



# Corporate governance

## 1. Corporate governance declaration

The actions taken by the management and controlling bodies of Scout24 AG are determined by the principles of responsible and proper corporate governance. The corporate governance declaration pursuant to Section 289a of the German Commercial Code (HGB) forms part of the declaration of conformity pursuant to Section 161 of the German Stock Corporation Act (AktG), and comprises relevant information about corporate governance and a description of the work and procedures of the Management and Supervisory Boards, as well as the composition of their committees.

### 1.1 Declaration of Conformity by the Management and Supervisory boards of Scout24 AG to the German Corporate Governance Code

1. Scout24 AG complies with the recommendations of the German Corporate Governance Code ("Code") in its currently applicable version announced by the Federal Ministry of Justice in the official section of the Federal Gazette (Bundesanzeiger), except for Section 4.2.3 (2) Clause 6 (cap on management board remuneration), Section 5.4.6 (1) Clause 2 (remuneration for special functions on the supervisory board) and Section 6.2 (ownership of shares by supervisory board members), and will continue to comply with these recommendations apart from the exceptions mentioned above.

- Pursuant to Section 4.2.3 (2) Clause 6 of the Code, remuneration of management board members shall be subject to caps that apply to the total remuneration as well as to its variable components. Remuneration of the Management Board members is subject to a cap regarding overall compensation but not regarding its individual variable remuneration components. This is to ensure that the incentivisation effect of variable remuneration is not affected by rigid limits. Adequacy of the overall compensation is still ensured by the overall cap.
- Pursuant to Section 5.4.6 (1) Clause 2 of the Code, the exercising of the chair and deputy chair positions on the Supervisory Board as well as the chair and membership in committees shall be taken into consideration when setting the remuneration of the members of the supervisory board. The Articles of Association of Scout24 AG neither provide for a special remuneration for the Chair or Deputy Chair positions in the Supervisory Board nor the chair or membership in committees. At this time, this provision is deemed adequate with respect to the workload arising from the respective functions.
- Pursuant to Section 6.2 Clause 1 of the Code, the ownership of shares in the Company or related financial instruments by the Management and Supervisory boards members shall be reported if this directly or indirectly exceeds 1 % of the shares issued by the Company. Pursuant to Section 6.2 Clause 2 of the Code, the aggregate holdings shall be reported separately for the Management and Supervisory boards, if the aggregate holdings of all members of the Management and Supervisory boards exceed 1 % of the shares issued by the Company. Acquisition and sale of shares in the Company by Supervisory Board members and by closely related persons in the legal sense are notified

to the Company and to the German Federal Financial Supervisory Authority (BaFin) in accordance with legal requirements, and published. To maintain confidentiality in terms of the personal financial situations, the Supervisory Board has decided not to disclose any further information on the individual and the aggregate holdings of the shares by the Supervisory Board members. The Supervisory and Management boards agree that by reporting and publishing in accordance with the legal requirements, adequate transparency is achieved.

2. Since the last Declaration of Conformity of September 2015 until the publication of the annual report including the Corporate Governance Report in March 2016, Scout24 AG complied with the recommendations of the Code except for Section 4.2.3 (2) Clause 6 and Section 5.4.6 (1) Clause 2 of the Code as declared in the last Declaration of Conformity from September 2015.

Munich, April 2016

Scout24 AG

The Management Board

The Supervisory Board

## 1.2 Relevant information on corporate governance practice

The purpose of Scout24 AG is the acquisition, holding, managing and selling of interests in enterprises – in Germany and abroad – of any legal form which are active in the area of online/internet services, as well as all measures relating to the activities of a holding company with group management functions, especially rendering management and other advisory services against consideration for affiliated companies, in each case in its own name and on its own account and not on behalf and/or on the account of third parties.

The Company complies with all legal requirements for corporate management as well as with the recommendations of the German Corporate Governance Code – except for the deviations stated and explained in the Declaration of Conformity. A special Code of Conduct provides employees with a reliable framework for acting responsibly, meeting legal requirements and living up to the Company's own ethical and social values. The aim is to protect both Scout24 and individual employees from potential damages resulting from misconduct. The Code of Conduct is permanently available on the Company's corporate website at [http://www.scout24.com/en/PortalData/2/Resources/ir/Code\\_Of\\_Conduct\\_%28English%29\\_Digital\\_Version.pdf](http://www.scout24.com/en/PortalData/2/Resources/ir/Code_Of_Conduct_%28English%29_Digital_Version.pdf).

