board's remuneration consists of performance-related remuneration components. Due to this strong dependence on performance and the consideration of strategically relevant key figures for corporate management as performance criteria, Management Board remuneration is closely linked to business development.

In another year dominated by the coronavirus pandemic, Vonovia closed the 2021 fiscal year successfully in both economic and operational terms.

One of the focal points of the Management Board's work was the successful takeover of Deutsche Wohnen SE and the associated financing. Acquiring a majority stake of 87.6% in Deutsche Wohnen allowed Vonovia to further strengthen its positioning as a leading property enterprise in Europe with around 565,334 apartments and a fair value of € 97.8 billion.

The company implemented (bridge) financing arrangements and capital increases in the fiscal year under review. One significant measure in terms of its scale was the capital increase with subscription rights totaling around € 8.1 billion in the context of financing the takeover of Deutsche

Wohnen. The key financial ratings remained stable as against the December level (Moody's) or were lifted (S&P).

The company continued to invest heavily in its own portfolio: it invested € 1.4 billion for new construction and modernization measures (incl. Deutsche Wohnen) (2020: € 1.3 billion). € 0.8 billion was invested in maintenance (2020: € 0.6 billion). 1,373 apartments (2020: 1,442) are part of our new construction measures. Vonovia also completed 827 apartments that are intended for sale (2020: 646).

Vonovia has made a commitment to achieving a virtually climate-neutral housing stock by 2045. The company continued and initiated a whole number of projects aimed at achieving this objective in 2021. The Sustainability Performance Index (SPI) rose to 109% by the end of 2021. This was helped along in particular by the reduction of CO₂ intensity, the development of the average primary energy require-

ments of new construction, and the positive development of the customer satisfaction index.

Vonovia also set numerous examples in terms of its social commitment. They include the decision to waive potential claims for rental back payments arising from the ruling of the German Federal Constitutional Court on the Berlin rent freeze. In concert with Deutsche Wohnen, Vonovia also went a step further with the "Future and Social Pact for Housing" and sold 14,750 apartments to public housing companies. Vonovia has made the voluntary decision not to increase rents in Berlin over the next five years and will be building 13,000 new apartments in order to send a clear signal in the effort to combat the housing shortage.

The central key reporting figures developed as follows in a year-on-year comparison:

	Actual 2020	Forecast 2021 (March 2021)	Actual 2021 excl. Deutsche Wohnen	Actual 2021
Total segment revenue	€ 4.4 billion	€ 4.9-5.1 billion	€ 4.9 billion	€ 5.2 billion
Adjusted EBITDA total	€ 1,909.8 million	Upper end of range of € 2,055-2,105 million	€ 2,098.5 million	€ 2,269.3 million
Group FFO	€ 1,348.2 million	€ 1,520-1,540 million	€ 1,534.5 million	€ 1,672.0 million
Group FFO per share*	€ 2.23	suspended	€ 1.98	€ 2.15
EPRA NTA per share*	€ 58.78	suspended	-	€ 66.73
SPI	-		109%	-

* Based on the shares carrying dividend rights on the reporting date, prior-year TERP-adjusted values (1.067).

In the 2021 fiscal year, total segment revenue rose by 18.5% to € 5,179 million. Key factors influencing this development were the income from successful disposal of properties (development), the additional rental income from Deutsche Wohnen in the fourth quarter, and organic growth thanks to new construction and modernization.

The Adjusted EBITDA Total increased by 18.8% to € 2,269.3 million. The Adjusted EBITDA Rental increased by 6.0%. The Adjusted EBITDA Value-add fell by 2.3% due to construction delays on some modernization measures related to the coronavirus. The Adjusted EBITDA Recurring Sales increased by 23.4%. The Adjusted EBITDA Development also increased by 69.3%, primarily due to the global exit of a "Development to sell" project.

Group FFO increased by 24.0% to € 1,672.0 million, with Deutsche Wohnen contributing € 137.5 million.

The EPRA NTA per share came in at € 66.73 in 2021, up by 13.5% on the TERP-adjusted prior-year value. This increase in the net asset value figure was due primarily to the net

income from fair value adjustments of investment properties of € 7,393.8 million (2020: € 3,719.8 million).

As a result of the successful business development, the Management Board and the Supervisory Board proposed increasing the dividend to € 1.69 at the 2021 Annual General Meeting (2020: € 1.57).

III. Management Board Remuneration for the 2021 Fiscal Year

1. Principles of Management Board Remuneration

As a residential real estate company, Vonovia SE is a corporate citizen. This explains why the activities of Vonovia SE are never focused exclusively on financial aspects, but also take social factors into account. Vonovia SE is aware of its special role and responsibility: As a service provider and the provider of homes for around one million people, its focus is on its customers and their needs. This is why it strives to maintain its building stock and make an active contribution to shaping neighborhoods. Vonovia SE offers its customers modern apartments that meet their needs while at the same time developing services for higher quality of living. Its focus on its customers is also the reason why it is addressing a social issue that is particularly important at the moment: the construction of new housing. Vonovia SE is committed to the principles of the social market economy and profitability and accepts a level of responsibility for safe, decent and affordable housing.

The Vonovia SE Management Board remuneration system is an effective instrument for ensuring that Vonovia fulfills this role and at the same time successfully implements its corporate strategy. In addition to the Group's key financial performance indicators, Management Board remuneration also takes into account environmental, social, governance (ESG) and sustainability performance aspects.

The performance criteria used to measure Management Board remuneration reflect the corporate strategy and in particular provide incentives for long-term, sustainable corporate growth. The Management Board remuneration system reflects the Management System's key figures in line with the corporate strategy. Through these, incentives are determined to align the interests of the Management Board with those of shareholders and other stakeholders such as customers and employees. In addition to considering sustainability performance targets, comparison with relevant market participants in relative terms also has a role to play here.

The aim of the remuneration system is to compensate Management Board members appropriately in line with their performance, sphere of activity and level of responsibility, and to allow them to participate in Vonovia's success thereby ensuring its successful development.

The remuneration system forms the basis for determining the remuneration of Vonovia SE Management Board members. The Supervisory Board is guided by the following principles:

Principles of Management Board Remuneration

The remuneration system contributes significantly to the company's success by promoting the **implementation of the corporate strategy through performance criteria related to the company's success** and by setting challenging annual and multi-year targets.

The remuneration system makes a key contribution to **aligning the interests of the Management Board with those of the shareholders**. The majority of variable remuneration for the Management Board is granted on the basis of shares. In addition, share-holding requirements stipulate that members of the Management Board acquire shares in Vonovia and hold them for the duration of their appointment.

The majority of variable remuneration for the Management Board is measured on a multi-year assessment basis. Non-financial targets and Vonovia's sustainability strategy are also taken into account for Management Board remuneration. This promotes the **long-term, sustainable development of Vonovia** through the remuneration system.

The **performance of Management Board members** is **appropriately considered** in variable remuneration through adequate and ambitious performance criteria (pay-for-performance). The short-term incentive (STI) also includes individual performance criteria. Variable remuneration is capped and can be waived completely.

Remuneration for Management Board members is **commensurate** with their **duties and performance** as well as the **situation of the company**. Attention is also paid to the going rates of remuneration of other comparable companies, as well as to the vertical appropriateness compared to the remuneration of senior management and the entire workforce.

The Supervisory Board ensures the consistency of the remuneration systems of the Management Board and senior management. The collective pursuit of the long-term corporate strategy is secured through **equitable incentives and uniform targets**.

Incentives are set to achieve long-term outperformance on the capital market by using a **relative performance measurement compared to relevant market participants** for long-term variable remuneration.

1.1. Procedures for Establishing, Implementing and Reviewing the Remuneration System

In accordance with the requirements of Sections 87 (1) and 87a (1) AktG, the Supervisory Board adopts a remuneration system for Vonovia SE Management Board members. The Supervisory Board is supported by the Executive and Nomination Committee ("Executive Committee"), which develops recommendations relating to the Management Board remuneration system. The Supervisory Board discusses and then rules on these recommendations. It submits the remuneration system to the Annual General Meeting for approval.

The regular review of the Management Board remuneration system by the Supervisory Board is also prepared by the Executive Committee. The latter recommends to the Supervisory Board any changes to the system if necessary. If significant changes are made to the remuneration system, they are submitted to the Annual General Meeting for approval once again. The same occurs at least every four years, even without significant changes.

