

Adherence to the German Corporate Governance Code

In April 2024, the Executive Board and Supervisory Board of Deutsche Familienversicherung issued the following statement on the German Corporate Governance Code in accordance with section 161 of the AktG.

'Declaration of compliance with the German Corporate Governance Code

Pursuant to section 161, paragraph 1 of the AktG, the Executive Board and Supervisory Board of a listed German stock corporation are obliged to declare once a year whether the recommendations of the German Corporate Governance Code (GCGC) have been and are being complied with, or which recommendations of the Code have not been or are not being applied and why not.

The Executive Board and the Supervisory Board of DFV Deutsche Familienversicherung AG declare that Deutsche Familienversicherung will comply with the recommendations of the Code (in the version dated 28 April 2022) with the following exceptions:

Recommendation A.8

In the event of a takeover offer, the Management Board should convene an Extraordinary General Meeting at which shareholders will discuss the takeover offer and may decide on corporate actions.

The company does not follow this recommendation because more than 60% of the shares are held by the founder and senior shareholders who will decide on a takeover offer independently of the Annual General Meeting.

Recommendation B.2

Together with the Management Board, the Supervisory Board shall ensure that there is long-term succession planning. The approach shall be described in the Corporate Governance Statement.

The company does not follow this recommendation in that the approach to long-term succession planning, as an internal matter, is not described in the corporate governance statement.

Recommendation B.5

An age limit shall be specified for members of the Management Board and disclosed in the Corporate Governance Statement.

The company does not follow this recommendation because it sees this as an infringement of the German General Act on Equal Treatment (AGG).

Recommendation C.1, sentence 2

The Supervisory Board shall determine specific objectives regarding its composition, and shall prepare a profile of skills and expertise for the entire Board, while taking the principle of diversity into account.

The company does not follow this recommendation because the company does not have a separate diversity strategy with regard to the composition of the Supervisory Board. Equal opportunities and rejecting all forms of discrimination are firmly embedded in the company's corporate policy. That means that the only criteria taken into consideration when appointments are made to the Supervisory Board and all other positions in the company are the candidates' qualifications and skills. Other factors, such as gender, race, age, colour, religion, marital status, sexual orientation and origin, are of no relevance. When it proposes candidates to the Annual General Meeting for election to the Supervisory Board, the Supervisory Board adheres to a fundamental profile of requirements centred on professional qualifications and skills, knowledge of the industry and the statutory requirements, even if the candidate represents a significant portion of its own shares.

Recommendation C.2

An age limit shall be specified for members of the Supervisory Board and disclosed in the Corporate Governance Statement.

The company does not follow this recommendation because it sees this as an infringement of the German General Act on Equal Treatment (AGG).

Recommendation C.7

More than half of the shareholder representatives shall be independent from the company and the Management Board.

The company does not follow this recommendation because the key portions of shares are represented by its own representatives on the Supervisory Board.

Recommendation D.1

The Supervisory Board shall adopt its own rules of procedure and shall publish these on the company's website.

Although the Supervisory Board has adopted rules of procedure, it has decided not to publish them on the website of the company because the rules of procedure for the Supervisory Board are a purely internal document.

Recommendation D.4

The Supervisory Board shall form a Nomination Committee, composed exclusively of shareholder representatives, which names suitable candidates to the Supervisory Board for its proposals to the General Meeting.

The company does not follow this recommendation because it is of the opinion that, given the size of the company and the number of Supervisory Board members, the formation of a nomination committee would involve a disproportionate amount of organisational work for the company.

Recommendation G.1, first and second bullet points

The remuneration system shall define, in particular, how the target total remuneration is determined for each Management Board member, and the proportion of (i) fixed remuneration and (ii) short-term and long-term variable remuneration in the target total remuneration.

The company does not follow this recommendation in that the remuneration system does not set out a method to determine 'how' the remuneration of Executive Board members is to be fixed. The company does not believe that its development is so advanced yet that it would be proper to set out a fixed definition for such a method. Nevertheless, the Supervisory Board will define values for each portion of the variable remuneration which correspond to a 100% target accomplishment rate. For these reasons, the disclosures relating to the relative portions of the remuneration components do not concern the target total remuneration, but rather the maximum total remuneration.

