

Our company**To our shareholders****► Combined management report**

Foundations of the Group

Sustainability report

Economic report

Risk and opportunities report

Outlook

► Other disclosures

Corporate governance statement

Consolidated financial statements**Independent auditor's report****Remuneration report****Other information**

Corporate governance statement (unaudited)

In this report, Instone Real Estate provides information about the Company's corporate governance in accordance with Sections 289f and 315d of the German Commercial Code (HGB) on the principles of corporate governance and Section 161 of the German Stock Corporation Act (AktG) and in accordance with the German Corporate Governance Code (GCGC). In addition to the Declaration of Compliance with the GCGC, the corporate governance statement also contains information about corporate governance and the compliance management system, and the composition and working methods of the Management Board and Supervisory Board, as well as the Supervisory Board committees.

GRI 2-14

Implementation of the GCGC

Corporate governance involves the responsible management and control of companies, geared towards long-term value creation. The corporate governance and the corporate culture of Instone Real Estate Group SE comply with the legal requirements and – with a few justified exceptions – the additional recommendations of the GCGC. The Management Board and Supervisory Board feel very committed to good corporate governance and all divisions are guided by this objective. The Company focusses on values such as competence, transparency and sustainability.

The Management Board and Supervisory Board have carefully considered the fulfilment of the GCGC requirements. In doing so, they have taken into account the GCGC as amended on both 28 April 2022 and on 20 March 2020 and submitted their regular Declaration of Conformity with the recommendations of the GCGC in December 2022 in accordance with Section 161 AktG and commented on the few exceptions.

The statement and any further declarations of compliance since the IPO are published on the Company's website under the [Instone compliance statement](#).

Declaration of Compliance

The Management Board and Supervisory Board of Instone Real Estate Group SE (the "Company") are required pursuant to Section 161 (1) of the German Stock Corporation Act (AktG) to issue an annual declaration of conformity stating that the recommendations of the "Government Commission on the German Corporate Governance Code" published by the Federal Ministry of Justice in the official Section of the Federal Gazette have been, and are being, complied with or which recommendations have not been, or are not being, complied with and why not. The Management Board and Supervisory board last issued a Declaration of Compliance in December 2021.

The Company's Management Board and Supervisory Board declare that, for the period since submitting the Declaration of Compliance in December 2021, they have complied with the recommendations of the Government Commission on the German Corporate Governance Code in the version last published in the official part of the Federal Gazette on 27 June 2022 and dated 28 April 2022 ("2022 GCGC") with the following exceptions, or that they will not do so in future:

1. In accordance with the updated recommendation C.1 of the 2022 GCGC, the competence profile for the Supervisory Board should also include expertise on sustainability issues that are important to the Company. On 7 December 2022, the Supervisory Board decided to amend the competence profile in accordance with this recommendation in order to comply with the recommendation for the future.
2. In accordance recommendation G.7 of the 2022 GCGC, the Supervisory Board shall define the performance criteria for each member of the Management Board for all variable remuneration components for the coming financial year, which are to be geared primarily towards strategic objectives, in addition to operational ones. The corporate planning and the forecast from which the relevant performance criteria for the Management Board are derived by the Supervisory Board will be approved at the beginning of the financial year in order to ensure greater planning accuracy. Based on this, the Supervisory Board will also define the performance criteria for the variable remuneration components at the beginning of the respective financial year. From the

Our company

To our shareholders

► Combined management report

Foundations of the Group

Sustainability report

Economic report

Risk and opportunities report

Outlook

► Other disclosures

Corporate governance statement

Consolidated financial statements

Independent auditor's report

Remuneration report

Other information

Supervisory Board's perspective, this is appropriate for harmonising the approved corporate planning with the performance criteria for the Management Board. This recommendation will therefore not be complied with in the future.

3. In accordance with recommendation G.10 sentence 2 of the GCGC, a member of the Management Board shall only have long-term variable amounts granted after four years. By way of derogation from this, the remuneration system for the Management Board and the employment contracts of the members of the Management Board provide for long-term variable performance-related remuneration to be granted after the end of a three-year performance period. This is in line with the requirements under stock corporation law for long-term assessment bases for variable remuneration as well as the recommendations of various institutional advisers on voting rights. As far as the Supervisory Board is concerned, however, postponing the payment of variable long-term remuneration for longer does not offer any additional added value in terms of incentives for the Management Board compared to the existing contractual provisions. This recommendation will therefore not be complied with in the future.

Furthermore, since the last statement of compliance was submitted in December 2021, the Company has complied with all the recommendations of the version of the German Corporate Governance Code of 16 December 2019 ("2020 GCGC") published by the Federal Ministry of Justice in the official section of the Federal Gazette on 20 March 2020 until the entry into force of the 2022 GCGC, with the following exceptions:

1. Recommendation G.7 of the 2020 GCGC was not complied with for the reasons given under point 2 above.
2. Recommendation G.10 sentence 2 of the 2020 GCGC was not complied with for the reasons given under point 3 above.

Essen, December 2022

The Management Board

The Supervisory Board

Corporate governance practices

The management of Instone Real Estate Group SE is largely determined by the provisions of the German Stock Corporation Act (AktG) and is also focussed on the requirements of the German Corporate Governance Code. In addition, the Management Board has laid down basic values for lawful and ethical conduct in a Group-wide Code of Conduct, which is also available on our website under <https://ir.de.instone.de/websites/instonereal/English/5800/code-of-conduct.html>. This specifies existing duties and responsibilities at Instone Real Estate and derives various codes of conduct on the basis of the law or existing official instructions. The Code of Conduct offers Instone-Group employees orientation and assistance in their day-to-day work while at the same time providing binding requirements for the actions of all employees. Instone Real Estate Group SE is expressly committed to the values reflected in the Code of Conduct.

