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## **Rules of Procedure for the Supervisory Board of**

### **Deutsche Wohnen SE**

**Berlin**

#### **§ 1 General Provisions**

- (1) The Supervisory Board shall conduct its business in accordance with the provisions of the law, especially Council Regulation (EC) No. 2157/2001 of 8 October 2001 on the Statutes for a European Company (SE), the Articles of Association and these Rules of Procedure. The Supervisory Board shall observe the relevant recommendations detailed in the German Corporate Governance Code; instances where it does not follow this Code shall be disclosed by the Management Board and Supervisory Board in the declaration of compliance, pursuant to the SE Regulation article 9, paragraph 1, point (c), number (ii), in conjunction with the German Stock Corporation Act [AktG], section 161. The Supervisory Board members have identical rights and duties. They are not bound by instructions.
- (2) The Supervisory Board shall advise and monitor the Management Board in the management of the company. It shall be involved in any decisions that are of fundamental importance to the company. In performing its duties, the Supervisory Board shall work closely with the Management Board in a spirit of trust for the benefit of the company.
- (3) The Supervisory Board shall regularly review the efficiency of its work and of its committees.

#### **§ 2 Members, Chair and Deputy Chair of the Supervisory Board**

- (1) The members of the Supervisory Board shall gather for a constituent meeting following the Annual General Meeting at which they were appointed; the constituent meeting does not need to be convened separately.
- (2) At the constituent meeting, the Supervisory Board shall elect a Chair and Deputy Chair from among its members; this election shall be chaired by the oldest member in terms of age. Unless a shorter period is specified at the election, the terms of office of the Chair and Deputy Chair shall be the same length as their terms of office as members of the Supervisory Board. If the Chair or Deputy Chair resigns from office during their term, before reaching its end, the

Supervisory Board shall hold a special election for the Chair or Deputy Chair for the remaining term of office of the person resigning.

- (3) Any declarations of intent by the Supervisory Board and its committees shall be issued by the Chair or Deputy Chair on its behalf. Any member of the Supervisory Board is authorised to accept declarations of intent addressed to the Supervisory Board.
- (4) If a substitute member takes the place of a prematurely retiring Supervisory Board member, then the substitute member's term shall expire at the end of the next Annual General Meeting at which a new Supervisory Board member is elected, but no later than the end of the term of office of the prematurely retiring Supervisory Board member. If a member of the Supervisory Board is elected and if that person replaces a retiring member who is not succeeded by a substitute member, then the new member shall continue to be in office for the remaining term of office of the retiring member.
- (5) Any member or substitute member of the Supervisory Board may resign from office by giving one month's written notice to the Management Board, even without cause.
- (6) The Supervisory Board shall set specific targets in terms of its composition and shall develop a skills profile for the entire board. When proposing Supervisory Board candidates for election at the Annual General Meeting, the Supervisory Board shall take account, in particular, of the company's unique situation, as well as its international activities, any potential conflicts of interest, the specified age limit for Supervisory Board members and an appropriate proportion of female members. Another target is to ensure that the Supervisory Board always includes members who have the required *diversity* of knowledge, skills and expertise required for the proper performance of their duties, and that such members are sufficiently independent. At least one member of the Supervisory Board must also have expertise in financial reporting or auditing, and the members must be collectively familiar with the sector in which the company operates. The Supervisory Board members must collectively have the knowledge, skills and expertise required for the successful performance of their duties, especially concerning the capital market and the German property market.
- (7) The Supervisory Board must include no more than two former members of the Management Board. Members of the Management Board may not become members of the company's Supervisory Board within two years of their term as members of the Management Board, unless they are put forward for election by shareholders holding more than 25% of the company's voting rights. It must not be a regular occurrence that the previous Chief Executive Officer or Management Board member becomes Chair of either the Supervisory Board or of a Supervisory Board committee. Supervisory Board members must not perform any board functions or advisory functions at competing companies.
- (8) To ensure that the Supervisory Board provides independent advice for the Management Board and supervises the latter, the Supervisory Board must have what it considers to be a sufficient number of independent members.
- (9) The members of the Supervisory Board shall ensure that they have enough time to carry out their mandate.
- (10) Each Supervisory Board member shall disclose any conflicts of interest to the Supervisory Board. If conflicts of interest occur, the Supervisory Board shall inform the Annual General Meeting in its report to the AGM about such conflicts and how those conflicts are being

handled. Any major, not merely temporary conflicts of interest of a Supervisory Board member as an individual shall lead to the termination of their mandate.

- (11) Only individuals who have not reached the age of 73 years at the time of their appointment may be put forward for election to the company's Supervisory Board.