## 1.3 Operating procedures of the Management and Supervisory Boards and composition and procedures of Supervisory Board committees

Scout24 AG is a public stock corporation incorporated under German law and is consequently subject to the regulations, among others, of the German Stock Corporation Act (AktG). Accordingly, the Company has also adopted the general dual management and control structure consisting of separate Management and Supervisory Boards. The Management and Supervisory Boards work closely together for the benefit of the Company.

The Supervisory Board regularly advises the Management Board regarding the management of Scout24 AG and monitors its activities. The Management Board involves the Supervisory Board in all decisions of fundamental significance for the Company in due time. In particular, the Management Board liaises with the Supervisory Board on Group strategy, and reports to it regularly on the implementation of the strategy. The common aim is the successful continuation of the Company's growth.

### 1.3.1 Management Board operating procedures

The Management Board shall conduct the Company's business affairs at its own responsibility within the parameters defined by the laws, the Articles of Association and the by-laws for the Management and Supervisory Boards. It must observe the restrictions of management authority imposed by the Articles of Association or the codes of conduct for the Management and Supervisory Boards or stipulated by the Supervisory Board or the Annual General Meeting within the scope of their competences. It provides regular, timely and comprehensive information in detailed oral and written reports to the Supervisory Board on all issues of relevance to the whole Company regarding strategy, planning, business development, risk position, risk management and compliance. The Management Board prepares the annual and consolidated financial statements.

Pursuant to Section 6 (1) of the Company's Articles of Association, the Management Board consists of at least two members. The actual number is determined by the Supervisory Board. The Supervisory Board appoints and dismisses Management

Board members and determines the allocation of their responsibilities. It can also appoint a Chair (CEO) and a Deputy Chair of the Management Board and also appoint deputy Management Board members.

#### Composition of the Management Board

As of 31 December 2016, the Management Board of Scout24 AG comprised two members.

Name	Function	Management Board member since	Contract expiry
Greg Ellis	Chief Executive Officer	4 September 2015	30 September 2019
Christian Gisy	Chief Financial Officer	4 September 2015	30 September 2019

Members of the Management Board each manage the business areas allocated to them on their own responsibility. They must at all times take into consideration the Company's overall benefit and interests. The allocation of business areas to individual Management Board members is based on the business allocation plan prepared with the approval of the Supervisory Board and that may be amended at any time with its approval.

The business allocation plan currently provides for the following allocation of responsibilities:

Greg Ellis: Chief Executive Officer – CEO:

- Corporate Communications
- IS24 and AS24\*
- Strategy and Business Development
- Mergers & Acquisitions
- Human Resources

\*operating functions, in other words, Sales, Marketing, and IT

Christian Gisy: Chief Financial Officer – CFO:

- Finance
- Controlling
- Investor Relations
- Treasury
- Legal and Compliance
- Risk Management and Internal Control System
- Procurement

The Management Board has by-laws. The by-laws for the Management Board were adopted by the Supervisory Board on 4 September 2015. Specifically, they govern the operating procedures of the Management Board and the allocation of responsibilities between the Management Board members and their cooperation with the Supervisory Board. They also include a catalogue of those measures and transactions that require approval by the Supervisory Board.

#### Disclosures on Management Board meetings

Management Board meetings are held when required, and, as a general rule, take place at least once every two weeks. Meetings must be held whenever the interests of the Company require so. Management Board resolutions are adopted with a sim-

ple majority of the votes cast, unless a different majority is mandatory by law. Where the Management Board comprises more than two members, the vote cast by the Chairman shall count twice in the event of a parity of votes.

### **1.3.2 Operating procedures of Supervisory Board**

The Supervisory Board has all duties and rights assigned or allocated to it by law, the Company's articles of Association, or otherwise. In particular, these include monitoring the management, appointing and the dismissing members of the Management Board, and amending, rescinding and terminating employment contracts with Management Board members. The Supervisory Board regularly advises the Management Board on the management of the Company. The Supervisory Board is directly involved in all decisions of fundamental significance to the Company in due time. The Supervisory Board has self-imposed by-laws. This governs the operating procedures and the way resolutions are adopted by the Supervisory Board and also lays down the duties of the committees established (Audit Committee and Executive Committee, which also assumes the roles of a nomination committee and remuneration committee, see below). The Supervisory Board has issued by-laws for both of these committees that govern their operating procedures. All by-laws are regularly adapted in line with developments in the German Corporate Governance Code (DCGK).