Working methods of the Management Board and Supervisory Board

According to its Articles of Association, Instone Real Estate Group SE, as a European stock corporation (SE), with headquarters in Essen, Germany, has a dual management system consisting of the Management Board and Supervisory Board. These work together closely and trustingly for the benefit of the Company. The Management Board manages the Company whereas the Supervisory Board provides advice and supervision.

Both the Management Board and the Supervisory Board each have their own Rules of Procedure which include detailed regulations about the respective activities of the Boards and the internal organisation, as well as for the collaboration between the Management Board and the Supervisory Board which go beyond the provisions of stock corporation law. [GRI 2-9](#)



Our company

To our shareholders

► Combined management report

Foundations of the Group

Sustainability report

Economic report

Risk and opportunities report

Outlook

► Other disclosures

Corporate governance statement

Consolidated financial statements

Independent auditor's report

Remuneration report

Other information



The Management Board and Supervisory Board maintain an intensive and constant dialogue, which forms the basis for efficient and targeted corporate management. The Management Board develops the strategic direction of Instone Real Estate Group SE, coordinates this with the Supervisory Board and ensures its implementation. [GRI 2-12, 2-13](#)

Both Boards also hold an annual joint strategy meeting, at which the respective members exchange views openly on the strategic direction of the company and initiatives of the Management Board. The Management Board also discusses the status of the strategy implementation with the Supervisory Board at regular intervals. The Chair of the Supervisory Board and the Chair of the Audit Committee regularly liaise with the Management Board between meetings and discuss questions of strategy, planning, business development, risk situation, risk management and compliance with the Management Board. The Chair of the Supervisory Board is informed by the Management Board without delay about important events, which are of material importance for the assessing the financial position and performance as well as for managing the Company and its Group companies. The Chair of the Supervisory Board then informs the Supervisory Board and convenes an extraordinary Supervisory Board meeting if necessary. In addition, the Management Board reports to the Supervisory Board regularly and as required by law, by the Articles of Association and by the Management Board's Rules of Procedure, which contain comprehensive provisions for the reports and information to be submitted. [GRI 2-30, 3](#)

The Articles of Association and the Rules of Procedure for the Management Board also stipulate that fundamentally significant measures and legal transactions must be subject to approval by the Supervisory Board. For dealing of conflicts of interest within the Supervisory Board and the Management Board, the respective Rules of Procedure of the Management Board and Supervisory Board also contain provisions which, in addition to a duty to disclose conflicts of interest without delay, provide for the approval of the Supervisory Board in the event of material conflicts of interest and, in the event of identified conflicts of interest within the Supervisory Board, prohibit the member concerned from participating and/or voting. In the event of material and not merely temporary conflicts of interest, the Supervisory Board member concerned must resign from his or her position. No conflicts of interest were identified within the Management Board or Supervisory Board in the year under review.

Transactions with the Company or its affiliated companies by members of the Supervisory Board and the Executive Board and related parties also require the approval of the Supervisory Board Audit Committee. The assumption of ancillary activities outside the Company by members of the Management Board – in particular, the performance of supervisory board mandates and mandates in comparable supervisory bodies of commercial enterprises – requires the approval of the Supervisory Board.

A D&O group insurance policy has been concluded for the members of the Management Board and the Supervisory Board. It provides for a deductible for members of the Management Board that complies with the requirements of Section 93(2) 3 AktG. [GRI 2-25, 2-26](#)

Management Board

Composition

According to the Company's Articles of Association, the Management Board consists of at least two persons. The number of members is determined by the Supervisory Board. In the 2022 financial year, the Management Board consisted of three members with equal rights, each responsible for the departments assigned to them.

Details of the members of the Management Board can be found in the notes to the consolidated financial statements of Instone Real Estate Group SE in accordance with Section 285 No. 10 of the German Commercial Code (HGB). [Page 235](#) CVs of the members of the Management Board are also available on the Instone Real Estate website at <https://www.instone.de/en/management>.

Our company

To our shareholders

► Combined management report

Foundations of the Group

Sustainability report

Economic report

Risk and opportunities report

Outlook

► Other disclosures

Corporate governance statement

Consolidated financial statements

Independent auditor's report

Remuneration report

Other information



Tasks and responsibilities

The Management Board manages the Company on its own responsibility in accordance with the statutory provisions, the Articles of Association and the Rules of Procedure for the Management Board. It is committed to acting in the Company's best interests. The Management Board develops the strategic direction of the Company, coordinates this with the Supervisory Board and ensures its implementation. It also bears responsibility for ensuring an appropriate and effective internal control system and risk management and controlling as well as regular, timely and comprehensive reporting to the Supervisory Board.

In accordance with the general representation rules of the Articles of Association, the Company is represented by two members of the Management Board or by one member of the Management Board together with an authorised representative. [GRI 2-9](#)

Allocation of responsibilities and Rules of Procedure

The Management Board performs the management function as a collegial body. Irrespective of the overall responsibility for the management, the individual members of the Management Board are responsible for the departments assigned to them in accordance with the legislation, the Articles of Association and the Rules of Procedure for the Management Board, and are personally responsible in the context of Board of Management resolutions. The Management Board has not formed any committees. The work of the Management Board, including the allocation of responsibilities, is governed by the Rules of Procedure for the Management Board, which were adopted by the Supervisory Board and last amended on 26 April 2022.