1.2. Appropriate Management Board Remuneration

In accordance with the requirements of the German Stock Corporation Act and the GCGC, when determining the target total remuneration of Management Board members, the Supervisory Board ensures that it is commensurate with the tasks and performance of the relevant member and the

company's financial situation, is aligned with the long-term, sustainable development of Vonovia SE, and does not exceed the usual remuneration without special justification. For this purpose, both external and internal comparisons are made.

When assessing the appropriateness of remuneration, Vonovia SE looks at its peer group (horizontal comparison) and the remuneration structure that applies in the rest of the company (vertical comparison).

In the horizontal – external – comparison, a suitable group of companies (peer group) is used to assess whether the amount and structure of the target total remuneration is appropriate and customary in view of the market position of Vonovia SE (in particular in terms of industry, size and country). These companies are DAX-listed, in order to reflect the criteria of country and size, and a peer group consisting of listed national and international companies from the real estate sector and from industries with comparable business models in order to meet the industry criterion in particular.

In addition to the horizontal comparison, a vertical – internal – comparison of Management Board remuneration is also drawn up. In accordance with the recommendation of the GCGC, this involves looking at the ratio of the remuneration of the Management Board to that of senior management (below Board level) and other senior executives, and taking into account the total workforce of other Vonovia

employees in the real estate industry (Group-wide). In addition to the current remuneration ratios of various levels of management, the Supervisory Board also takes into account how their remuneration has evolved over time.

The Supervisory Board takes the results of this review into account when determining the target total remuneration of Management Board members and uses them to ensure it is appropriate. The last appropriateness and customariness test was carried out at the end of the 2021 fiscal year through a comparison with the DAX-listed companies. In this regard, the Supervisory Board was assisted by an external independent consultant and confirmed the Management Board's remuneration was appropriate.

1.3. Target Remuneration

The Vonovia SE remuneration system allows the Supervisory Board to take into account the function and area of responsibility of the individual Management Board member when determining the target total remuneration. At the discretion of the Supervisory Board, function-specific distinctions are therefore permissible, taking into account criteria such as customary market practice, experience of the relevant Management Board member, length of service on the Board and the department for which he or she is responsible.

The target total remuneration of Management Board members in office in the reporting year was set for the 2021 fiscal year as follows:

Target remuneration

in € k	Rolf Buch (CEO) since April 1, 2013		Arnd Fittkau (CRO) since May 16, 2019	
	2020	2021	2020	2021
Basic remuneration	1,200.0	1,250.0	700.0	750.0
Fringe benefits	30.3	31.1	30.8	31.6
Pension remuneration	-	-	-	-
Short-term variable remuneration	794.0	700.0	440.0	374.0
STI 2020	794.0	-	440.0	-
STI 2021	-	700.0	-	374.0
Long-term variable remuneration	2,175.0	2,375.0	800.0	900.0
LTI 2020-2023	2,175.0	-	800.0	-
LTI 2021-2024	-	2,375.0	-	900.0
Pension service cost	1,052.2	1,205.0	597.0	675.0
Total	5,251.5	5,561.1	2,567.8	2,730.6

Target remuneration

in € k	Daniel Riedl (CDO) since May 9, 2018		Helene von Roeder (CFO) since May 9, 2018	
	2020	2021	2020	2021
Basic remuneration	700.0	750.0	700.0	750.0
Fringe benefits	16.0	27.4	25.0	29.4
Pension remuneration	500.0	500.0	-	-
Annual variable remuneration	440.0	374.0	440.0	374.0
STI 2020	440.0	-	440.0	-
STI 2021	-	374.0	-	374.0
Multi-year variable remuneration	800.0	900.0	800.0	900.0
LTI 2020-2023	800.0	-	800.0	-
LTI 2021-2024	-	900.0	-	900.0
Pension service cost	-	-	542.5	564.0
Total	2,456.0	2,551.4	2,507.5	2,617.4

1.4. Compliance with Maximum Remuneration

In accordance with the first point of the second sentence of Section 87a (1) AktG, the Supervisory Board has set an upper limit for the total amount of all remuneration elements for one year, i.e., fixed remuneration, fringe benefits, the annual pension contribution in accordance with IAS 19 (or the annual pension payment), 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). It amounts to € 11 million gross per annum for the Chair of the Management Board and € 5.5 million gross per annum for each of the other Management Board members (including remuneration for other mandates in Group companies).

This cap relates to the total benefits promised to a Management Board member for Board-related activities for the relevant fiscal year. Payments of the long-term variable remuneration component under the applicable LTIP are attributed to the year the underlying LTIP tranche is awarded.

Compliance with the maximum remuneration for the 2021 fiscal year can therefore only be reported after payment of the LTIP tranche awarded in 2021. If the total benefits for a fiscal year exceed the defined maximum remuneration, the payout determined from the LTIP awarded for the fiscal year is reduced by the excess amount. Taking into account the remuneration already granted/owed for the 2021 fiscal year (i.e. basic remuneration, fringe benefits, pension payment

and STI 2021, see table under 8.1) and the service cost for 2021 for pension entitlements (see supplementary disclosure in the table under 8.1) as well as the payment cap for the LTIP 2021 (LTI cap, see 3.2.2 a.), the total remuneration for the 2021 fiscal year cannot exceed the stipulated maximum remuneration.

2. Overview of Management Board Members' Remuneration System

The remuneration system is made up of fixed and variable components, the sum of which constitutes the total remuneration of each Management Board member.

Fixed remuneration components are paid irrespective of the Company's performance and consist of fixed remuneration,

benefits in kind, other fringe benefits, and an annual pension allowance or contribution.

To ensure that Management Board remuneration is pay-for-performance, the variable remuneration components are linked to the achievement of predefined performance criteria and consist of a short-term variable component in the form of a STI and a long-term variable component, the so-called long-term incentive, in accordance with the details of an LTIP.

In addition, share ownership guidelines apply, which oblige Management Board members to acquire a certain number of shares in Vonovia SE and to hold them for the duration of their term of office.

The compensation system at a glance

Basis of assessment/Parameter			
Fixed compensation	Basic salary ("fixed salary")	> Contractually agreed fixed compensation paid in twelve monthly instalments	
	Pension provision	> Option of paying the annual pension contribution received in addition to the fixed salary into the existing deferred compensation model with guaranteed interest, which is also available for other employees; alternatively: payment of a defined fixed amount as additional cash compensation (pension payment)	
		Management Board members appointed prior to 2021	> Possibility to switch to system for Management Board members appointed > One Management Board member who is additionally employed by a foreign Group subsidiary receives a pension commitment (premium payments to a pension fund and additional pension payment) from that Group subsidiary
	Benefits in kind and other ancillary benefits	Management Board members appointed from 2021 onwards	> No option of participating in the existing deferred compensation model > Granting of an annual pension compensation (pension payment) in addition to the fixed salary in cash > Option of contributing the pension payment to investment funds managed by an external service provider (no regular company pension scheme) > Accumulated capital plus income paid out when benefits fall due
		> Private use of a company car or payment of a company car allowance and provision of equipment (especially communication equipment) > 50% of the contributions to private health and long-term care insurance, limited to the maximum employer contribution to statutory health and long-term care insurance > D&O insurance including legal protection > Term life insurance in individual cases	
Variable compensation	Short-term incentive (STI)	Type	> Target STI
		Limit I cap	> 125% of target STI
		Performance criteria	> Group FFO > Adjusted EBITDA > Individual performance factor (0.8-1.2)
	Long-term incentive plan (LTIP)	Payout	> Due one month after the Company's annual financial statements are adopted > Paid in cash
		Plan type	> Performance share plan
		Limit I cap	> 250% of the award value
	Performance criteria	> Relative total shareholder return (relative TSR) > NTA per share > Group FFO per share > Sustainability Performance Index (SPI)	
	Payout	> As part of the next salary payment after the Company's annual financial statements are adopted following the end of the four-year performance period > Paid in cash	