In the financial year 2016, the Supervisory Board held a total of four plenary meetings and passed 9 resolutions in writing. The Executive Committee held one meeting in the financial year 2016 and the Audit Committee held two plenary meetings and one meeting by way of a telephone conference. It is planned for the Supervisory Board and the Audit Committee to hold four regular meetings each financial year.

At the request of the Supervisory Board Chair, the Management Board attends all regular meetings of the Supervisory Board, submits written and oral reports on individual agenda items and draft resolutions, and answers questions raised by individual Supervisory Board members. Between such meetings, the Management Board provides all Supervisory Board members with detailed quarterly reports on the Company's situation. Furthermore, the Supervisory Board Chair and Audit Committee Chair are also kept informed by the Management Board in telephone calls and one-to-one meetings about key developments and forthcoming major decisions at the Company.

As a general rule, Supervisory Board resolutions are adopted at plenary meetings actually attended by its members in person. Supervisory Board members connected by video or telephone conference count as present and may also submit their votes this way. Apart from such meetings held in person, resolutions may be adopted in writing, by telephone or in comparable ways of adopting resolutions, provided that the Supervisory Board Chair or – should the Chair be indisposed – the Deputy Chair stipulate this procedure for the individual case in question. In particular, resolutions may also be adopted by way of video or telephone conference calls or by way of a combination of the aforementioned possibilities. The Supervisory Board has a quorum when all of its members have been invited under the addresses most recently known for them and at least one half of the members which it comprises in total and no fewer than three members in total participate in the adoption of any resolution. In this respect, a member of the Supervisory Board is also deemed to participate in the Supervisory Board meeting when he or she abstains from voting. Supervisory Board resolutions are adopted with a simple majority of the votes cast, unless a different majority is required by law. This also applies for elections. Abstentions are not count-

ed when determining the voting results.

Each member of the Supervisory Board must inform the Supervisory Board of any conflicts of interest, in particular those, which may result from a consultant or directorship function with clients, suppliers, lenders or other third parties. In the event of material conflicts of interest and those, which are not merely temporary, the respective member of the Supervisory Board must resign from his or her position. In its report, the Supervisory Board informs the Annual General Meeting of any conflicts of interest which have occurred together with their treatment. In the reporting period, there occurred no conflicts of interest.

The Supervisory Board examines the efficiency of its activities on a regular basis. Given the change in the legal form that has occurred in September 2015, the Supervisory Board has not yet held any efficiency review. The Supervisory Board nevertheless intends to conduct such an efficiency review.

### 1.3.3 Composition of the Supervisory Board

Pursuant to Section 9 (1) of the Company's Articles of Association, the Supervisory Board of Scout24 AG consists of nine members, all of whom are to be elected by the Annual General Meeting. Where the Annual General Meeting does not stipulate shorter terms in office upon the election of individual members or of the Supervisory Board as a whole, Supervisory Board members are elected for a term lasting until the end of the Annual General Meeting that resolves on their discharge for the fourth financial year after beginning the term of office. The year in which the term in office begins is not counted.

In the financial year 2016, the Supervisory Board comprised the following nine individuals:

Name Function	Profession exercised	Member since	Appointed until	Other board positions in 2016
Stefan Goetz Chairman	Managing Director of Hellman & Friedman LLC, San Francisco, USA	04/09/2015	AGM 2020	Verisure Holding AB, Malmö, Sweden, and further related companies within the share- holding structure of Securitas Direct AB, Malmö, Sweden (Management Board member); Asa HoldCo GmbH, Frankfurt am Main, Germany (Member of Board of Directors, until Febru- ary 2016); Asa GP GmbH, Düsseldorf, Germany (member of Board of Directors)