The organisational chart defined for the Management Board is shown on the following page. The Rules of Procedure of the Management Board also stipulate cases in which a resolution by the entire Management Board is required. Management Board meetings are held on a biweekly basis when possible, but at least once a month, in both face-to-face and virtual form, under the direction of the Chairman of the Management Board. The Rules of Procedure for the Management Board also allow resolutions to be passed outside of meetings. Resolutions are passed by a simple majority of the votes cast unless the law provides otherwise.

Approval reservations and information regulations

In addition to certain approval reservations contained in the Articles of Association, the Supervisory Board has set out certain other transactions and measures of fundamental importance in the Rules of Procedure for the Management Board which require its prior approval. These include, for example, the adoption of the annual plan, larger land acquisitions and the conclusion and amendment of certain financing agreements, as well as the implementation of certain corporate law measures. Transactions between the Company or one of its subsidiaries and members of the Management Board or related parties also require the approval of the Supervisory Board Audit Committee and must comply with the usual market conditions.

The Management Board informs the Supervisory Board regularly and comprehensively as well as promptly, and when appropriate, and in accordance with the legislation, the Articles of Association and the principles of information defined in the Rules of Procedure for the Management Board, in particular with regard to any issues that are relevant to strategy, planning and business development, the risk situation, risk management and compliance relevant to the Company as well as the ongoing projects and the financing situation of the Company. The Chair of the Management Board and the Chair of the Supervisory Board are also in regular communication.

Our company

To our shareholders

► **Combined management report**

Foundations of the Group

Sustainability report

Economic report

Risk and opportunities report

Outlook

► **Other disclosures**

Corporate governance statement

Consolidated financial statements

Independent auditor's report

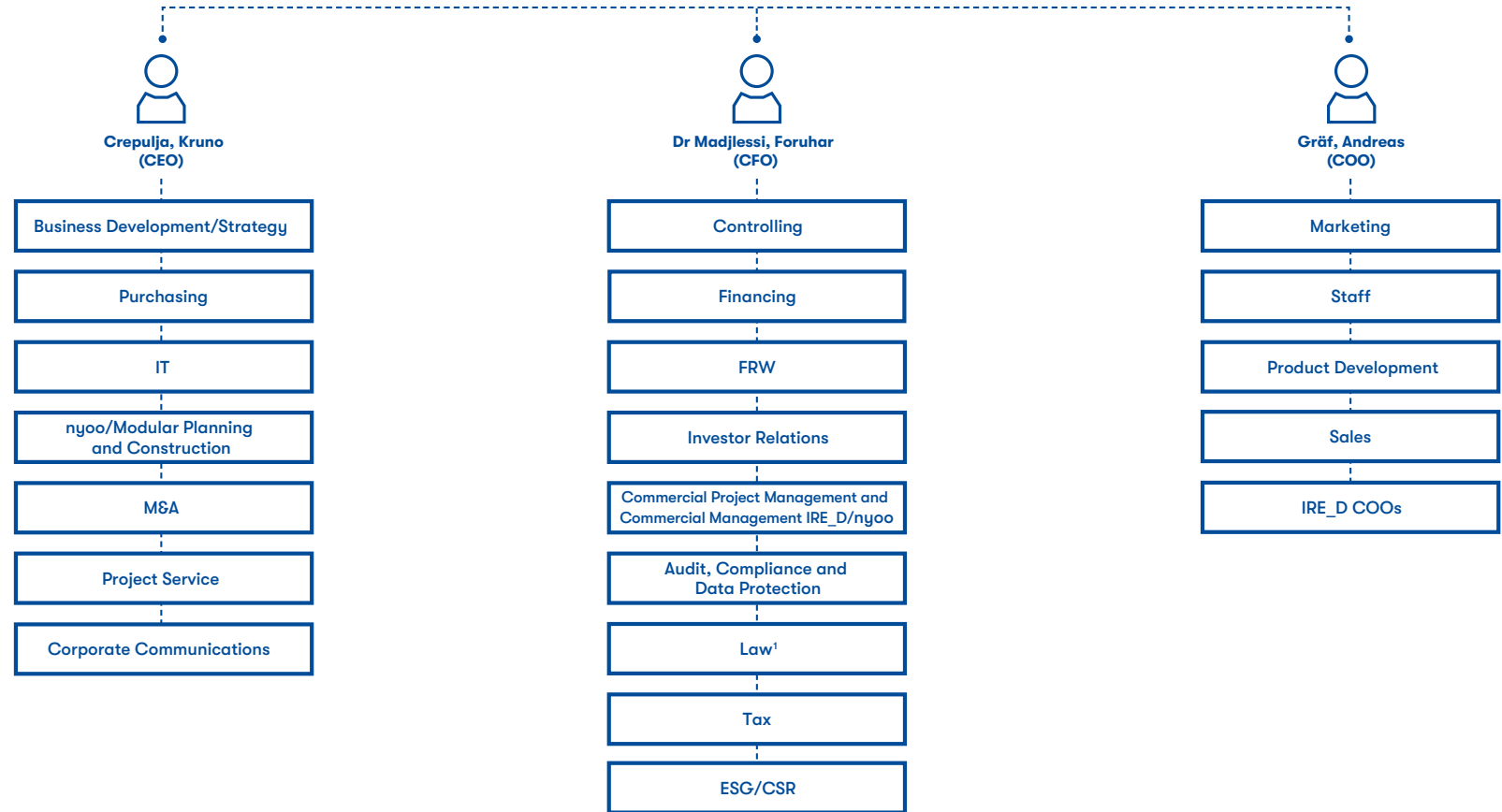
Remuneration report

Other information



Business distribution plan of the Management Board of Instone Real Estate Group SE of 26 April 2022

FIGURE 026



¹ Including company and capital market law as well as SB support.