### **§ 3 Meetings and resolutions of the Supervisory Board**

- (1) The Supervisory Board shall meet once every calendar quarter and at least twice every calendar half-year. The Supervisory Board shall always meet whenever this is required for business purposes. The Supervisory Board shall also be convened without undue delay if this is requested by a Supervisory Board member or by the Management Board, stating the purpose and reasons.
- (2) The Supervisory Board shall be convened by its Chair or, if absent, by the Deputy Chair. Such a meeting may be convened by mail, fax, phone or other means of communication (e.g. email). The invitation must specify the venue, date, time and agenda of the meeting. The meeting documents must always be sent to the Supervisory Board members no less than five working days before the meeting.
- (3) The Supervisory Board shall usually pass its resolutions at meetings. Pursuant to a decision taken by the Chair, resolutions may also be passed, on a case-by-case basis, without convening or holding a Supervisory Board meeting, in which case they may be passed by mail, fax, phone or other modern means of communication (e.g. email or video conference), provided that no member of the Supervisory Board presents an objection to this procedure within a reasonable period of time specified by the Chair. Such resolutions shall be established by the Chair and shall be communicated to all Supervisory Board members in writing.
- (4) The Supervisory Board shall pass its resolutions with a simple majority, unless otherwise specified by law or by the Articles of Association. Abstentions shall not be counted when determining the results of the vote. In the event of a tie – also in elections – the casting vote shall go to the Chair of the Supervisory Board or, if absent, to the Deputy Chair.
- (5) The Supervisory Board shall constitute a quorum if the relevant resolution has been adopted by at least half of the members it needs to comprise and, in any event, no less than three members; these may vote either in person or in writing, as specified in paragraph 6. The meeting shall be chaired by the Chair or Deputy Chair of the Supervisory Board. The manner of voting shall be determined by the person chairing the meeting. Even an abstaining member shall be considered to have participated in the adoption of a resolution.
- (6) Supervisory Board members prevented from attending a Supervisory Board meeting may appoint another member in writing, authorising that person to submit a written vote on their behalf.
- (7) Any motions presented by Supervisory Board members shall be submitted to the Chair of the Supervisory Board in a sufficiently timely manner and in such a form that they can be put on the agenda included with the invitation to the meeting.

- (8) If items or motions are not on the agenda or have not been communicated to the Supervisory Board members by the Chair at least five working days before the meeting, such items or motions may only become subject to a resolution if none of the members attending the meeting present an objection. Absent Supervisory Board members shall be given an opportunity to submit their votes to the Chair at a later time, in writing, which they shall do within a reasonable period of time as determined by the Chair.
- (9) Minutes shall be taken of any discussions and resolutions of the Supervisory Board and any of its committees; such minutes shall function as evidence, but not as requirements for effectiveness; they shall be signed by the chair of the meeting or, if voting takes place outside meetings, either by the person managing the vote or by the chair of the relevant committee, and shall be sent to all members. While chairing the meeting, the Chair of the Supervisory Board shall decide on the use of a minute taker. The minutes shall be adopted at the next meeting of the Supervisory Board.

#### **§ 4 Reporting**

- (1) The Supervisory Board shall ensure that the Management Board meets its reporting duties as stipulated in the SE Regulation, article 9, paragraph 1, letter (c), number (ii), in conjunction with the German Stock Corporation Act [AktG], section 90.
- (2) These duties include regularly informing the Supervisory Board about intended business policies and other fundamental issues of the company, particularly the situation concerning its net assets, finance, profits and risks as well as its risk management and compliance. The Management Board shall report on fundamental issues of corporate planning at least once a year. The Supervisory Board has defined the Management Board's information and reporting duties in more detail in the Rules of Procedure for the Management Board.
- (3) The Chair/Spokesperson of the Management Board or, if no such person has been appointed, the Management Board member with responsibility for the relevant department, shall provide the Chair of the Supervisory Board with immediate information about any important events that are of major significance for an assessment of the situation, development or management of the company. The Chair of the Supervisory Board shall then inform the Supervisory Board and shall, if required, convene an extraordinary meeting of the same.

#### **§ 5 Consent of the Supervisory Board**

- (1) According to the SE Regulation, article 48, paragraph 1, in conjunction with the Articles of Association, § 9, paragraph 1, the Management Board requires the consent of the Supervisory Board for any of the following business transactions:
  - (i) Acquisition and disposal of residential property portfolios, companies and shareholdings in companies and parts of companies, if the equivalent value exceeds the limits set by the Supervisory Board
  - (ii) Conclusion, amendment or termination of inter-company agreements as defined in the German Stock Corporation Act [AktG], sections 291 and 292
- (2) Over and above the aforementioned business transactions and activities, the Supervisory Board may – according to the Articles of Association, § 9, paragraph 2 – decide that

additional types of business transactions and activities of the company and its affiliates will require its approval. In doing so, it shall define appropriate financial limits or any other suitable limits. The relevant regulations have been drawn up by the Supervisory Board in the Rules of Procedure for the Management Board.