Patrick Healy Deputy Chairman	Managing Director (Deputy CEO) of Hellman & Friedman LLC, San Francisco, USA	04/09/2015	AGM 2020	TeamSystem Holding S.p.A., Pesaro, Italy and further related entities in the shareholding structure of TeamSystem S.p.A., Pesaro, Italy (Supervisory Board member); Verisure Holding AB, Malmö, Sweden, and further related companies within the share- holding structure of Securitas Direct AB, Malmö, Sweden (Supervisory Board member)
Blake Kleinman Supervisory Board member	Managing Director of Hellman & Friedman LLC, San Francisco, USA	04/09/2015	AGM 2020	Asa HoldCo GmbH, Frankfurt am Main, Germany (member of Board of Directors, until February 2016); Asa GP GmbH, Düsseldorf, Germany (member of Board of Directors); H&F Sensor EquityCo Limited, London, UK; Barolo Midco S.p.A., Pesaro, Italy and further entities in the holding structure of TeamSys- tem S.p.A., Pesaro, Italy (Su- pervisory Board member, since March 2016); Latta Investments Sp. z o.o. (September 2016 to Novem- ber 2016); Realta Investments Sp. z o.o. (October 2016 to November 2016);
Thorsten Langheim Supervi- sory Board mem- ber	Senior Vice President Group Corporate Development of Deutsche Telekom AG, Bonn, Germany	04/09/2015	AGM 2020	T-Mobile US, Inc., Bellevue, USA (Supervisory Board member); T-Systems International GmbH, Frankfurt am Main, Germany (Supervisory Board member); Deutsche Telekom Strategic Investments GmbH, Bonn, Germany (Supervisory Board member); Deutsche Telekom Venture Funds GmbH, Bonn, Germany (Supervisory Board member) Deutsche Telekom Capital Partners Management GmbH, Hamburg, Germany (Invest- ment Committee Chairman); Stiftung Deutsche Sporthilfe, Frankfurt, Germany (Supervi- sory Board member) Deutsche Funkturm GmbH, Münster, Germany (Supervi- sory Board Chairman)



Alexander Graf Matuschka von Greiffenclau Supervisory Board member	Group Chief Performance Officer, member of the Executive Board of VimpelCom Limited, Amsterdam	04/09/2015 until 23/01/2017	resigned 23/01/2017	Pakistan Mobile Communications Limited, Islamabad, Pakistan (Management Board member) VIP-CKH Luxembourg S.à r.l., Luxembourg, Luxembourg (Management Board member)
Robert D. Reid Supervisory Board member	Management Board member at The Blackstone Group New York, USA	04/09/2015	AGM 2020	Intelenet Global Services Private Limited, Mumbai, India (member of the Board of Directors since February 2016)
David Roche Supervisory Board member	Chairman of the Board of Directors of goHenry Ltd., Lymington, UK	04/09/2015	AGM 2020	Guestline Ltd., Shrewsbury, UK;
Dr. Liliana Solomon Supervisory Board member	Member of the Board of Directors (CFO) of Arqiva Broadcast Ltd. (since 1 July 2016), Winchester, UK	04/09/2015	AGM 2020	-
Vicente Vento Bosch Member Supervisory Board member	Management Board member (CEO) of Deutsche Telekom Capital Partners Management GmbH, Hamburg, Germany	04/09/2015	AGM 2020	Deutsche Telekom Strategic Investments GmbH, Bonn, Germany (Chairman of the Supervisory Board); Deutsche Telekom Venture Funds GmbH, Bonn, Germany (Supervisory Board Chairman); Deutsche Telekom Capital Partners Fund GmbH, Hamburg, Germany (Managing Director); Strato AG, Berlin, Germany (Supervisory Board Chairman); Telekom Innovation Pool GmbH, Bonn, Germany (Advisory Board member since March 2015); Ströer Management SE, Düsseldorf, Germany (Supervisory Board member); Ströer SE, Cologne, Germany (Supervisory Board member); Ströer SE & Co. KGaA, Cologne, Germany (Supervisory Board member); eValue 2nd Fund GmbH (Advisory Board member); Nexmo Inc., San Francisco, US (Supervisory Board member, January 2016 to June 2016)

The Supervisory Board is pursuing a Group-wide strategy to promote diversity. The Supervisory Board currently includes one woman. The diversity aspect is also reflected in several international Supervisory Board members, who contribute a variety of different perspectives to the work of the Supervisory Board. The focal points of diversity may vary from location to location and are tailored to local needs.