Our company

To our shareholders

► Combined management report

Foundations of the Group

Sustainability report

Economic report

Risk and opportunities report

Outlook

► Other disclosures

Corporate governance statement

Consolidated financial statements

Independent auditor's report

Remuneration report

Other information



Supervisory Board

Composition

According to the Articles of Association, the Supervisory Board consists of five members. It is not subject to employee co-determination. All members are elected as shareholder representatives by the Company's Annual General Meeting.

All members of the Supervisory Board are independent in accordance with the recommendations of the GCGC.

Details of the members of the Supervisory Board can be found in the notes to the consolidated financial statements of Instone Real Estate Group SE in accordance with Section 285 No. 10 of the German Commercial Code (HGB). [Page 235](#) CVs of the Supervisory Board members are also available on the Instone Real Estate website at <https://ir.de.instone.de/websites/instonereal/English/5650/supervisory-board.html>.

Tasks and responsibilities

The Supervisory Board advises and monitors the Management Board. It works closely with the Management Board for the benefit of the Company and is involved in all decisions of fundamental importance.

Its rights and duties are determined by the statutory provisions, the Articles of Association, the Rules of Procedure for the Supervisory Board of 14 October 2021 and the Rules of Procedure for the Management Board. It appoints and dismisses the members of the Management Board, represents the Company when dealing with them and, together with the Management Board, ensures long-term succession planning.

The work of the Supervisory Board takes place both in plenary sessions and in committees. The work of the committees aims to further increase the efficiency of the Supervisory Board's work. The committee chairs regularly report to the Supervisory Board on the work of their respective committees. According to the Articles of Association, the Supervisory Board must hold at least two meetings in six calendar months. Otherwise, it holds meetings as and when required in the interests of the Company. The number and subject matter of the Supervisory

Board meetings in the 2022 financial year are explained in more detail in the Supervisory Board report from [page 26 onwards](#).

Evaluation of the committee work and further training of members of the Supervisory Board

The Supervisory Board assesses the efficiency of its activities at regular intervals, most recently in the 2021 financial year, when it critically evaluated and assessed the committee's work in a structured review process.

In the 2022 financial year, the Supervisory Board took advantage of training in the areas of capital market law, new legal requirements for supervisory board activity and sustainability reporting. In addition, the Company supports the members of the Supervisory Board in undertaking individual training and further training measures.

Competence profile and qualification

The Company has complied with the requirements under stock corporation law regarding the appointment of the Supervisory Board and the individual recommendations in section C.1 of the GCGC relating to the determination of specific objectives for the composition of the Supervisory Board under certain criteria, the consideration of these objectives in the Supervisory Board's proposals and the publication of these objectives and their implementation status in the corporate governance statement.

To this end, the Supervisory Board has adopted objectives for its composition, a competence profile and a diversity concept in order to ensure qualified monitoring of and the provision of advice to the Management Board by the Supervisory Board. It most recently reviewed this in December 2022 and explicitly extended it to include the field of competence "sustainability". The intention is for the members of the Supervisory Board to have the following knowledge, skills and professional experience needed for the proper performance of the duties of a supervisory board in a capital market-oriented real estate company:

Our company

To our shareholders

► Combined management report

Foundations of the Group

Sustainability report

Economic report

Risk and opportunities report

Outlook

► Other disclosures

Corporate governance statement

Consolidated financial statements

Independent auditor's report

Remuneration report

Other information

- Experience in managing or supervising medium-sized or large companies or complex organisations
- Members as a whole must be familiar with the real estate sector and the project development industry
- In-depth knowledge about finance, accounting treatments, accounting, law and compliance in the General Committee as a whole
- At least one member of the Supervisory Board must have expertise in the field of accounting and at least one other member must have expertise in

auditing (Section 100 para. 5 AktG), whereby accounting and auditing also include sustainability reporting

- Experience with capital market instruments and bank financing
- Expertise on sustainability issues that are important to the company in the real estate sector and the project development industry

Qualification matrix for the Supervisory Board of Instone Real Estate Group SE

FIGURE 027

		Stefan Brendgen	Dr Jochen Scharpe	Christiane Jansen	Dietmar P. Binkowska	Thomas Hegel
Member of the Supervisory Board since		13 August 2018	13 August 2018	20 September 2021	03 April 2019	03 April 2019
Appointed until		oHV2026	oHV2026	oHV2026	oHV2026	oHV2026
Knowledge, skills or professional experience	Managing or supervising medium-sized or large companies or complex organisations	++	++	++	++	++
	Familiarity with the real estate sector and the project development industry	++	++	+	++	++
	Finance, accounting treatments and accounting	++	++	++	++	+
	Accounting*	++	++	+	+	++
	Annual audit*	+	++	+	+	+
	Law and compliance	+	+	++	+	++
	Capital market instruments and bank financing	++	+	+	++	+
	Sustainability	++	+	+	+	+
Independence		Yes	Yes	Yes	Yes	Yes

*incl. sustainability reporting and reviewing it

+ Expertise
++ Specialist knowledge



Our company

To our shareholders

► Combined management report

Foundations of the Group

Sustainability report

Economic report

Risk and opportunities report

Outlook

► Other disclosures

Corporate governance statement

Consolidated financial statements

Independent auditor's report

Remuneration report

Other information



The Supervisory Board should also include an appropriate number of independent members.