- (3) If requested by the Management Board, business transactions may also be submitted to the Supervisory Board for consultation and approval even if they do not otherwise require approval. In such a case, the Capital Market and Acquisition Committee shall first deal with the document concerned and prepare a recommendation to be decided upon collectively by the Supervisory Board.

## **§ 6 Appointment, composition and remuneration of the Management Board**

- (1) The Supervisory Board is responsible for the appointment of Management Board members, the renewal of their terms of office and the revocation of their appointments and shall work with the Management Board in ensuring long-term succession planning. This includes ensuring that the Management Board always includes members who have the *diversity* of knowledge, skills and expertise required for the proper performance of their duties. Furthermore, the Supervisory Board shall also appropriately ensure an adequate proportion of women as well as observance of an age limit which shall depend on the relevant applicable statutory pension age.
- (2) The members of the Management Board shall be appointed by the Supervisory Board for a period of no more than five years. Re-appointments are permitted. The Supervisory Board shall also determine the number of members of the Management Board, ensuring that it consists of no less than two members. The Supervisory Board may pass a resolution appointing a member of the Management Board as its Chair or Spokesperson and may revoke this appointment at any time. Only under special circumstances may Management Board members be reappointed earlier than one year before the end of their term of office with the simultaneous revocation of their existing contract.
- (3) The Supervisory Board may distribute responsibilities among the various Management Board members and may issue and revoke a schedule of responsibilities. The Supervisory Board may issue and revoke the Rules of Procedure for the Management Board.
- (4) Acting upon a proposal by the Executive and Nomination Committee, the Supervisory Board shall decide upon the remuneration system for the Management Board, including essential contractual components, and shall review this system at regular intervals. It shall take account of the conditions laid down in the German Stock Corporation Act [AktG], section 87, and the recommendations of the German Corporate Government Code, each in their latest amended versions.

## **§ 7 Committees**

- (1) Acting within statutory provisions, the Supervisory Board may form committees from among its members. It shall define the responsibilities, authorities and procedures of the committees either in these Rules of Procedure or through special resolutions. Where legally permitted, the Supervisory Board may also delegate decision-making powers to the committees, as detailed in the Articles of Association, § 10, paragraph 6.

- (2) The Supervisory Board has so far appointed the Executive and Nomination Committee, the Audit Committee and the Capital Market and Acquisition Committee. Committee members are elected with a simple majority of votes cast, and their terms of office shall be the same length as their terms of office on the Supervisory Board, unless shorter terms of office are set when they are elected. Unless otherwise specified in these Rules of Procedure, the members of a committee shall elect a chair from among themselves.
- (3) When adopting a resolution, a committee only constitutes a quorum if votes are cast by at least three members, either in person or in writing. If voting on a committee leads to a tie, the chair of the committee shall have the casting vote.
- (4) Supervisory Board committees are subject to statutory regulations and to any provisions in the Articles of Association or in these Rules of Procedure that are of relevance to the Supervisory Board. The chair of the committee shall take the place of the Chair of the Supervisory Board.
- (5) The committees shall submit regular reports on their work to the Supervisory Board.

### **§ 8 Executive and Nomination Committee**

- (1) Unless otherwise specified through statutory regulations, the Supervisory Board shall delegate its responsibilities for consultancy and decision-making on urgent matters to the Executive and Nomination Committee, comprising the Chair, who is also the chair of this committee, their Deputy and a further Supervisory Board member who shall be elected by the Supervisory Board from among its members. Urgent matters are matters which, in the opinion of the Chair, cannot be decided either by the Supervisory Board at a duly convened meeting that constitutes a quorum or under the Articles of Association, § 11, paragraph 3.
- (2) Ongoing coordination with the Management Board, ongoing provision of consultancy for the same, and preparation of Supervisory Board meetings wherever such meetings are expedient in view of the scale and significance of the issues under discussion.
- (3) Conclusion and content of employment contracts with Management Board members, in compliance with the resolutions passed for this purpose from case to case by the entire Supervisory Board.
- (4) This Executive and Nomination Committee shall suggest suitable candidates to the Supervisory Board, which the latter may then propose to the Annual General Meeting for election.
- (5) Compliance is required with the German Corporate Governance Code, article 5.3.3, on the appointment of members of nomination committees.