According to Section 5.4.2 of the German Corporate Governance Code (DCGK), the Supervisory Board of Scout24 AG includes what it considers to be an appropriate number of independent members.

#### 1.3.4 Committees

The Management Board of Scout24 AG has not formed any committees.

To perform its tasks efficiently, the Supervisory Board has currently formed two committees, namely an Executive Committee, which also assumes the roles of a nomination committee and a remuneration committee, and an Audit Committee. These committees prepare the resolutions for the Supervisory Board as well as agenda items that are to be dealt with by the Board. The Committee Chairs report to the Supervisory Board on the respective committee's work at the subsequent Supervisory Board meeting.

##### Executive Committee

Until expiry of the respective term, the Executive Committee, which also assumes the roles of a nomination committee and a remuneration committee, comprises the following persons (a chair and three further members):

Name	Position
Stefan Goetz	Chairman
Patrick Healy	Member
Alexander Graf Matuschka von Greiffenclau (until 23 January 2017)	Member
Vicente Vento Bosch	Member

The Executive Committee prepares the meetings of the Supervisory Board and is also concerned with handling any ongoing matters arising between the meetings. In particular it has to prepare the Supervisory Board resolutions in the fields of corporate governance and in connection with proposals for intended appointments or dismissals and - in its capacity as a Remuneration Committee - for the compensation of Management Board members. In its capacity as a Nomination Committee, the Executive Committee proposes potential candidates to the Supervisory Board for its election proposal to the shareholders' Annual General Meeting.

##### Audit Committee

Until expiry of the respective term, the Audit Committee comprises the following persons (a chair and three further members):

Name	Position
Dr. Liliana Solomon	Chairwoman
Blake Kleinman	Member
Robert D. Reid	Member
Vicente Vento Bosch	Member

The Audit Committee is concerned in particular with the monitoring of the accounting process, the effectiveness of the internal control system, the risk management system and the internal auditing system, the audit of the financial statements, here particularly the independence of the auditor, the additional services provided by the auditor, the appointment of the auditor, the setting of key audit matters, and the fee

agreement, as well as compliance.

Pursuant to the German Stock Corporation Act (Sections 107 (4), 100 (5) AktG), the Audit Committee must include at least one independent member who has expertise in the fields of financial reporting and auditing. The Audit Committee chair, Dr. Liliana Solomon, fulfils these legal requirements and has additional expertise in the fields of financial planning and controlling. Moreover, Dr. Liliana Solomon also fulfils the criteria set out in Section 5.3.2 Clauses 2 and 3 of the German Corporate Governance Code.

Information about the operating procedures of the Management Board, the Supervisory Board and its committees during the financial year can also be found in the Supervisory Board Report, which is part of the annual report of Scout24 AG.

### **1.3.5 Shares held by Management and Supervisory board members**

The members of the Management and the Supervisory Boards hold directly and indirectly shares in Scout24 AG. Due to the participation structures, a complete allocation of the indirect shareholdings, especially regarding the members of the Supervisory Board, is not possible. For this reason, the following shows only the clearly known shareholdings of the Management and Supervisory Board members in the 2016 financial year.

- The Management Board members hold indirect interests in the Company through MEP Ord GmbH & Co. KG and MEP Pref GmbH & Co. KG. Greg Ellis indirectly holds a total of around 1.13% of the Company's share capital, while Christian Gisy holds around 0.21% of the share capital. This program serves incentive purposes, with the incentive being based on a five-year vesting period.
- Supervisory Board members Blake Kleinman and Stefan Goetz are managing directors of Hellman & Friedman LLC, London ("H&F"). Patrick Healy is Deputy Chief Executive Officer of H&F. Stefan Goetz, Blake Kleinman and Patrick Healy also hold partnership interests in H&F. H&F Willis AIV, L.P. and related funds hold indirect interests in Scout24 AG through Willis Lux Holdings 2 S.à r.l. i.L., Luxembourg.
- Alexander Graf Matuschka von Greiffenclau, Thorsten Langheim and Vincente Vento Bosch hold indirect interests in the Company through BMEP Ord GmbH & Co. KG and BMEP Pref GmbH & Co. KG. They hold an indirect interest totalling approximately 0.12% of the share capital.
- Furthermore, Alexander Graf Matuschka von Greiffenclau, Dr. Liliana Solomon, and David Roche are committed to reinvest part of their Supervisory Board compensation in shares of Scout24 AG. Specifically, 26% of the annual fixed Supervisory Board compensation is to be reinvested in shares in Scout24 AG and held for the full duration of their Supervisory Board membership at Scout24 AG. They already met this requirement as of the reporting date. The other Supervisory Board members have waived their supervisory board compensation.