The status of the implementation of the competence profile is also presented for the first time for the individual members of the Supervisory Board in the above qualification matrix. [GRI 2-10](#)

In the interests of complementary cooperation within the Supervisory Board, the selection of candidates for the Supervisory Board is based on sufficient diversity with regard to different professional backgrounds, specialist knowledge and experience. The members of the Supervisory Board should also have sufficient time to fulfil their mandate. As far as the Supervisory Board is concerned, this is the case for all members.

Only persons who have not yet reached the age of 70 at the time of appointment are to be proposed for election as a member of the Company's Supervisory Board. The standard limit for the period of membership of the Supervisory Board is twelve years. These requirements were also met; as of 31 December 2022, no member of the Supervisory Board had reached the age of 70 or exceeded the standard limit for membership of the Supervisory Board.

Supervisory Board committees

In the 2022 financial year, the Supervisory Board had at its disposal three committees: the Nomination Committee, the Audit Committee and the Remuneration Committee. Further committees can be formed as required. The tasks and responsibilities and the personnel composition of the committees are set out below:

Audit committee

The audit committee is responsible, in particular, for monitoring the accounting process, effectiveness of the internal control system and internal auditing system, the audit, in particular, the independence of the auditor, additional services provided by the auditor, the appointment of the auditor, granting the

audit assignment to the auditor, the determination of audit priorities and the fee agreement as well as compliance.

The audit committee prepares the resolutions of the Supervisory Board relating to the annual financial statements and the consolidated financial statements. It is primarily responsible for the preliminary examination of the documents relating to the annual financial statements and the consolidated financial statements, as well as the preparation of the statement or its approval and the profit appropriation proposal of the Management Board. Furthermore, the Audit Committee prepares the agreements with the auditor (in particular the appointment of the auditor), the determination of audit priorities and the fee agreement, as well as the engagement of the auditor by the Annual General Meeting. This also includes auditing the necessary independence, whereby the Audit Committee takes appropriate measures to ascertain and monitor the independence of the auditor. Instead of the full Supervisory Board, the Audit Committee shall decide on agreements with the auditor (in particular the granting of the audit assignment, the determination of audit priorities and the fee agreement). The Audit Committee also decides on related party transactions instead of the full Supervisory Board plenary session. The audit committee discusses the principles of compliance, risk assessment, risk management and the appropriateness and functionality of the internal control system with the Management Board.

[GRI 2-16](#)

The Audit Committee is also responsible for ESG/CSR matters and advises the Management Board on sustainability-related issues.

The following members were members of the Audit Committee in financial year 2022:

- Dr Jochen Scharpe (Chairman)
- Stefan Brendgen
- Thomas Hegel

Our company

To our shareholders

► Combined management report

Foundations of the Group

Sustainability report

Economic report

Risk and opportunities report

Outlook

► Other disclosures

Corporate governance statement

Consolidated financial statements

Independent auditor's report

Remuneration report

Other information

Due to their education, professional experience as CEOs or managing directors of large real estate companies and long-standing membership of supervisory boards of large enterprises, Dr Scharpe, Mr Brendgen and Mr Hegel each offer expertise in the field of accounting and are familiar with the sector in which the Company operates. Dr Scharpe also has expertise in the area of auditing, so all three members qualify as financial experts within the meaning of Section 107 para. 4 (3) in conjunction with Section 100 para. 5 of the German Stock Corporation Act.

Nomination Committee

The Nomination Committee proposes suitable candidates to the Supervisory Board for its nominations to the Annual General Meeting and deals with succession planning in the Supervisory Board.

Members of the Nomination Committee in the 2022 financial year were:

- Thomas Hegel (Chairman)
- Stefan Brendgen
- Dr Jochen Scharpe (member until 9 June 2022)
- Christiane Jansen (member since 9 June 2022)

Remuneration committee

The Remuneration Committee advises on the employment contracts of the members of the Management Board and prepares resolutions of the Supervisory Board.

In the 2022 financial year, the Remuneration Committee consisted of the following members:

- Dietmar P. Binkowska (Chair)
- Stefan Brendgen
- Dr Jochen Scharpe

Diversity

Instone Real Estate Group SE places great value on diversity, both with regard to its administrative bodies and its employees as a whole, and sees diversity as one of the company's strengths. Diversity is therefore an important element for Instone Real Estate Group SE for sustainable corporate success.

Given this, the Supervisory Board determined in 2018 and confirmed once again in the 2020 financial year that attention will continue to be paid to diversity with regard to the composition of the Management Board in the future. The Supervisory Board has also set a target for the proportion of women on the Management Board and a standard retirement age for Management Board members at the age of 65. In the interests of complementary cooperation within the Supervisory Board, the selection of candidates for the Supervisory Board should also be based on sufficient diversity with regard to different professional backgrounds, specialist knowledge and experience.

According to the self-assessment of the Supervisory Board, the composition of the Supervisory Board and the Management Board as at 31 December 2022 complies with the described diversity concepts. The members of the Management Board have a range of different professional qualifications and, inter alia, many years of experience in international corporations. Dr Foruhar Madjlessi has been a member of the Management Board since 1 January 2019 and brings with him many years of international experience and specialist expertise in capital markets and corporate finance. Furthermore, none of the members of the Management Board has reached the age of 65. The Supervisory Board continues to remain diverse as of 31 December 2022 and the target for the proportion of women set by the Supervisory Board has also been met.