The compensation system at a glance

	Basis of assessment/Parameter	
Additional compensation conditions	Maximum total compensation	> The maximum total compensation is EUR 11 million p.a. (gross) for the Chairman of the Management Board and EUR 5.5 million p.a. (gross) for each of the other Management Board members.
	Malus/Clawback	> Partial or full reduction in payment/demand for repayment of variable compensation > May apply in the event of significant breaches of duty (for the year in which the breach occurs) and payments based on incorrect data > Clawback period of one year after payout
	Change of control	> Special right of termination of the Management Board member in the event of a change of control, upon exercise triggering compensation typically amounting to two years (in individual cases: three years) total annual compensation calculated on the basis of the total compensation of the last financial year, if applicable, of the current financial year less compensation during the notice period, but in any case limited to a maximum of the compensation for the remaining term of the respective service contract
	Provisions on shareholding	> Obligation for the members of the Management Board to purchase shares of Vonovia SE with a value equivalent to 100% of their fixed salary, or 150% of their fixed salary in the case of the Chairman of the Management Board (shareholding to be built up within the first four financial years after appointment); on re-appointment, the shareholding obligation increases to a value equivalent to 150% of the fixed salary, or 200% in the case of the Chairman > Obligation to hold the purchased shares for the duration of the Management Board activity
	Benefits on early termination of contract	> In case of revocation of appointment severance pay amounting to two years total annual compensation calculated on the basis of the total compensation of the last financial year, if applicable, of the current financial year less compensation during the notice period, but in any case limited to a maximum of the compensation for the remaining term of the respective service contract; no severance pay in the event of extraordinary termination of the service contract by the Company for good cause > In the event of death, continued payment of the fixed salary to surviving dependents for the month of death and the six following months as well as the STI on a pro rata basis until the end of the month of death

3. Application of the Remuneration System in the 2021 Fiscal Year

The Management Board remuneration system presented to the Annual General Meeting in 2021 was applied in the 2021 fiscal year to the remuneration of all Management Board members in office in the reporting year. There was no deviation from the Management Board remuneration system in the 2021 fiscal year.

3.1. Non-performance-related Remuneration Components

3.1.1. Basic Remuneration

Each Management Board member receives an annual base salary ("fixed remuneration") for his or her work on the Board, which also generally covers all activities at Vonovia Group companies, subsidiaries and affiliated companies and is paid in twelve equal monthly installments. This fixed remuneration generally also covers any other activities within the Group. As an exception, Daniel Riedl – in line with the most recently presented remuneration system – receives remuneration benefits from BUWOG – Bauen und Wohnen GmbH (subsequently "BUWOG") on the basis of an additional employment relationship for his management activities at this company, a Vonovia SE Group subsidiary, which are recognized in the target and maximum total remuneration in accordance with the remuneration system.

3.1.2. Fringe Benefits

Each Management Board member also receives non-cash and fringe benefits that can vary depending on their personal situation and the utilization of these benefits and, in Daniel Riedl's case, are partly paid by BUWOG.

The usual non-cash and fringe benefits include the 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 communication means for the performance of duties. Private use of a company car is taxed as a non-cash benefit, and the Management Board member bears the tax. The costs associated with running a company car are borne by Vonovia SE. Vonovia SE also pays 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. In addition, term life insurance policies were taken out in favor of two members of the Management Board. Business-related and travel expenses are reimbursed based on the valid reimbursement policies. The Supervisory Board can also grant other or additional fringe benefits that are standard market practice.

Management Board members are covered by a standard D&O insurance policy and criminal law protection. In accordance with the third sentence of Section 93 (2) 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.

3.1.3. Retirement and Risk Protection

Retirement benefit (legacy provision for first-time appointments before January 1, 2021)

January 1, 2021 may participate in a Vonovia company retirement benefit plan provided that no pension entitlement exists on the basis of another employment relationship within the Group. The retirement benefit plan includes the option of making an annual pension contribution to the “pension benefits in lieu of cash benefits” deferred compensation scheme as amended from time to time. Other company employees also participate in this retirement benefit plan. Management Board members receive the pension contribution from the company in addition to their respective basic salaries. The pension contributions made are converted into a pension entitlement with a fixed interest rate and annuitized in accordance with actuarial principles depending the age of the individual. From the point in time at which the total pension modules financed by deferred compensation exceeds the applicable contribution limits of the Pensionsversicherungsvereins (pension protection scheme) under Section 7 (3) of the German Occupational Pensions Improvement Act (BetrAVG), additional insolvency protection is provided. As an alternative to the deferred compensation scheme, Management Board members can have a fixed amount paid out to them as a cash bonus. The latest remuneration system gives Management Board members the option of claiming a higher pension allowance instead of the pension contribution in accordance with the arrangement outlined below for newly appointed members from January 1, 2021. The option of participating in the existing deferred compensation scheme with effect for the future (one-time option) ceases to apply when the pension payment is claimed.

Pension payment (regulation for first-time appointments after January 1, 2021)

Management Board members appointed for the first time as of January 1, 2021 may no longer participate in the “pension benefits in lieu of cash benefits” deferred compensation scheme. In addition to their basic salary, they receive a non-performance-related lump sum (pension) in cash. They have the option of investing this pension income in selected investment funds through an external service provider and having the accumulated capital plus income paid out as a one-off payment when they retire. The benefits under the new scheme do not constitute a company retirement benefit plan within the meaning of the BetrAVG and are accordingly not recognized as such in the balance sheet.

Retirement benefits for Management Board members in office in the reporting year

In 2021, Rolf Buch, Arnd Fittkau, and Helene von Roeder continued to make use of the “pension benefits in lieu of cash benefits” deferred compensation scheme option. Daniel Riedl receives his retirement benefits from a Group subsidiary based on another employment relationship for his BUWOG management activities in the form of contributions to a foreign pension fund and a pension payment as additional fixed remuneration; this can also be paid into the pension fund under certain circumstances at the discretion of the Management Board. In 2021, in accordance with this agreement, Mr. Riedl received € 200,000 from BUWOG as an annual pension contribution as well as an additional pension payment of € 300,000 – all paid into an external pension fund.

Pension entitlements

in € k	IAS 19			
	Service cost		Present value of pension obligations	
	2020	2021	2020	2021
Rolf Buch	1,052.2	1,204.8	7,378.8	7,874.5
Arnd Fittkau	597.0	675.2	1,123.1	1,765.4
Helene von Roeder	542.5	563.9	1,580.2	2,044.3
Total	2,191.7	2,443.9	10,082.1	11,684.2

3.2. Performance-related Remuneration Components

The performance-related, variable remuneration components account for most of the remuneration paid to Management Board members and are aligned with both the achievement of annual operational targets and the long-term, sustainable development of Vonovia SE.

The performance-related variable remuneration is divided into a short-term variable remuneration component (STI) and a long-term remuneration component (LTIP). The LTIP is share-based, aligning the interests of the Management Board and the shareholders. The STI is the only short-term element of performance-related variable remuneration.

The two components incentivize Management Board members' performance from different perspectives and over different periods (performance periods). In particular, they differ in the performance criteria used to measure the payout. When selecting the performance criteria, the focus is on implementing the strategy, i.e., the performance criteria support the growth strategy of Vonovia SE in particular while at the same time incentivizing an increase in profitability and competitiveness. By considering various

transparent performance criteria, it is possible to depict the success of Vonovia SE in an integrated and multifaceted manner.

The performance criteria are both financial and non-financial. In order to consistently pursue the pay-for-performance concept, performance criteria tend to be ambitious.

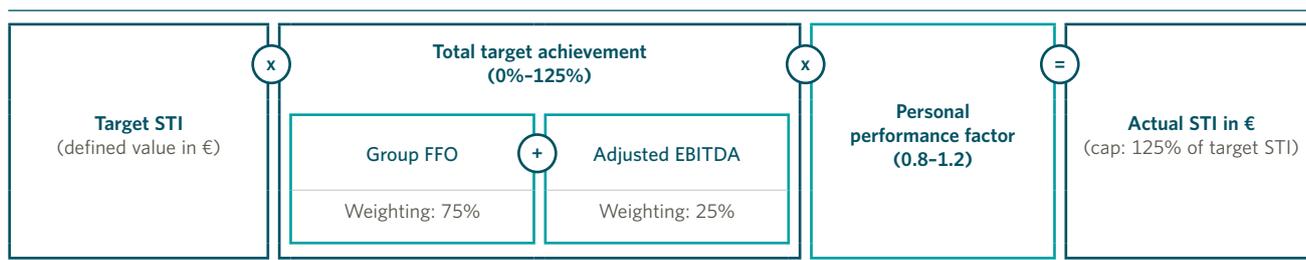
3.2.1. Short-Term Incentive Plan (STI)

a. STI Framework for the 2021 Fiscal Year

The Management Board members are entitled to annual short-term variable remuneration in the form of an STI. The amount of the STI depends on the extent to which defined corporate targets are achieved. In addition, the Supervisory Board may define performance targets with individual or all Management Board members before the start of the fiscal year, which are included in the target achievement level in the form of a personal performance factor (PLF) as a multiplier with a value of 0.8 to 1.2. The target achievement level for the payout of the STI is determined on the basis of the following performance criteria:

- > Group Funds from Operations (Group FFO) with a weighting of 75%
- > Adjusted Earnings before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA) with a weighting of 25%
- > Any individual performance targets (for determining the PLF)

The STI is structured in the form of a target bonus system. The target STI is set out in the employment contract for each Management Board member. Depending on the achievement of the financial performance criteria described in detail below, which are aggregated, and any defined individual performance targets, an individual actual STI is calculated at the end of the fiscal year. This may be between 0% and 125% of the target STI. Thus, a complete loss of the STI is also possible and the payout amount is limited to 125% of the original target STI. If the employment contract does not cover the entire fiscal year, the STI is generally paid and pro-rated for the term of the employment contract in the relevant fiscal year.



