

## 7. Resolution on the approval of the compensation system for the members of the Management Board

The Annual General Meeting on May 26, 2021 did not approve the compensation system for the Management Board members presented to it for the first time. The Supervisory Board therefore reviewed the compensation system and revised it after evaluating the shareholders' vote and comments and after consulting with proxy advisors and involving external compensation experts.

In particular, the following changes were made to the remuneration system as part of the revision:

1. For the short-term variable compensation in the form of *restricted stock units* ("**RSUs**"), the financial performance targets revenue and adjusted EBITDA were included;
2. The Supervisory Board no longer has the discretion to reduce the performance targets for short-term variable compensation or for long-term variable compensation in the form of *virtual stock options* ("**Virtual Options**");
3. The possibility of granting other benefits has been limited to compensation granted on the occasion of new Management Board members taking up office for benefits no longer payable under a previous employment relationship; special compensation for extraordinary services is no longer provided for;
4. In addition to the limit based on total compensation (maximum compensation), explicit maximum limits have been included for both short-term variable compensation and long-term variable compensation.

According to the revised remuneration system, the total remuneration of the members of the Management Board thus consists of (i) a comparatively moderate fixed remuneration, (ii) a performance-based short-term variable remuneration limited in amount in the form of RSUs (in principle 25% of the variable target remuneration), and (iii) a long-term variable remuneration also limited in amount and also performance-based in the form of Virtual Options (in principle 75% of the variable target remuneration). In this way, the revised compensation system ensures Management Board compensation (1) whose share-price-based variable compensation from RSUs and Virtual Options accounts for the majority of total target compensation and is thus directly linked to the increase in the value of the Company, resulting in an alignment of interests with shareholders, (2) whose total target compensation is in line with relevant peer companies (cf. sec. II.2.c).1 of Annex to agenda item 7 (Resolution on the approval of the compensation system for the members of the Management Board): Description of the compensation system for the members of the Management Board of HelloFresh SE; the last concrete comparator groups used are described in Section II.1.a)aa) of Annex to agenda item 6 (Resolution on the approval of the compensation report for the fiscal year 2021) described), and (3) whose variable compensation consists of the same share-based instruments (RSUs, Virtual Options) that are also used for employees throughout the Group, thus ensuring an overall focus on increasing the value of the Company and alignment of compensation incentives with the interests of shareholders.

The Supervisory Board therefore proposes - based on the recommendation of the Remuneration Committee - to approve the compensation system for members of the Management Board described in section II.7 (*Annex to agenda item 7 (Resolution on the approval of the compensation system for the members of the Management Board)*), which has been reviewed and revised by the Supervisory Board.

(...)

## **II. Reports and attachments to agenda items 6 and 7**

### **2. Annex to agenda item 7 (Resolution on the approval of the compensation system for the members of the Management Board): Description of the compensation system for the members of the Management Board of HelloFresh SE**

#### **a) Basic features of the remuneration system**

The Company's business strategy is to establish itself as a leading food solutions company primarily through the sale of Meal Kits, and to do so in a form that is more sustainable than other alternatives, such as supermarkets. Therefore, the Company primarily considers its multi-year revenue growth, profitability (measured as adjusted EBITDA (AEBITDA)), progress in reducing food waste and CO<sub>2</sub> emissions, and the long-term performance of the Company's share price as measures of success in implementing this strategy. All of these components are incorporated into the Management Board's compensation system as performance targets or as measures of the performance of both short-term and long-term share-based variable compensation, as explained in more detail below.

In determining the compensation of the members of the Management Board, the Supervisory Board is guided primarily by two important objectives: (1) a strong weighting of total compensation towards a long-term performance- and share-price-related compensation component, the aim of which is to create the greatest possible alignment of interests between long-term corporate value enhancement and Management Board compensation, and (2) a clear "co-ownership" approach, under which all Management Board members are required to have invested at least the value of one gross annual base salary (corresponding to approximately two net annual base salaries) in shares of the Company.