Target figures for the proportion of women

The German Stock Corporation Act requires Instone Real Estate Group SE to set targets for the proportion of women on the Supervisory Board, the Management Board and the first two management levels below the Management Board.



Our company

To our shareholders

► Combined management report

Foundations of the Group

Sustainability report

Economic report

Risk and opportunities report

Outlook

► Other disclosures

Corporate governance statement

Consolidated financial statements

Independent auditor's report

Remuneration report

Other information



Supervisory Board target

The target set for the proportion of women on the Supervisory Board is currently 20%. The proportion of women on the Supervisory Board was 20% in the year under review, so the target has been met. The Supervisory Board intends to raise the target for the proportion of women on the Supervisory Board to 30%, subject to the approval of the 2023 Annual General Meeting for the extension of the Supervisory Board to include another female member.

Management Board target

For the Management Board of Instone Real Estate Group SE, the target for the proportion of women, as defined by the Supervisory Board, is currently 0%. This is due not least to the fact that the Supervisory Board, taking into account the existing circumstances, in particular the current term of appointment of the members of the Management Board and the size of the Management Board (which currently has three members), was not able to set a higher quota. Nonetheless, the Supervisory Board has determined that the composition of the Management Board will also continue to respect diversity in the future. Nevertheless, the Supervisory Board is convinced that a position is to be filled primarily on the basis of qualification and competence – irrespective of gender. The Company has met the targets during the period under review.

Both targets most recently confirmed for the Management Board and the Supervisory Board in December 2020 are valid for five years until December 2025 according to the guidelines of the Supervisory Board. It will reassess the targets by the end of this period at the latest and examine the target for the Supervisory Board immediately after the 2023 Annual General Meeting with a view to implementing the intended expansion of the Supervisory Board.

First management level target

In December 2020, the Management Board decided to raise the target for the proportion of women at the first management level below the Management Board, which previously stood at 0%, to 25% (without taking into account dual mandates). This level consists of the members of the management of Instone Real Estate Development GmbH and Nyoo Real Estate GmbH. As at 31 December 2022, the proportion of women in the first management level was 20%

(previous year: 25%), meaning that the target was not achieved in the last financial year for the first time. This was due to expanding the first management level to include a commercial managing director, who previously held the function of a division head at the second management level. Despite this, Instone Real Estate attaches great importance to achieving the target.

Second management level target

In December 2020, the Executive Board decided to set the target figure for the proportion of women at the second management level below the Management Board, which had previously stood at 25%, to 30%. This level consists of branch managers, commercial managers, division managers and department heads. As at 31 December 2022, the proportion of women in the second management level was 28% (previous year: 23%), so the target has not yet been met, but Instone Real Estate has made further progress as planned.

The Management Board has set implementation deadlines of five years, ending in December 2025, for the achievement of the targets at the first and second management levels.

Development of managers

The Management Board promotes the achievement of goals through long-term staff planning and development. This includes, for example, the targeted support of female employees through training and further education measures as well as separate work time models to promote equal opportunities in order to increase the number of women in management positions. In line with the practice adopted since the IPO, the Management Board has also determined, in accordance with Section A.2 of the GCGC, that diversity should also be respected and promoted for management appointments within the Company. The Management Board believes that diversity includes – but is not limited to – age, gender, international background, education and professional experience. Notwithstanding, the appointment and promotion of senior management positions in the Company and the underlying selection decisions will continue to be substantially based on specific qualifications. The Management Board will therefore continue to select managers based on their professional ability and aptitude for the specific roles in this management role, regardless of their background, gender or other non-performance characteristics.

Our company**To our shareholders****► Combined management report**

Foundations of the Group

Sustainability report

Economic report

Risk and opportunities report

Outlook

► Other disclosures

Corporate governance statement

Consolidated financial statements**Independent auditor's report****Remuneration report****Other information**

The Management Board reports regularly to the Supervisory Board on the appointment and succession planning at the other management levels below the Management Board.

Succession planning in the Management Board and the Supervisory Board

Together with the Management Board, the Supervisory Board ensures long-term succession planning for appointments to the Management Board. The long-term succession planning of Instone Real Estate Group SE is based on the corporate strategy, and takes into account the duration of the employment contracts of members of the Management Board and the standard age limit of 65 years laid down by the Supervisory Board for the members of the Management Board. The Supervisory Board has decided to negotiate an extension of an expiring employment contract before its expiry, in principle together with the Management Board, and/or, if necessary, to initiate their succession by another suitable candidate. The Supervisory Board shall draft a job profile for vacant positions on the Management Board or for external candidates for positions to be filled, taking into account the diversity concept of the Company. In doing so, the Supervisory Board shall ensure that the knowledge, skills and experience of the candidates are in line with the requirements of the position to be filled and that they are balanced across the Management Board as a whole.

Succession planning in the Supervisory Board is the responsibility of the Supervisory Board's Nomination Committee, which identifies suitable candidates in the event of existing or impending vacancies on the Supervisory Board, taking into account the competence and diversity profile of the Supervisory Board, and recommends them to the Supervisory Board for nomination by the Annual General Meeting.