On a case-by-case basis, Management Board members may, due to another employment relationship with a Group subsidiary, receive variable remuneration from the Group subsidiary in the form of an annual bonus, the amount of which is contingent on achieving defined qualitative and quantitative targets for the subsidiary's business. Such variable remuneration paid by a Group subsidiary is included in the target total remuneration and the maximum remuneration provided for in the remuneration system. This was duly implemented in the reporting year in the case of Mr. Riedl, with a third of his annual bonus contingent on the performance criteria defined by Vonovia SE and two thirds of it contingent on financial performance criteria defined by BUWOG (75% EBITDA Rental and 25% EBITDA Development).

b. STI Performance Criteria for the 2021 Fiscal Year

The two financial performance criteria Group FFO and Adjusted EBITDA relate to material operational corporate targets that reflect the financial success of Vonovia. The Group FFO considers the earnings contributions of all four segments (Rental, Value-add, Recurring Sales and Development) and, together with Adjusted EBITDA, is one of the most important key figures at Group level. In the STI, the Group FFO represents the performance criterion for the ability to pay dividends. Adjusted EBITDA consists of EBITDA after adjustments to reflect effects that do not relate to the period, recur irregularly or are atypical for business operation. A distinction is made here between the Adjusted EBITDA of the four segments and the Adjusted EBITDA Total, which results from the total of the Adjusted EBITDA for the four segments. The Adjusted EBITDA reflects the overall performance of the sustained operating business of Vonovia SE before interest, taxes, depreciation and amortization. Either the Adjusted EBITDA Total or the Adjusted EBITDA for the segments managed in each case by the Management Board members is used to calculate the overall target achievement level of the STI.

By adjusting the Adjusted EBITDA Total for the current interest expense and deducting for special circumstances, current income taxes and consolidation effects, we arrive at the Group FFO, which describes the sustained operating earnings power of Vonovia SE. The Group FFO is a key indicator not least because financing is a fundamental component for the success of Vonovia SE's business activities. Creating incentives for the Group FFO and the Adjusted EBITDA are therefore key to the success of Vonovia SE.

Besides the two financial performance criteria Group FFO and Adjusted EBITDA (and EBITDA Rental and EBITDA Development in relation to BUWOG for Daniel Riedl), no individual performance targets and/or expectations of Management Board members were used as additional performance criteria in 2021.

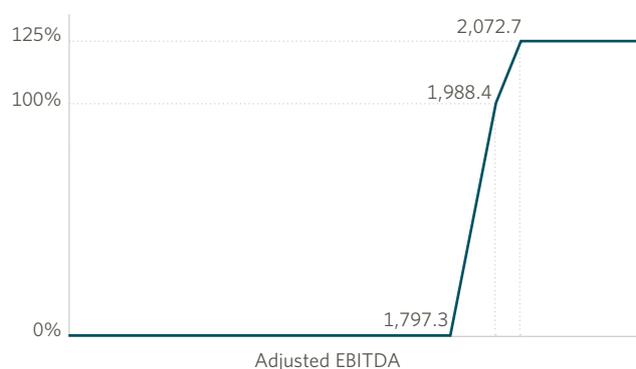
Target Achievement Group FFO and Adjusted EBITDA

The two financial performance criteria Adjusted EBITDA and Group FFO are underpinned by an ambitious target achievement curve. For both performance criteria, the Supervisory Board determines a target value as well as a minimum and maximum value annually on the basis of the business plan. If the performance criterion is entirely consistent with the predetermined target value, this is equivalent to a target achievement level of 100%. If the value actually reached is equal to or below the minimum value, the target achievement level is 0%. If the value actually reached is equal to or above the maximum value, the target achievement level is 125%. The target achievement level is always interpolated on a straight-line basis between the above-mentioned values.

Group FFO target achievement curve



Adjusted EBITDA target achievement curve



The target achievement curve reflects the rigorous pay-for-performance concept inherent to the Management Board remuneration system of Vonovia SE.

The following table shows the minimum (lower limit), target, maximum (upper limit) and the actual values of the performance criteria reached in the 2021 reporting year as well as the resulting target achievement levels of the STI for the 2021 fiscal year. The indicated values relating to Vonovia apply equally to all Management Board members in office in the 2021 reporting year, while the values for BUWOG only represent the application of the performance criteria for Mr. Riedl.

STI 2021 target achievement – Vonovia

	Lower limit	Target value	Upper limit	Actual value	Target achievement
	in € million	in € million	in € million	in € million	in %
Group FFO	1,302.9	1,441.5	1,502.6	1,537.0	125.0
Adjusted EBITDA	1,797.3	1,988.4	2,072.7	2,100.9	125.0

STI 2021 target achievement – BUWOG

	Lower limit	Target value	Upper limit	Actual value	Target achievement
	in € million	in € million	in € million	in € million	in %
EBITDA Rental	68.0	75.2	78.4	77.7	119.4
EBITDA Development	71.8	79.5	82.8	89.7	125.0

Achievement of Individual Targets

The individual performance of a Management Board member is assessed on the basis of the individual performance criteria. Since the Supervisory Board has not defined individual performance targets for the fiscal year, the personal performance factor is 1.0.

c. Overall Target Achievement and Payout from the STI for the 2021 Fiscal Year

The amount resulting from the overall target achievement level of the STI is paid out in cash.

The following tables summarize the target achievement levels and the payout amounts per Management Board member:

STI 2021 summary – Vonovia

	Target amount	Minimum amount	Maximum amount (cap)	Group FFO target achievement (75% weighting)	Adjusted EBITDA target achievement (25% weighting)	Personal performance factor	Total target achievement	Payout amount
	in € k	in € k	in € k	in %	in %		in %	in € k
Rolf Buch	700.0	0.0	875.0	125.0	125.0	1.0	125.0	875.0
Arnd Fittkau	374.0	0.0	467.5	125.0	125.0	1.0	125.0	467.5
Daniel Riedl	124.0	0.0	155.0	125.0	125.0	1.0	125.0	155.0
Helene von Roeder	374.0	0.0	467.5	125.0	125.0	1.0	125.0	467.5

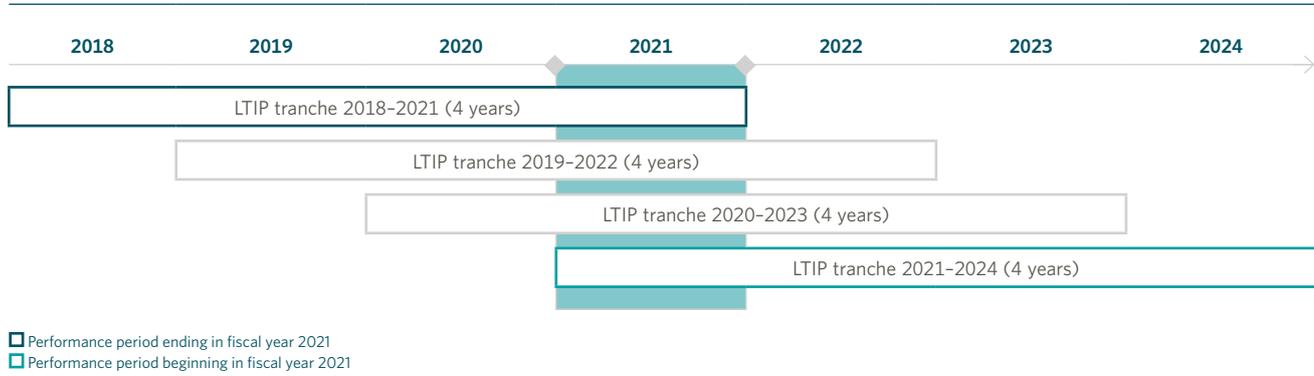
STI 2021 summary – BUWOG

	Target amount	Minimum amount	Maximum amount (cap)	Group FFO target achievement (75% weighting)	Adjusted EBITDA target achievement (25% weighting)	Personal performance factor	Total target achievement	Payout amount
	in € k	in € k	in € k	in %	in %		in %	in € k
Daniel Riedl	250.0	0.0	312.5	119.4	125.0	1.0	120.8	302.0

3.2.2. Long-Term Incentive Plan (LTIP)

In addition to the STI, the members of the Management Board are granted an annual remuneration component with a long-term incentive effect and a balanced risk-return profile in the form of notional shares (“performance shares”)

in line with the provisions of the relevant applicable LTIP. The share-based model ensures that the performance shares of the Management Board members over the performance period of four years are subject to the performance of the share price and are therefore contingent on it.