#### 1.4 Fostering participation by women in management positions pursuant to Section 76 (4), Section 111 (5) of the German Stock Corporation Act (AktG)

The Supervisory Board has set itself the target of including an appropriate number of women among its members. Supervisory boards of companies that are listed or are subject to co-determination legislation had to set targets for participation by women in their supervisory and management boards by 30 September 2015. Where the proportion of women lay below 30 percent when the targets were set, these targets could not be less than the respective share reached. The Management Board sets the targets for the proportion of women at the two management levels below the Management Board.

At its meeting on 4 September 2015, the Supervisory Board of Scout24 AG resolved that the Supervisory Board shall comprise at least one woman, with an implementation deadline on 30 June 2017. The target was consequently set on time and reflected the actual status at that time. Since then, there were no changes in the composition of the Supervisory Board.

Also on 4 September 2015, the Supervisory Board has resolved upon a target for the proportion of women in the Management Board of Scout24 AG of 0%, with an implementation deadline on 30 June 2017. This reflected the actual status at that time and the target was set on time. Since then, there were no changes to the composition of the Management Board.

For the first management tier below the Management Board, the Management Board of Scout24 AG has resolved a target for the proportion of women of one fourth, with an implementation deadline till the end of 30 June 2017. The target for the first management tier reflected the status prevailing on the resolution date. In the financial year 2016, the proportion of women at the first management level below the Management Board stood at 17%. For the second tier below the Management Board, the Management Board of Scout24 AG has resolved a target for the proportion of women of one fifth, with an implementation deadline at the end of 30 June 2017. When setting the target, the proportion of women at the second management level was at 9%. The proportion of women in this context increased to 14% in the financial year 2016.

## 2. Corporate governance

### Corporate Governance at Scout24 AG

The Management and Supervisory Boards of Scout24 AG see good corporate governance being a responsible corporate management with the goal to ensure sustainable value creation. In particular, corporate governance should foster the trust placed in the Company by its investors, business partners, and employees, as well as by the general public. Furthermore, Scout24 attaches great importance to the Management and Supervisory Boards working efficiently, as well as to good cooperation both between these two boards and also with the Company's employees. In this respect, open and transparent corporate communications also play an important role.

The corporate structure is aligned in such a way as to promote the responsible, transparent, and efficient management and supervision of the Company. The Company consequently identifies with the principles set out in the German Corporate

Governance Code. The Management and Supervisory Boards as well as the other management tiers and employees are committed to comply with these principles of responsible corporate governance. The Management Board is responsible for ensuring compliance with corporate governance principles at the Company.

The Company has established a central "risk management" department that is responsible for, among other matters, introducing and implementing a Compliance Management System (CMS) across the Group. The relevant regulations also include the recently revised Code of Conduct and other processes relevant for compliance purposes (such as eLearning, training, assessment of compliance risk, compliance talks, whistleblower hotlines, and compliance reports). The CMS mainly comprises the following areas: compliance culture, compliance targets and tasks, compliance organisation, compliance risks, compliance programs, information material and training courses on compliance, monitoring and enhancement of compliance. This department acts as the central point of contact for shareholders, employees, service providers, and managers and also coordinates all compliance topics on Group Company level in line with the Group CMS system.

It offers support and advice in all compliance-related matters, including all forms of harassment or discrimination (in cooperation with the HR department) and anti-fraud and anti-corruption measures, and also acts as a neutral point of contact for complaints and recommendations, as well as for any reports of infringements of laws or internal Company guidelines. Furthermore, the Group's legal department also addresses compliance-related topics and issues and can offer assistance with compliance-related matters where necessary.

Managers at Group companies are required to forward compliance-related information to all employees within their areas of responsibility and to safeguard compliance with compliance requirements. This process is supported by the provision of information material, guidelines, and compliance-related advice.