Remuneration systems and remuneration report

The remuneration report for the 2022 financial year, including the auditor's report in accordance with Section 162 AktG, the applicable remuneration system pursuant to Section 87a (1) and (2) sentence 1 AktG and the most recent remuneration resolution pursuant to Section 113 AktG for the members of the Supervisory Board and Management Board, are publicly available on the Instone Real Estate website at

<https://ir.de.instone.de/websites/instonereal/English/5930/remuneration.html>. GRI 2-19: 2-20

Annual General Meeting and shareholders

The shareholders of Instone Real Estate Group SE assert their rights at the Annual General Meeting and exercise their voting rights. Each share in the Company grants one vote.

As a rule, the Annual General Meeting takes place annually within the first six months of the financial year. The agenda for the Annual General Meeting and the reports and documents required for the Annual General Meeting are published on the Company's website at [Instone AGM](#).

Fundamental decisions are made at the Annual General Meeting. These include resolutions on the appropriation of any profits, the discharge of the Management and Supervisory Boards, the election of Supervisory Board members and the selection of the auditor amendments to the Articles of Association as well as capital measures. The Annual General Meeting offers the Management Board and the Supervisory Board the opportunity to liaise directly with the shareholders and exchange views on the further development of the Company.

Instone Real Estate Group SE provides its shareholders with a proxy who is bound to follow shareholders' instructions and who can also be contacted during the Annual General Meeting in order to allow shareholders to personally exercise their rights. The invitation to the Annual General Meeting explains how instructions can be issued prior to the Annual General Meeting. Shareholders also remain free to be represented at the Annual General Meeting by a proxy of their choice.

2022 Annual General Meeting

With the consent of the Supervisory Board, as in the previous year, the Management Board made use of the option provided by the German law on company, cooperative, association, foundation and housing property law measures to combat the effects of the coronavirus pandemic for the 2022 Annual General Meeting. The Annual General Meeting of Instone Real Estate Group SE took place on 09 June 2022 in Essen and was held as a virtual annual general meeting without the physical presence of the shareholders on the basis of the official regulations in force at that time to protect against the health risks associated with the SARS-CoV-2 coronavirus. The shareholders were able to follow the

Our company

To our shareholders

► Combined management report

Foundations of the Group

Sustainability report

Economic report

Risk and opportunities report

Outlook

► Other disclosures

Corporate governance statement

Consolidated financial statements

Independent auditor's report

Remuneration report

Other information

Annual General Meeting via a live stream and cast their votes by postal vote or via a proxy. The shareholders present represented 71.41% of the registered capital (80.70% of the registered capital when postal votes are taken into account). All agenda items were agreed with a large majority.

Compliance

Compliance at Instone Real Estate is a significant part of successful and responsible corporate governance.

We are committed to ethical principles and valid legal norms. We have enshrined this at a senior level in our compliance management system policy and employee code of conduct, which is available on our website at [Instone Code of Conduct](#).

Our goal is to focus on compliance and find a positive as well as motivational approach to our employees. The Code of Conduct is applicable throughout the Group and was introduced in all affiliated companies where we have direct or indirect controlling influence. A controlling influence is normally assumed if there is a participation in more than 50% of the voting rights.

We also expect our partners, such as customers, suppliers and other contractual partners, to comply with certain standards, including in particular compliance with legal requirements and rules that we have set out in our Code of Conduct for contractors, which is available on our website at

<https://www.instone.de/en/contractual-partner>.

Our central compliance organisation sees itself as a key contributor to an integrity-led corporate governance and culture. It promotes a compliance culture and ensures that this is internalised among managers and employees.

[GRI 2-27](#)

Compliance management system

The primary goal of our Group-wide compliance management system is to prevent and reveal violations of applicable law and Company guidelines, and to protect the Instone Group and its employees from inappropriate and illegal activity. We have therefore implemented a compliance management system that identifies and then reduces risks, and ensures compliance within the Instone Group. In particular, we use various internal policies and processes, for example for money laundering prevention, business partner compliance, capital market compliance and corruption prevention, as well as offering training and advice to our employees. Other key pillars of our compliance management system are our whistleblower system and our Code of Conduct for contractors.

Our Group Compliance Officer is responsible for the Group-wide structuring, development and implementation of our compliance management system and for delivering training courses. The Compliance Officer is available to employees as a contact person for compliance issues. The effectiveness and appropriateness of the compliance management system are reviewed at regular meetings of the compliance committees, and any follow-up needs are identified and carried out. Within the scope of the ongoing development of the compliance management system, and when dealing with legal issues, the Management Board and Compliance Officer at Group level can receive legal advice if required.

We regularly conduct compliance and data protection training that provides our employees with information about laws and codes of conduct. Participation in the training events is mandatory for all Instone employees and is reviewed and documented. The rate of successful completion of training courses was over 99% in 2022. In the year under review, the topics related primarily to anti-corruption, data protection, data security and competition and price-fixing law. There is a compliance section on the Instone Intranet site so that employees have direct, compact access to any material compliance information (including contact details for compliance, links and guidelines). Information on all current compliance topics is posted here. [GRI 205-2 GRI 410, 410-1](#)



Our company

To our shareholders

► Combined management report

Foundations of the Group

Sustainability report

Economic report

Risk and opportunities report

Outlook

► Other disclosures

Corporate governance statement

Consolidated financial statements

Independent auditor's report

Remuneration report

Other information



Whistleblower system

Despite the best, wide-ranging prevention measures, infringements and breaches of duty may still arise. Infringements or suspected infringements of laws, legislation and internal guidelines and regulations can be reported by employees, customers, contractual partners and other third parties via e-mail, a whistleblower hotline or a digital external whistleblower portal. Calls to the whistleblower hotline are received by an external law firm and, like the reports in the digital whistleblower portal, are passed on anonymously to Instone Real Estate at the request of the whistleblower. Our employees can also contact their supervisors and the Compliance Officer directly at any time with information.