The 2021 fiscal year is therefore included in the performance measurement of four LTIP tranches.

In the 2021 fiscal year, the 2021 LTIP tranche was granted to the Management Board members for the first time. In addition, the four-year performance period of the 2018 LTIP tranche ended on December 31, 2021.

a. Framework for the 2021 LTIP Tranche

In order to approximate as closely as possible a strictly share-based system, a contractually agreed grant value is converted at the start of any given year based on the current share price and converted into an initial number of virtual shares (“performance shares”).



The initial number of performance shares corresponds to the grant value divided by the average closing price on the last 60 trading days before the beginning of the performance

period (“initial share price”), rounded up to the next full share. The final number of performance shares is determined at the end of the 2024 fiscal year. It is contingent on

the achievement of the financial and non-financial performance criteria set out below.

The grant values, the initial share price, the number of performance shares granted as well as the maximum possible number of performance shares in the event of a maximum target achievement level are summarized in the following table:

LTIP tranche 2021 – allocation

	Allocation value	Minimum value	Maximum value (cap)	Initial share price	Number of performance shares allocated	Minimum number of possible performance shares (0% target achievement)	Maximum number of possible performance shares (200% target achievement)
	in € k	in € k	in € k	in €			
Rolf Buch	2,375	0	5,938	57.33	41,427	0	82,854
Arnd Fittkau	900	0	2,250	57.33	15,699	0	31,398
Daniel Riedl	900	0	2,250	57.33	15,699	0	31,398
Helene von Roeder	900	0	2,250	57.33	15,699	0	31,398

The actual payout amount, which is determined at the end of the 2024 fiscal year, is calculated based on the number of performance shares initially granted, the target achievement level during the performance period and the performance of Vonovia SE's shares, including dividends paid during the performance period. The target achievement level is determined based on the following performance criteria:

- > Relative Total Shareholder Return (relative TSR)
- > NTA (Net Tangible Assets) per share
- > Group FFO (Funds from Operations) per share
- > Sustainability Performance Index (SPI)

These performance criteria are added up and each have a 25% weighting. All four performance criteria are equally underpinned by ambitious target achievement curves, whose possible target achievement levels cover a range of between 0% to 200%. The Supervisory Board defined a target value for each performance criterion at the start of the performance period, where the target achievement level comes to 100%. In addition, a minimum and maximum value were defined. If the value actually achieved is equal to the minimum value, the target achievement level comes to 50% and if it is below it, the target achievement level comes to 0%. Where the value is equal to the maximum value, the target achievement level is limited to 200%. The target achievement level is interpolated on a straight-line basis between the above-mentioned values.

At the end of the performance period, the initial number of performance shares is multiplied by the overall target achievement level and rounded up to the next full share. This multiplication produces the final number of performance shares.

The final number of performance shares is multiplied by the average closing price on the last 60 trading days before December 31, 2024 (end of the performance period, "final share price") which includes the total dividends paid per share during the performance period in relation to the final number of performance shares. This multiplication produces the gross cash payout amount.

The payout amount for each tranche of performance shares under the LTIP cannot come to more than 250% of the grant value of the relevant LTIP tranche at the start of the performance period applicable to the LTIP tranche (cap).

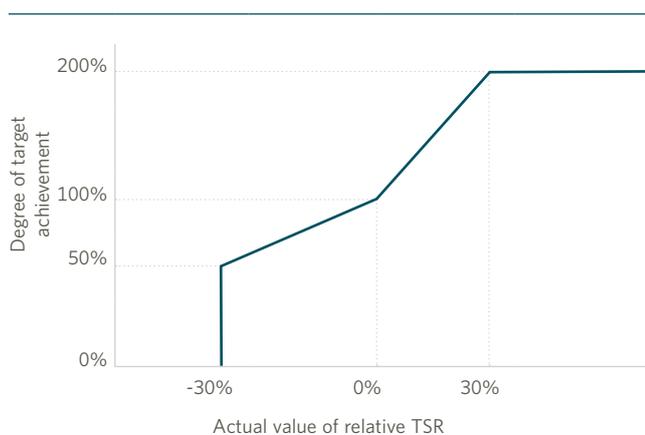
If the contract of employment of a Management Board member ends due to the passage of time, death or revocation of the appointment, the initial number of performance shares in the tranche, which were granted for the year in which the contract of employment of a Management Board member ends, will be reduced on a pro rata temporis basis by 1/12 for each month that the employment ends before the end of the relevant calendar year. The other tranches are not reduced.

b. 2021 LTIP Tranche Performance Criteria

Relative Total Shareholder Return

The Total Shareholder Return (TSR) refers to Vonovia SE's share price performance during the performance period in addition to the gross dividends per share paid out during this period and deemed reinvested. To reduce effects related to the reporting date, the closing price on the last 60 trading days before the start and end of the performance period is used to calculate the TSR. The increase in value of the company in the capital market is best shown by taking into account the share price and the dividend. To create additional incentives for the outperformance of relevant market participants, the LTIP includes the relative TSR with a weighting of 25% as a performance criterion. Here the TSR of Vonovia SE is compared with that of relevant market participants. The comparison is made using the outperformance method. Accordingly, the relative TSR is calculated from the difference between the TSR of Vonovia SE and the TSR of the benchmark index in percentage points. Given the size, industry and portfolio of Vonovia SE, the peer group comprises the companies in the FTSE EPRA/NAREIT Germany Index.

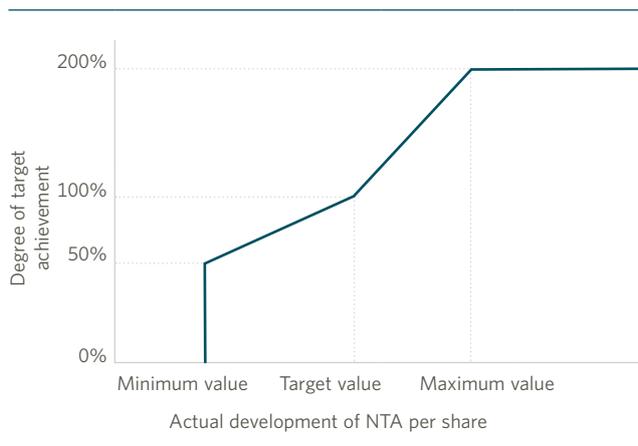
The target achievement curve of the relative TSR for the 2021 LTIP is as follows:



NTA per Share

The second financial performance criterion, NTA per share, is another of the key performance indicators of Vonovia SE and accounts for 25% of the overall target achievement level. 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. The derivation of the NTA in line with the Best Practice Recommendations of the EPRA is generally used to calculate the NTA per share. The NTA calculated in accordance with this criteria is divided by the number of shares as of the reporting date (reporting date value NTA to reporting date value shares - non-diluted).