A wide range of measures intended to ensure legally compliant conduct on the part of employees at all times has been implemented in the CMS system. Among others, these include the establishment of a compliance hotline, which also offers the possibility of providing anonymous tip-offs concerning potential compliance-related infringements. With regard to employees using the compliance hotlines, the Company has adopted a clear non-retaliation policy for whistleblowers. This means that, having reported information, employees need not to fear any negative consequences, even in cases where no sufficiently solid evidence can be found to support the concerns thereby raised. This applies for all tip-offs concerning potential infringements of laws and/or guidelines, and not only for those received via the hotline. However, the compliance hotline may also be used for questions and comments concerning compliance topics, and especially for those relating to the Code of Conduct.

The Group-wide CMS system is subject to a continuous improvement process involving regular reviews of the compliance system (including established processes, procedures and documentation) and the Group's business practices. Where necessary, corresponding improvements are adopted following a review.

#### Notes to the Declaration of Conformity

The Management and Supervisory Boards submitted a current Declaration of Con-

formity regarding the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG) most recently in April 2016. Apart from the deviations listed therein, the Company complied with the recommendations made in the Code since it issued its last Declaration of Conformity in September 2015, and intends also to do so in future.

### Objectives for the Supervisory Board's composition

According to Section 2 (1) of the by-laws for the Supervisory Board, the Supervisory Board should be composed in such a way that, overall, its members possess the knowledge, skills, and specialist experience necessary for the correct performance of its duties. The aforementioned requirements should also be met by each individual Supervisory Board member. The Supervisory Board should state specific targets for its composition, taking into account the Company's specific situation, its international activities, potential conflicts of interest, the number of independent Supervisory Board members as defined in item 5.4.2 of the German Corporate Governance Code, an upper age limit to be set for Supervisory Board members, and diversity. As a general rule, the Supervisory Board membership of each individual member should not last longer than a total of 15 years. The Supervisory Board sets a target for the proportion of women on the Supervisory Board. At its meeting on 4 September 2015, the Supervisory Board resolved that the Supervisory Board should comprise at least one female member.

### **Management Board compensation**

The compensation for the Management Board is determined by the Supervisory Board at an adequate amount on the basis of a performance appraisal taking any possible Group emoluments into account. In the determination and review of the compensation for the Management Board the Supervisory Board takes account of the fact that, pursuant to the standardised requirements according to Section 87 (1) of the German Stock Corporation Act (AktG), the total remuneration of each individual member of the Management Board needs to be suitably related to the tasks undertaken and achievements of the Management Board member and to the Company's financial situation, and may not exceed the normal level of remuneration unless special reasons exist. Particular criteria for the determination of an adequate compensation for the Management Board are the tasks of the Management Board members, individual performance, the performance of the entire Management Board, the Company's business and financial situation, the success and the Company's future perspectives as well as the amount and structure of the compensation on management boards of comparable companies. The compensation scheme of Scout24 AG is oriented to sustainable business development. Compensation is calculated in such a way as to ensure that it is competitive on a national and international scale, thus offering an incentive for dedicated and successful work.

Consistent with Section 4.2.3 of the German Corporate Governance Code, the structure of Management Board compensation is aligned to the Company's sustainable performance. Monetary compensation components comprise fixed and variable components. Variable compensation includes both short-term and multi-year targets. Moreover, the Supervisory Board is entitled to award each member of the Management Board a special payment for extraordinary performance in the amount of a maximum of three times the variable compensation of the respective Management Board member. In itself, variable compensation is not capped, but the total volume of compensation, including retirement pensions, special payment, and fringe benefits is nevertheless capped in terms of its amount. The targets for the one-year variable compensation are each set by the Supervisory Board at the end of a financial year for the following financial year. The targets may be of a financial or non-financial nature. The Supervisory Board sets the targets for multi-year variable compensation at the end of a financial year for the three following financial years and determines their respective weighting. The targets may be of a financial or non-financial nature. In addition to these components, the Management Board members also receive fringe benefits, such as contributions to insurance policies, pension provisions, housing and travel expenses.

Compensation of the Management Board pursuant to Section 4.2.5 of the German Corporate Governance Code (DCGK)

Detailed disclosure regarding the compensation structure and on the compensation paid to individual Management Board members pursuant to Section 4.2.5 of the German Corporate Governance Code (DCGK) and on the compensation of Supervisory Board members can be found in the compensation report that forms part of the Company's Group management report. This information can be found in note 6.5.5 of the notes to the consolidated financial statements.