[GRI 2-16](#)

We examine all information provided and follow it up systematically. In doing so, we observe the following principles:

- The process is fair
- Anonymity is protected
- Investigations are confidential
- Processes are efficient and protected

In the 2022 financial year, there was no evidence of breaches of compliance at Instone Real Estate that has been confirmed. Nevertheless, Instone Real Estate carefully investigates and responds to suspected compliance cases.

Prevention of money laundering and business partner compliance

An essential part of compliance at Instone Real Estate is the careful selection of business partners, particularly with a view to reducing corruption and fraud risks and to prevent money laundering. Instone Real Estate has therefore taken special preventive measures to detect and take steps against such suspicions, including:

- Due diligence of business partners for compliance risks
- Due diligence around suspicions of money laundering
- Checking of potential business partners for entries in sanctions lists
- Verification of bank data and payment transactions for contractual partners

Prior to any conclusion of a contract – for example with contractors or buyers of our owner-occupied homes – third party due diligence must be carried out by Instone Real Estate. Employees of Instone Real Estate are obliged by company policies to take care in identifying each potential business partner to begin with. This primarily concerns employees who conclude contracts with business partners, such as those involved in purchasing, project management or sales management. Instone Real Estate has set up a formal review and control process for this. In the event of an increased compliance risk or a money laundering risk, the Compliance Officer must be involved.

Instone Real Estate and its employees also comply with the provisions of the German Money Laundering Act (GwG) in order to protect Instone Real Estate from damages (particularly with regard to reputation). In the case of real estate transactions, the authenticating notary is also obliged to check the identity and thus help to prevent any money laundering in the context of such transactions. If a suspected money laundering risk is detected during the business partner check, a more thorough screening of the business partner is carried out. If the suspected money laundering risk is confirmed, the Compliance Officer decides on what steps to take next and whether to report the matter to the responsible state authorities.

Instone Real Estate complies with legal obligations to assess new customers, suppliers and service providers to check whether they are included in sanction lists. Likewise, for example, existing customers and suppliers with whom the company has a longer relationship are regularly checked in the same way.

Our company

To our shareholders

► Combined management report

Foundations of the Group

Sustainability report

Economic report

Risk and opportunities report

Outlook

► Other disclosures

Corporate governance statement

Consolidated financial statements

Independent auditor's report

Remuneration report

Other information



Our employees are also obliged to prevent fraudulent activities (fraud) by following a company policy, in compliance with the dual-control principle, to check and approve bank data, transfers and incoming payments.

Code of Conduct for contractors

We also demand compliance with our high standards from our business partners and suppliers. In our aforementioned Code of Conduct for contractors, contractors commit to refraining from any kind of corruption or acts that could be construed as such. We also expect and work to ensure that our business partners and suppliers respect these obligations, principles and values, and take all of the measures necessary to prevent and punish active and passive corruption.

Capital market compliance

As a listed company in the Prime Standard, Instone Real Estate is subject to a variety of capital market regulations, which are, in particular, governed by Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation), the German Securities Trading Act (WpHG) and the Exchange Rules of the Frankfurt Stock Exchange. Instone Real Estate encourages its board members and employees to comply with these regulations by establishing codes of conduct, in particular concerning the following obligations:

- Prohibition of insider dealing and unlawful disclosure of inside information
- Ad hoc publicity obligation
- Prohibition of market manipulation
- Reporting of managers' own business

Instone Real Estate has also formed an ad hoc committee that advises the Management Board and recommends actions to deal with possible inside information. Employees are obliged to report any inside information to the ad hoc committee immediately and, if they are aware of inside information, they are included on insider lists in accordance with legal obligations. Trading in

Instone shares with knowledge of inside information is prohibited. Employees are also urged not to conduct any direct or indirect transactions involving Instone shares during so-called closed periods within 30 days of the publication of the half-year or annual financial statements. The start and end of these closed periods are indicated on the Instone intranet by means of a traffic light system.

The members of the Management Board and the Supervisory Board of Instone Real Estate Group SE, as well as other persons who perform management functions within Instone Real Estate Group SE and persons who are closely related to them, are obliged, in accordance with Article 19 (1) of the Market Abuse Regulation, to report transactions in shares of Instone Real Estate Group SE or related financial instruments to the Company without delay and no later than three business days after the date of the transaction. The Company publishes the notifications pursuant to Article 19 (2) of the Market Abuse Regulation without delay and no later than three business days after the transaction. The reports can be found on the Company's website under [Instone Managers' Transactions](#).

Fines

No significant fines were imposed against Instone Real Estate in the 2022 reporting year due to non-compliance with laws and regulations in the social and economic sphere.

Adequacy and effectiveness of the risk management system and ICS as well as the compliance management system

Due to the regular involvement of the Management Board with the risk/compliance management system and the ICS, as well as the ongoing reporting of the Internal Audit function to the Management Board, the Management Board is not aware of any circumstances that do not support the adequacy and effectiveness of these systems in all material respects.¹ With regard to sustainability reporting, the Management Board has taken the necessary measures to increase the maturity level of the related risk/compliance management system and the ICS.

¹ Explanations on the risk management system and ICS can be found in the risk and opportunities report