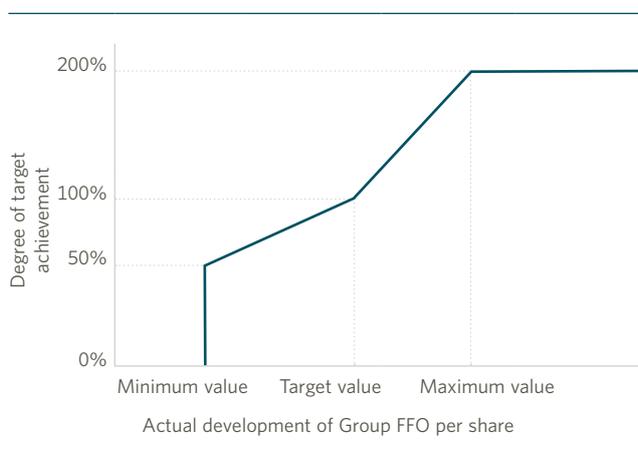
The development of the NTA per share is measured on the basis of the annual growth rate (Compound Annual Growth Rate, CAGR). The target achievement curve for the development of the NTA per share for the 2021 LTIP is as follows:



Group FFO per Share

Like the other performance criteria, the Group FFO is also highly relevant to the management of Vonovia SE (see 3.2.1.b.) 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 Group FFO per share was also included in the LTIP. The focus in the four-year performance considerations is on the long-term development of the Group FFO.

The development of the Group FFO per share is assessed on the basis of the annual growth rate (Compound Annual Growth Rate, CAGR) and accounts for 25% of the overall target achievement level. The target achievement curve for the development of the Group FFO per share for the 2021 LTIP is as follows:



Sustainability Performance Index (SPI)

In addition to the three financial targets, 25% of the payout from the LTIP is calculated on the basis of non-financial performance criteria. The performance criterion “customer satisfaction” in place as part of the LTI under the previous remuneration system has been replaced since 2021 by the introduction of the Sustainability Performance Index (SPI) as the key performance indicator, taking account of the requirements of the shareholders and stakeholders of Vonovia SE. The SPI covers the main Environmental, Social, Governance (ESG) sustainability topics. These aspects include the CO₂ intensity of the existing portfolio, (partial) modernization measures to make apartments fully accessible, energy-efficient new construction, increased customer and employee satisfaction, and diversity within the management ranks. At the start of the 2021 performance period, the targets used in the calculation of the SPI, were defined by the Supervisory Board. Particular attention was paid to strategy relevance, transparency and measurability of the targets. These are:

- > the Customer Satisfaction Index (CSI) (AktivBo),
- > the CO₂ intensity of the portfolio,
- > the average primary energy requirements of new construction,
- > partial modernization measures to make apartments more accessible,
- > employee satisfaction, and
- > the proportion of women in management.

The individual target achievement curves, actual values and resulting target achievement levels are published at the end of the performance period of the 2021 LTIP tranche as of December 31, 2024 in the remuneration report for 2024.

c. Overall Target Achievement and Payout From the 2018 LTIP Tranche

The performance period of the 2018 LTIP tranche granted to current and former Management Board members in 2018 ended at the end of December 31, 2021. The target achievement level for the 2018 LTIP tranche was therefore determined after the end of the reporting year. The targets, target achievement curves and target achievement levels of the four performance criteria in the 2018 tranche are as follows:

LTIP tranche 2018 – target achievement

	Lower limit (50% target achievement)	Target value (100% target achievement)	Upper limit (200% target achievement)	Actual	Target achievement
Relative Total Shareholder Return ¹ (25% weighting)	-30%	0%	+30%	12.93%	143.10%
Development of NAV per share ² (25% weighting)	0% growth p.a.	3% growth p.a.	5% growth p.a.	13.70%	200.00%
Development of FFO 1 per share ³ (25% weighting)	0.5% growth p.a.	4.5% growth p.a.	6.5% growth p.a.	9.44%	200.00%
Customer satisfaction (CSI) ⁴ (25% weighting)	+2 points	+4 points	+6 points	+1.07	0.00%
Total target achievement					135.775%

¹ Difference between the TSR of Vonovia and the development of the FTSE EPRA/NAREIT Germany Index.

² Relative change in the ratio of NAV at the end of the performance period by the number of ordinary shares and the same ratio before the start of the performance period.

³ Relative change in the ratio of FFO1 at the end of the performance period by the average number of ordinary shares and of the same ratio at the last day before the beginning of the performance period.

⁴ Difference in the Customer Satisfaction Index (CSI) at the end of the performance period compared with the CSI at the beginning of the performance period.

For the calculation of the payout amount, the initial number of performance shares is multiplied by the overall target achievement level and rounded up to the next full share. The final number of performance shares is multiplied by the average closing price on the last 60 trading days before

January 1, 2022 (“final share price”) which includes the total dividends paid per share during the performance period in relation to the final number of performance shares. This results in the following payout amounts that will be paid out in the 2022 fiscal year.

LTI tranche 2018 – summary

	Allocation value	Minimum value	Maximum value (cap)	Allocation price*	Number of performance shares allocated*	Total target achievement	Final number of performance shares	Final price	Accumulated dividends	Payout amount
	in € k	in € k	in € k	in €		in %		in €	in €	in €
Rolf Buch	1,900,000	0	4,750,000	36,59	51,927	135.78	70,504	49.68	5.64	3,900,281
Daniel Riedl (since May 9, 2018)	515,942	0	1,289,855	36,59	14,101	135.78	19,146	49.68	5.64	1,059,157
Helene von Roeder (since May 9, 2018)	515,942	0	1,289,855	36,59	14,101	135.78	19,146	49.68	5.64	1,059,157
Total	2,931,884	0	7,329,710	36,59	80,129		108,796			6,018,595

* Adjusted by TERP factor of 1.067 (division).

4. Obligation to Hold Shares

To further reconcile the interests of the Management Board and shareholders and to strengthen sustainable development, the remuneration system stipulates share purchase and holding obligations for the Management Board members. Under this system, each Management Board member is required to purchase shares of Vonovia SE before the end of the first four years of their Management Board activities and to hold them until the end of their appointment. The number of shares to be held is generally calculated from the amount of the annual gross fixed remuneration divided by the arithmetic mean of the closing prices for the company's shares over the last 60 trading days before the date of appointment as a Management Board member. Existing holdings of Vonovia SE shares are taken into account in calculating the number of shares to be held. In the event of

changes to the annual fixed remuneration and a share split, the number of shares subject to holding is to be redefined in the same proportion.

With the first re-appointment of a Management Board member, the minimum amount of shares to be held will be increased to 150% of the annual fixed remuneration. The increased number of shares must be held at the latest after a total of eight years of service.

The Chairman of the Management Board is obligated to purchase shares equivalent to 200% of the annual gross fixed remuneration according to the above formula.

The following table shows the required extent of the obligation to hold shares for all Management Board members, the current level of compliance (status quo) and the end of each set-up phase.

Shareholding obligation

	Required			Status quo		End of set-up phase
	in % of basic remuneration	in € k ⁴	Units ⁵	in € k ⁶	Units ⁷	Date
Rolf Buch	200	2,600	52,335	13,277	267,250	. / .
Arnd Fittkau ¹	100	775	15,600	516	10,395	May 16, 2023
Daniel Riedl ²	100	775	15,600	1,241	24,975	May 9, 2022
Helene von Roeder ³	100	1,031	20,753	1,027	20,669	May 9, 2022

¹ On reappointment, 150% of annual fixed remuneration until May 31, 2027.

² On reappointment, 150% of annual fixed remuneration until May 31, 2026.

³ On reappointment, 150% of annual fixed remuneration until May 9, 2026.

⁴ Based on the most recent increase in fixed remuneration as of January 1, 2022.

⁵ Based on the average share price over the last 60 stock market trading days prior to January 1, 2022 (€ 49.68); subject to any future adjustments to the fixed remuneration or any stock split.

⁶ Based on the average share price over the last 60 trading days prior to January 1, 2022 (€ 49.68) and number of shares as of December 31, 2021.

⁷ As of December 31, 2021.

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

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

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 (performance clawback).

A clawback or reduction is possible in the abovementioned cases before the end of a year after payout of the variable remuneration component. 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-a-vis the company remains unaffected by the malus and clawback provisions.

Equivalent malus and clawback provisions also apply to variable remuneration paid by BUWOG for the management activities carried out by Mr. Riedl at BUWOG, which BUWOG remunerated separately.

In the 2021 fiscal year, neither the Supervisory Board nor BUWOG identified information or evidence liable to result in an application of the malus and clawback provisions. Due to this, there was no clawback or reduction in performance-related remuneration for the Management Board members in office by the Supervisory Board or BUWOG in the 2021 fiscal year; no malus and clawback provisions were contractually agreed with former Management Board members, who were still entitled to remuneration in the reporting year.