Recommendation G.3

In order to assess whether the specific total remuneration of Management Board members is in line with usual levels compared to other enterprises, the Supervisory Board shall determine an appropriate peer group of other third-party entities, and shall disclose the composition of that group.

The company does not follow this recommendation because it believes that this recommendation is not appropriate for a small, dynamically growing company, and that it does not seem necessary in order to ensure that the remuneration of the Executive Board members is always appropriate.

Recommendation G.4

To ascertain whether remuneration is in line with usual levels within the enterprise itself, the Supervisory Board shall take into account the relationship between Management Board remuneration and the remuneration of senior managers and the workforce as a whole, and how remuneration has developed over time.

The company does not follow this recommendation. Regarding the question of what remuneration is appropriate for the Executive Board members, the Supervisory Board does not take the relationship between the remuneration of the Executive Board members and that of senior managers into account at all, including its development over time. Consequently, the Supervisory Board also does not define the boundary between senior managers and the relevant workforce for the comparison. This recommendation appears impractical and also unsuitable for ensuring that the remuneration of the members of the Executive Board is always appropriate.

Recommendation G.7

Referring to the forthcoming financial year, the Supervisory Board shall establish performance criteria for each Management Board member covering all variable remuneration components; besides operating targets, such performance criteria shall be geared mainly to strategic goals. The Supervisory Board shall determine to what extent individual targets for each Management Board member – or targets for the Management Board as a whole – are decisive for the variable remuneration components.

So far, the company has not followed this recommendation because individual Executive Board objectives contradict the idea of an Executive Board as a collegiate body. As part of the proposed simplification of the existing bonus system for the

members of the Executive Board which is currently planned to be proposed to the Annual General Meeting, consideration is being given to setting individual targets for the members of the Executive Board, in line with the recommendation.

Recommendation G.8

Subsequent changes to the target values or comparison parameters shall be excluded.

The company does follow this recommendation in general, although the remuneration system adopted by the Annual General Meeting in 2021 grants the Supervisory Board the right, with regard to the variable long-term remuneration, to 'cash in' an earlier goal if upholding it is no longer in the interest of the company.

Recommendation G.10, sentence 1

Taking the respective tax burden into consideration, Management Board members' variable remuneration shall be predominantly invested in company shares by the respective Management Board member or shall be granted predominantly as share-based remuneration.

The company does not follow this recommendation because although the members of the Executive Board are obliged to invest half of their variable remuneration in company shares, they are not obliged to invest anything more than half of the remuneration in company shares. Given the size of the company, this recommendation does not seem necessary in order to align the interests of the Executive Board members and shareholders if half of the variable remuneration already has to be invested in company shares, especially as the majority of the remuneration of the Executive Board members is fixed and the variable remuneration only makes up a small part of the total remuneration.

Recommendation G.10, sentence 2

Granted long-term variable remuneration components shall be accessible to Management Board members only after a period of four years.

The company does not follow this recommendation. The variable remuneration components for a year are earned and disbursed in a staggered manner over a three-year period. As the majority of the remuneration of the Executive Board members is fixed, it seems neither appropriate nor necessary for the members of the Executive Board to only be able to dispose of the variable remuneration after four years.

Recommendation G.11

The Supervisory Board shall have the possibility to account for extraordinary developments to an appropriate extent. It shall be permitted to retain or reclaim variable remuneration, if justified.

The remuneration system for the Executive Board does not provide for retaining or reclaiming variable remuneration. The Supervisory Board does not consider rights to retain or reclaim appropriate, given the structure of the remuneration system and the amount of the variable remuneration. Otherwise, the general statutory regulations apply. For example, where the economic situation of the company deteriorates at a time following the determinations such that the continued granting of the emoluments pursuant to paragraph 1 would be inequitable for the company, the Supervisory Board is to reduce the emoluments to a reasonable amount pursuant to section 87, paragraph 2 of the AktG.

Recommendation G.13, sentence 1

Any payments made to a Management Board member due to early termination of their Management Board activity shall not exceed twice the annual remuneration (severance cap) and shall not constitute remuneration for more than the remaining term of the employment contract.

The company follows this recommendation to a limited extent. The contract of the chairperson of the Executive Board, as the founder and an important shareholder of the company, is excluded from this recommendation.

Frankfurt am Main, in April 2024

The Executive Board

The Supervisory Board