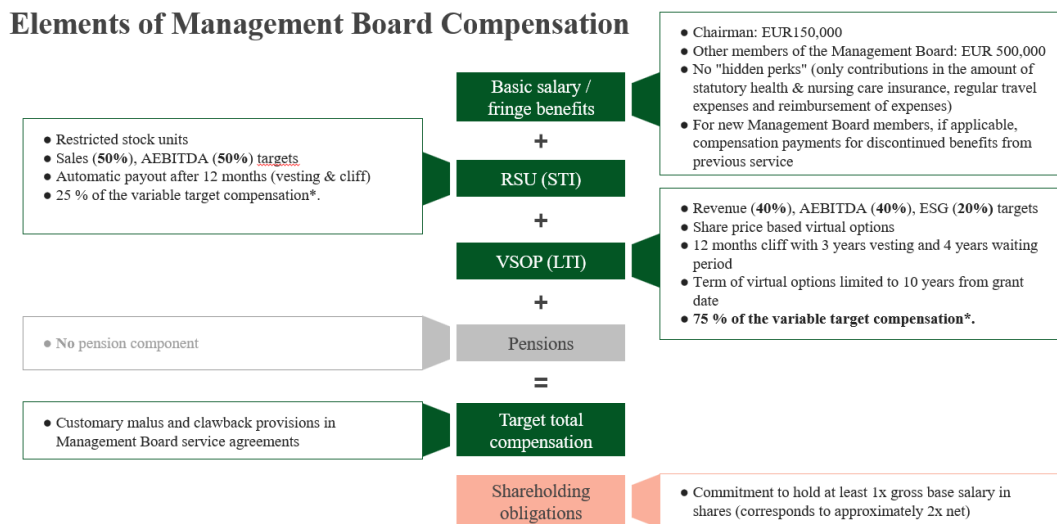
In order to effectively implement the aforementioned objectives and ensure that the total compensation of the Management Board members is in line with the compensation of comparable companies, the Supervisory Board sought advice from the compensation expert hkp, which, among other things, benchmarked the compensation of the Management Board members, including the individual components, against a group of international peer companies ("**Industry Peer Group**"). This took into account reporting-date differences within the peer group in terms of sales, employees and market capitalization.

According to the benchmarking prepared by hkp, the base salary of the CEO Dominik Richter is in the bottom 20% and the base salary of the other Management Board members is in the middle (6th decile) of the Industry Peer Group. The total compensation of the CEO is around the middle of the

Industry Peer Group, while the total compensation of the other Management Board members is slightly below the middle of the Industry Peer Group. Overall, the remuneration of all members of the Management Board is below the rank that HelloFresh occupies relative to the Industry Peer Group on the basis of its revenue, number of employees, and market capitalization as of the reporting date.

By dividing the compensation into (i) a comparatively moderate fixed compensation, (ii) a performance-based short-term variable remuneration in the form of *restricted stock units* ("**RSUs**"), and (iii) a performance-based long-term variable compensation in the form of Virtual Options ("**Virtual Options**"), which accounts for the majority of the total remuneration, the compensation system creates an incentive for results-oriented and sustainable corporate governance. The compensation of the members of the Management Board is based on the performance of the Management Board as a whole, the position of the individual members of the Management Board, and the business success of HelloFresh SE. In addition, the value of the variable compensation of the members of the Management Board is directly dependent on the share price of the company when it is paid out, thereby linking the interests of the members of the Management Board with those of the shareholders. The integration of non-financial environmental, social, and governance ("**ESG**") objectives as components of the compensation structure also incentivizes ESG-sustainable and -future-oriented actions while striving to create value for customers, employees, and shareholders as well as the environment as a whole.

The following graphic summarizes the various components of Management Board compensation:



\*The envisaged ratio between short-term (STI) and long-term (LTI) compensation may change to 40:60 in the last two years of the appointment given the vesting period

**b) Procedures for establishing, implementing and reviewing the compensation system; dealing with conflicts of interest**

The compensation system for the Management Board of HelloFresh SE is determined by the Supervisory Board in accordance with Section 87a (1) sentence 1 AktG, as is the compensation of

the Management Board in accordance with Section 87 (1) AktG. In this process, the Supervisory Board is supported by the Remuneration Committee. The Remuneration Committee develops, based on the principles set out under section II.2.a). above and the applicable statutory requirements and recommendations of the German Corporate Governance Code ("**DCGK**"), and submits this to the full Supervisory Board for discussion and resolution.