6. Information About Payments in the Event of Withdrawal From the Management Board

6.1. 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 twelve 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 are entitled to 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.

6.2. Early Termination of Management Board Duties Without Good Cause

In the event of revocation of an appointment and a resultant early termination of the Management Board member's contract of employment, the Management Board member's contracts of employment provide for a right on the part of Management Board members to severance pay. In line with the recommendations set out in the German Corporate Governance Code (GCGC), this is limited in terms of amount to two annual total compensation payments (i.e., fixed remuneration, fringe benefits, pension contribution/payment, STI and LTIP) (severance pay cap), less the payments for a termination period and never exceeds the remuneration for the remaining term of the contract of employment. The severance pay provided for in the contract of employment and the severance pay cap provided for in the contract of employment 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 Daniel Riedl, his additional contract of employment with BUWOG regarding management activities separately remunerated by the latter provides for severance pay in case of the early removal from the office of Managing Director (without good cause). In line with the recommen-

dations set out in the German Corporate Governance Code (GCGC), this is limited in terms of amount to two annual total compensation payments (severance pay cap), less the payments for a termination period and never exceeds the remuneration for the remaining term of the contract of employment. There is no entitlement to any severance pay, however, if the contract of employment continues to exist with Vonovia (amended).

6.3. Early Termination of Management Board Duties for Good Cause

In case of termination of the Management Board member's contract of employment by Vonovia SE for cause, no severance pay is paid. Similarly, BUWOG does not pay any severance pay in case of removal from the office of Managing Director for good cause.

If a Management Board member's contract of employment is terminated for cause by Vonovia 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 LTIP are forfeited with immediate effect and without compensation. This does not include claims from performance shares that are no longer within the performance period on the date when the Management Board member's contract of employment ends.

6.4. Provisions Due to a Change of Control

In the case of a change of control and certain related encroachments on the independence of the Management Board or material changes to the composition of the Management Board or Supervisory Board, the Management Board members are entitled to resign and terminate their contract of employment. If a Management Board member exercises this right, they are fundamentally entitled to severance pay under the contract of employment in the amount of the severance pay cap described in 6.1, whereby the severance pay must never remunerate more than the remaining term of the contract of employment; severance pay equivalent to 150% of the aforementioned severance pay cap (in other words, up to three annual total compensation payments) applies for the last time in fiscal year 2021 to a Management Board member in accordance with the previously established recommendation in paragraph 4.2.3 (5) GCGC 2017, which in any case must never remunerate more than the remaining term of the contract of employment.

If the contract of employment is continued in case of a change of control, the LTIP is adjusted subject to the value ratios in place at the time of change of control and replaced by a new form of the long-term variable remuneration that is

equivalent in value and economic benefit. If the Management Board member's contract of employment ends due to a change of control, all current performance periods will end on the date of termination of the Management Board member's contract of employment. A target achievement level of 100% is assumed for all performance targets and the last offering price at the time of change of control is used as the final share price to calculate the payout amount. The payout is transacted within one month after the end of the contract of employment.

6.5. Post-contractual Non-compete Clause

The Supervisory Board may stipulate a post-contractual non-compete clause 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 seq. 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. Upon conclusion of the non-compete clause, the Supervisory Board makes decisions on a case-by-case basis on the taking into account in the compensation payments of any severance payments due to early termination of the Management Board activities.

As of the reporting date December 31, 2021, post-contractual non-compete clauses for a period of twelve months, following the termination of their contracts of employment, were agreed with Rolf Buch, Arnd Fittkau and Daniel Riedl. The ex gratia payment provided for in the contract corresponds to 75% (Rolf Buch) and 50% (Arnd Fittkau) of the contractual payments most recently received by them (incl. STIP and LTIP), while the ex gratia payment for Daniel Riedl amounts to a gross total of € 2,000,000.

A post-contractual non-compete clause was not agreed with Helene von Roeder.

7. 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. Insofar as claims for remuneration arise against affiliated companies, these are generally offset against the fixed remuneration; in the case of Daniel Riedl, however, remuneration is paid for his management activities at BUWOG from his existing contract of employment in place with BUWOG, that are not offset against his remuneration from Vonovia SE

and are included in the table of granted and owed remuneration (under paragraph 8.1).

The contract of employment may provide that income generated by Management Board members from other activities undertaken in the interests of the company (e.g., income from functions in associations), are to be donated by the Management Board members to the Vonovia Stiftung (subject to any other determination by the Supervisory Board of Vonovia Stiftung).

The Management Board members did not receive payments from third parties for their Management Board activities in the 2021 fiscal year.

8. Information on the Level of Management Board Remuneration in the 2021 Fiscal Year

8.1. 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) subsection 1 AktG.

The granted and owed remuneration in the 2021 fiscal year is broken down as follows:

- > The basic remuneration paid out in the 2021 fiscal year
- > The fringe benefits arising in the 2021 fiscal year and, in the case of Mr. Riedl, the pension remuneration arising in the fiscal year
- > The STI determined for the 2021 fiscal year
- > The inflow of the LTIP tranche granted in the 2018 fiscal year, whose performance period ended at the end of the 2021 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 2021 fiscal year is considered granted and owed remuneration, even though it is only due to be paid out in the 2022 fiscal year. The reason for this is that the underlying payment was provided in full by the end of the 2021 fiscal year. The same applies to the LTIP tranche granted in the 2018 fiscal year, as its performance period ended at the end of the 2021 fiscal year and the payment for assessing the relevant payment was provided in full.

Furthermore, the service cost as per IAS 19 of the retirement benefit commitments is additionally presented in the 2021 fiscal year.

Remuneration granted and owed

	Rolf Buch (CEO) since March 1, 2013				Arnd Fittkau (CRO) since May 16, 2019			
	2020		2021		2020		2021	
	in € k	in %	in € k	in %	in € k	in %	in € k	in %
Basic remuneration	1,200.0	18	1,250.0	21	700.0	61	750.0	60
Fringe benefits	30.3	0	31.1	1	30.8	3	31.6	3
Pension remuneration		0	0.0	0		0	0.0	0
Total fixed remuneration	1,230.3	18	1,281.1	21	730.8	63	781.6	63
Short-term variable remuneration	767.1	-	875.0	-	425.1	-	467.5	-
STI 2020	767.1	11	-	-	425.1	37	-	-
STI 2021	-	-	875.0	14	-	-	467.5	37
Long-term variable remuneration	4,750.0	-	3,900.3	-	0.0	-	0.0	-
LTI 2017-2020	4,750.0	70		0	-	-		0
LTI 2018-2021	-	-	3,900.3	64	-	-		0
Total variable remuneration	5,517.1	82	4,775.3	79	425.1	37	467.5	37
Total fixed and variable remuneration (pursuant to Section 162 AktG)	6,747.4	100	6,056.4	100	1,155.9	100	1,249.1	100
Pension service cost	1,052.0		1,205.0		597.0		675.0	
Total	7,799.4		7,261.4		1,752.9		1,924.1	

* Incl. remuneration benefits for his management activities at BUWOG, thereof basic remuneration of € 550.0 k (2020: € 500.0 k), fringe benefits of € 11.7 k (2020: € 11.5 k), pension remuneration € 500.0 k (2020: € 500.0 k), STI € 302.0 k (2020: € 295.5 k) and LTI € 0 k (2020: € 0 k), LTI claims exist in full against Vonovia SE.

8.2. Remuneration for Former Management Board Members

In addition, the following former Management Board members are entitled to payments from the 2018 LTIP tranche in the 2021 fiscal year, whose performance period ended at the end of the 2021 fiscal year. Klaus Freiberg is entitled to a payout amount of € 1,642,229.52 and both Dr. A. Stefan Kirsten and Gerald Klinck are each entitled to payout amounts of € 684,308.40. The application of the underlying performance criteria for the 2018 LTIP tranche and the target achievement level correspond to the disclosures provide under 3.2.2.c for the Management Board members in office. Klaus Freiberg also received compensation for 2021 in the amount of € 567,549.02.

In the 2021 fiscal year, payments amounting to € 0.4 k were made in the context of pension commitments to two Management Board members who left before 2012 and one individual qualifying for compensation.