### **Compensation of the Supervisory Board**

Pursuant to Section 12 (1) of the Company's Articles of Association, in addition to the reimbursement of expenses, each member of the Supervisory Board receives an

annual fixed compensation of EUR 80,000. Supervisory Board members who were not members of the Supervisory Board during a full financial year shall receive the aforementioned compensation pro rata temporis in the amount of one twelfth for each commenced month of their function.

### **D&O insurance**

The Company has concluded an insurance policy covering the members of the Management and Supervisory Boards against financial loss ("Directors and Officers Liability Insurance") with an appropriate deductible pursuant to Section 93 (2) Clause 3 of the German Stock Corporation Act (AktG) (Management Board) or Section 3.8 (3) of the German Corporate Governance Code (Supervisory Board) respectively.

### **Shareholders and Annual General Meeting**

Shareholders exercise their co-determination and control rights at the Annual General Meeting, which, according to the Articles of Association, is chaired by the Supervisory Board Chair. Each share of Scout24 AG grants one vote. The shareholders have the opportunity to exercise their voting rights in the Annual General Meeting themselves or to arrange for them to be exercised through an authorised agent of their choice or a voting representative of the Company. The Management Board is authorised to determine that the shareholders may also attend the General Meeting without being present at the venue where it is held, and without a proxy, and may exercise their rights in whole or in part by means of electronic communication (online participation) or may submit their votes, without attending the meeting, in writing or by means of electronic communication (absentee voting). The Management Board is also authorised to determine details regarding the extent and procedure of online participation or absentee voting. Such details shall be announced in the notice of the General Meeting. Each shareholder is entitled to participate in the General Meeting, to address the general meeting in respect of the individual agenda items and to request information about the affairs of the Company to the extent necessary for the appropriate judgement of the relevant agenda item.

The Annual General Meeting of Scout24 AG took place in Berlin on 23 June 2016. The invitation to the Annual General Meeting was announced in accordance with legal requirements, in a timely manner, in the German Federal Gazette (Bundesanzeiger) and included amongst others the agenda together with proposed resolutions by the Management and Supervisory Boards and the necessary conditions for participating in the Annual General meeting and exercising voting rights. All legally required documents were available on the website of Scout24 AG since the publication date of the invitation to the Annual General Meeting. Subsequent to the Annual General Meeting Scout24 AG published information on the attendance and the voting results on that same website.

A total of around 82.9% of the share capital of Scout24 AG was represented at the Annual General Meeting. In this context, a total of five agenda items were to be voted upon, all of which were approved by significant majorities.

### **Notifiable securities transactions (Directors' Dealings)**

The Management and Supervisory Board members, as well as other persons discharging managerial responsibilities who regularly have access to insider information on the Company and who are authorised to make significant business decisions, and certain persons who are in a close relationship with those persons, are obliged according to Article 19 of the Market Abuse Regulation to disclose to Scout24 AG any purchases and sales of Scout24 shares and related financial instruments, particularly



derivatives once they exceed an amount of EUR 5,000 in any calendar year. We have published details of respective transactions, among others, on our corporate website at <http://www.scout24.com/en/Investor-Relations/Financial-News/Directors-Dealings/directors-dealings.aspx>. For the 2016 financial year, the Company was notified of a total of 22 such directors' dealings.

### **Transparency**

The shares of Scout24 AG are listed in the Prime Standard of the Frankfurt Stock Exchange. The Company is thereby subject to the highest statutory and stock exchange transparency regulations. In particular, Scout24 AG reports on the position and development of the Company and the Group in both German and English in the form of:

- Annual and interim financial reports
- Quarterly statements
- Quarterly telephone conferences for the press and analysts including webcast and webcast replays
- Corporate presentations
- Ad hoc, corporate and IR releases
- Marketing releases

### **Financial accounting and auditing**

The half-year financial report as of 30 June 2016 and the consolidated financial statements as of 31 December 2016, as well as the two quarterly statements as of 31 March and 30 September 2016 were prepared in accordance with IFRS International Financial Reporting Standards. The annual financial statements of Scout24 AG for the 2016 financial year were prepared in accordance with the requirements of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG).

The consolidated financial statements and the annual financial statements of Scout24 AG were audited by the independent auditor and approved by the Supervisory Board.