### **§ 9 Audit Committee**

- (1) The Audit Committee shall have a minimum of three members. They must include at least one Supervisory Board member with expertise in the submission of accounts or in year-end auditing. The Audit Committee members must be collectively familiar with the sector in which the company operates.

- (2) The chair of the Audit Committee must be independent and have detailed knowledge and experience in applying accounting principles and internal control procedures. Neither the Chair of the Supervisory Board nor former members of the Management Board should chair the Audit Committee.
- (3) The following responsibilities shall be delegated to the Audit Committee:
- (a) The Audit Committee shall conduct preliminary audits of documents relating to the annual financial statements and the consolidated financial statements. It shall prepare the decision of the Supervisory Board concerning the adoption of the annual financial statements and the approval of the consolidated financial statements, as well as the draft resolution of the Management Board concerning the appropriation of earnings.
  - (b) The Audit Committee shall discuss the half-yearly and quarterly financial reports with the Management Board prior to their publication.
  - (c) The Audit Committee shall also discuss with the Management Board the principles of compliance, the identification and management of risks and the appropriateness and efficiency of the internal control system.
  - (d) The Audit Committee shall prepare the Supervisory Board's proposal to the Annual General Meeting concerning the appointment of an auditor while also ensuring the required independence of the auditor.

Once the auditor has been appointed by the Annual General Meeting, the Audit Committee shall instruct the auditor to audit both the annual financial statements and the consolidated financial statements. It may specify focal areas for the audit. The Audit Committee also decides on the remuneration of the auditor. The chair of the Audit Committee shall sign the auditor's mandate.

- (e) If the company or its subsidiaries wish to give the auditor or a company with which the auditor is legally, financially or personally associated a mandate to conduct permissible non-auditing work, then such a mandate may only be issued upon the prior consent of the Audit Committee. The Audit Committee may pass a resolution specifying which permissible non-auditing work it may approve in advance. Furthermore, the Audit Committee may specify a maximum annual fee and, if this fee is exceeded, may stipulate the need for Audit Committee approval on a case-by-case basis. The Audit Committee may authorise its chair to approve permissible non-auditing work on a case-by-case basis.

The Management Board shall report once a year to the Audit Committee about the non-auditing work carried out during the previous financial year and compliance with the limit on fees for any permissible non-auditing work carried out by the auditor or by companies with which the auditor is legally, financially or personally associated.

## **§ 10 Capital Market and Acquisition Committee**

- (1) The Capital Market and Acquisition Committee shall have a minimum of three members.

- (2) The Capital Market and Acquisition Committee shall discuss with the Management Board the possible targets and terms for the acquisition and disposal of both land and shareholdings and shall prepare the relevant resolution for adoption by the Supervisory Board. The Acquisition Committee may be authorised to approve business on behalf of the Supervisory Board. The relevant authorisations can be found in the list of approvals appended as an annex to the Rules of Procedure.
- (3) The Capital Market and Acquisition Committee shall discuss important capital market issues as well as the development of the company's share prices and shareholding structure.
- (4) After conducting its own checks, the Capital Market and Acquisition Committee shall submit draft resolutions to the Supervisory Board as a collective whole in cases where the Management Board has requested that the Supervisory Board should deal with business not requiring approval.

### **§ 11 Participation of the Management Board**

Unless the Supervisory Board has decided otherwise from case to case, its sessions and the sessions of its committees shall be attended by the Management Board.

### **§ 12 Correspondence of the Supervisory Board**

- (1) The Chair shall conduct the correspondence concerning the affairs of the Supervisory Board. Once their office has terminated, the Chair shall hand over the correspondence to their successor. Correspondence also includes personal notes and letters received by or sent to the Chair in this capacity.
- (2) If the Chair is prevented from attending, they shall be represented by the Deputy Chair. A Deputy Chair shall be subject, *mutatis mutandis*, to the same provisions concerning the submission of notes and letters upon the termination of their office.

### **§ 13 Confidentiality**

The members of the Supervisory Board shall maintain confidentiality about any confidential reports, confidential consultations and secrets of the company, including business and trade secrets which have become known to them through their work on the Supervisory Board, ensuring that this confidentiality continues beyond the termination of each person's office as a member of the Supervisory Board. The Supervisory Board members shall, in particular, maintain confidentiality about any confidential reports and confidential consultations they have received. Once their mandate has terminated, they shall return all confidential documents to the Chair of the Supervisory Board. A Supervisory Board member shall not pass on information to third parties on the content or procedure of Supervisory Board meetings or on the content of Supervisory Board documents or resolutions without obtaining prior permission from the Chair of the Supervisory Board. Members of the Supervisory Board shall ensure that any employees they engage are placed under the same duty of confidentiality.