Daniel Riedl (CDO) since May 9, 2018				Helene von Roeder (CFO) since May 9, 2018			
2020		2021		2020		2021	
in € k	in %	in € k	in %	in € k	in %	in € k	in %
700.0	43	750.0	27	700.0	61	750.0	33
16.0	1	27.4	1	25.0	2	29.4	1
500.0	30	500.0	18		0	0.0	0
1,216.0	74	1,277.4	46	725.0	63	779.4	34
430.8	-	457.0	-	425.1	-	467.5	-
430.8	6	-	-	425.1	37	-	-
-	-	457.0	8	-	-	467.5	37
0.0	-	1,059.2	-	0.0	-	1,059.2	-
-	-		0	-	-		0
-	-	1,059.2	17	-	-	1,059.2	85
430.8	26	1,516.2	54	425.1	37	1,526.7	66
1,646.8	100	2,793.6	100	1,150.1	100	2,306.1	100
		0.0		542.5		564.0	
1,646.8		2,793.6		1,692.6		2,870.1	

IV. Remuneration of the Supervisory Board in the 2021 Fiscal Year

1. Remuneration System of the Supervisory Board

The remuneration system of the Supervisory Board of Vonovia SE is governed by Section 13 of the Articles of Association and has been in place since June 9, 2013. It was confirmed by a 99.34% majority by the 2021 Annual General Meeting in accordance with Section 113 (3) AktG.

Thus, the following remuneration regulations apply to the members of the Supervisory Board:

- > Each member of the Supervisory Board receives annual fixed basic remuneration of € 100,000.
- > The Chairman of the Supervisory Board receives double this amount and a Deputy Chairman receives one-and-a-half times this amount.
- > The members of the Audit Committee receive additional annual fixed remuneration of € 40,000; the Audit Committee Chairman receives double this amount.
- > Supervisory Board members who are members of one or more other Supervisory Board committees that have acted at least once a year receive additional annual fixed remuneration of € 20,000 per committee, in the case of the Committee Chairman € 40,000.
- > The sum total of all remuneration plus remuneration for membership of Supervisory Boards and comparable supervisory bodies of Group companies must not exceed an amount of € 300,000 per calendar year and Supervisory Board member, regardless of the number of committee memberships and functions.

All of this remuneration is payable after the expiry of each fiscal year. Supervisory Board members who are Supervisory Board members or members of a committee of the Supervisory Board for only part of a fiscal year receive corresponding pro rata remuneration rounded up to the full month.

The company reimburses the Supervisory Board members for appropriate expenses incurred due to the exercising of their office. VAT is reimbursed by the company to the extent that the Supervisory Board members are eligible to separately invoice VAT, and have exercised such right. The company takes out personal liability insurance (D&O insurance) for the members of the Supervisory Board with an appropriate sum insured.

The remuneration of the Supervisory Board members is reviewed at the latest every four years in accordance with statutory requirements under Section 113 (3) sentence 1 AktG and a resolution of the Annual General Meeting put forward regarding remuneration, with a confirmatory resolution also possible in accordance with Section 113 (3) first half of sentence 2 AktG.

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 2021 fiscal year included, even though they only fall due in the next fiscal year:

Supervisory Board remuneration

	2020					2021				
	Fixed remuneration		Committee remuneration		Total remuneration	Fixed remuneration		Committee remuneration		Total remuneration
	in € k	in %	in € k	in %	in € k	in € k	in %	in € k	in %	in € k
Jürgen Fitschen (Chairman) since May 2018	200	77	60	23	260	200	77	60	23	260
Prof. Dr. Edgar Ernst (Deputy Chairman) since June 2013	150	65	80	35	230	150	65	80	35	230
Burkhard Ulrich Drescher since December 2014	100	71	40	29	140	100	71	40	29	140
Vitus Eckert since May 2018	100	71	40	29	140	100	71	40	29	140
Dr. Florian Funck since August 2014	100	71	40	29	140	100	71	40	29	140
Dr. Ute Geipel-Faber since November 2015	100	83	20	17	120	100	83	20	17	120
Daniel Just since May 2015	100	83	20	17	120	100	83	20	17	120
Hildegard Müller since June 2013	100	83	20	17	120	100	83	20	17	120
Prof. Dr. Klaus Rauscher since August 2008	100	83	20	17	120	100	83	20	17	120
Dr. Ariane Reinhart since May 2016	100	83	20	17	120	100	83	20	17	120
Clara-Christina Streit since June 2013	100	63	60	38	160	100	63	60	38	160
Christian Ulbrich since August 2014	100	83	20	17	120	100	83	20	17	120

V. 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) sentence 2 point 2 AktG, the following table illustrates the development of remuneration for Management Board members, Supervisory Board members and the rest of the workforce as well as the earnings development of the company. The remuneration for the Management Board and Supervisory Board relates to granted and owed remuneration in accordance with Section 162 AktG. The presentation of the average remuneration of employees and their changes includes the average remuneration of employees in the real estate industry (Group-wide) on a full-time equivalents basis. Similar to the remuneration for the Management Board and Supervisory Board, the average remuneration for the total workforce shown refers to its total remuneration.

Comparative presentation

in € k	2020	2021	Change in %
Management Board members			
Rolf Buch	6,747.4	6,056.4	-10
Arnd Fittkau	1,155.9	1,249.1	8
Daniel Riedl	1,646.8	2,793.6	70
Helene von Roeder	1,150.1	2,306.1	101
Average	2,675.0	3,101.3	16
Former Management Board members			
Klaus Freiberg (until May 16, 2019)	3,362.1	2,209.8	-34
Dr. A Stefan Kirsten (until May 9, 2018)	2,000.0	684.3	-66
Gerald Klinck (until May 9, 2018)	2,000.0	684.3	-66
Other former Management Board members	296.9	400.0	35
Supervisory Board members			
Jürgen Fitschen (Chairman)	260.0	260.0	0
Prof. Dr. Edgar Ernst (Deputy Chairman)	230.0	230.0	0
Burkhard Ulrich Drescher	140.0	140.0	0
Vitus Eckert	140.0	140.0	0
Dr. Florian Funck	140.0	140.0	0
Dr. Ute Geipel-Faber	120.0	120.0	0
Daniel Just	120.0	120.0	0
Hildegard Müller	120.0	120.0	0
Prof. Dr. Klaus Rauscher	120.0	120.0	0
Dr. Ariane Reinhart	120.0	120.0	0
Clara-Christina Streit	160.0	160.0	0
Christian Ulbrich	120.0	120.0	0
Average	149.2	149.2	0
Employees			
Total workforce	64.7	65.1	1
Earnings performance			
EBITDA in € million	1,909.8	2,269.3	19
EPS in €	5.50	4.22	-23
Vonovia SE net income according to HGB in € million	-53.5	-544.8	n/a

VI. Outlook for the 2022 Fiscal Year from a Remuneration Perspective

Following the approval of the remuneration system for the Management Board of Vonovia SE by a large majority at the 2021 Annual General Meeting, further adjustments are not envisaged at present. The Supervisory Board of Vonovia SE regards this positive vote on the part of our shareholders as a clear recommendation to apply the remuneration system in its current form as before.

Where the shareholders level criticism at the application of the remuneration system for the Management Board, this criticism will be acknowledged by the Supervisory Board and addressed in its activities in the 2022 fiscal year. The 2022 remuneration report will also include explanatory notes in accordance with the regulatory requirements set forth in Section 162 (1) sentence 2 clause 6 AktG on how the vote at the Annual General Meeting on the 2021 remuneration report was taken into account.

The remuneration system for the Supervisory Board has been unchanged since the resolution adopted by the Annual General Meeting on June 9, 2013. Both the responsibility and the individual scope of activities of its members is steadily increasing. To continue to remunerate appropriately the tasks of its members and the position of the company to

remain competitive and acquire suitable candidates for the Supervisory Board, the company plans to present the following adjustments to the remuneration system for the Supervisory Board for approval at the 2022 Annual General Meeting:

- > Each member of the Supervisory Board will receive basic remuneration of € 110,000 for their Supervisory Board activities in the future.
- > In future, the Chairman of the Supervisory Board will receive basic remuneration equivalent to two and a half times the above sum and their Deputy Chairman will continue to receive one and a half times the above amount.
- > In future, € 30,000 will be paid for memberships of the Executive and Nomination Committee and/or Finance Committee, and € 45,000 for membership of the Audit Committee. The Chairmen of the committees will still receive double the amount of the relevant committee remuneration.
- > The total remuneration paid to each Supervisory Board member must not exceed an amount of € 400,000 per calendar year.

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