The Supervisory Board and the Remuneration Committee may, if necessary, engage an external compensation expert to develop the compensation system and assess the appropriateness of the compensation. When mandating an external compensation expert, attention is also paid to his or her independence from the Management Board and the Company. The Supervisory Board has consulted the external compensation expert hkp in the preparation, as well as the review and revision of this compensation system, and in doing so has ensured compliance with the above principles.

The compensation system is regularly reviewed by the Supervisory Board with the support of its Remuneration Committee. The compensation system is submitted to the Annual General Meeting for approval whenever there are significant changes, but at least every four years. If the Annual General Meeting does not approve the compensation system presented, a revised compensation system will be submitted for resolution at the latest at the following ordinary Annual General Meeting.

Throughout the process of establishing, implementing and reviewing the compensation system, the requirements of the AktG and the Rules of Procedure of the Supervisory Board, as well as the recommendations of the DCGK on the avoidance and handling of conflicts of interest, are complied with. In this respect, the members of the Supervisory Board and all committees are obliged to disclose to the Supervisory Board any conflicts of interest, in particular those that may arise as a result of a consultancy or board function with customers, suppliers, lenders, borrowers or other third parties. In this case, the Supervisory Board members do not participate in the resolutions on the relevant agenda items in the Supervisory Board and in the respective committees. In the event of material and not merely temporary conflicts of interest in the person of a Supervisory Board member, the Supervisory Board member concerned shall resign from office.

This compensation system, including the material changes II.2.n) is applicable to all new or renewed service agreements with members of the Management Board since April 3, 2022. For existing Management Board service agreements, the previous compensation practice shall continue to apply in accordance with the requirements of section 26j (1) sentence 3 EGAktG and the DCGK.

**c) Determination of the remuneration**

The target total compensation comprises the sum of all fixed and variable compensation components for a year in the event of 100 percent target achievement. The target total compensation to be determined for each Management Board member is commensurate with the tasks and performance of the respective Management Board member and the situation of the Company.

The Supervisory Board also ensures that the target total compensation, which is determined on the basis of a horizontal comparison and a vertical comparison, is in line with market practice and that the compensation does not exceed the customary compensation without special justification.

aa) Horizontal comparison

HelloFresh SE pursues a market-oriented compensation philosophy. In order to assess whether the compensation of the individual members of the Management Board is in line with the market, the Supervisory Board first uses a horizontal comparison of a group of comparable companies to be determined by the Supervisory Board, taking into account in particular the market position of HelloFresh SE (including industry, size (measured by market capitalization, revenue and employees) and country) as well as the overall economic situation of HelloFresh SE. In particular, the Supervisory Board analyzes comparable companies from the German DAX and MDAX as well as selected e-commerce, internet and food or grocery delivery services from Germany and abroad. The Supervisory Board may change the composition of the peer groups at any time if it deems this appropriate. The peer groups are disclosed transparently in the Compensation Report.

bb) Vertical comparison

When determining the target total compensation, the Supervisory Board also takes into account the level of compensation of the members of the Management Board in relation to the compensation structure within the HelloFresh Group, based on the annual fixed remuneration for the members of the Management Board and the variable compensation in the event of (assumed) one hundred percent target achievement. As part of this vertical comparison, the Supervisory Board uses the average compensation of senior management (C-levels (excluding the Management Board), senior vice presidents, and vice presidents) of HelloFresh SE and the HelloFresh Group's U.S. subsidiaries. These comparison groups were chosen due to their significance for the HelloFresh Group. HelloFresh SE is the parent company of the Group and it is with this company that the Management Board service agreements are concluded. The US market is the HelloFresh Group's strongest market in terms of revenue and is therefore also of overriding importance. Furthermore, the Supervisory Board also takes into account the average compensation of the total workforce of the HelloFresh Group, as well as the development of the aforementioned peer groups over time.

cc) Differentiation according to different requirements for the individual Management Board positions

When determining the amount of the target total compensation of the individual Management Board members, the Supervisory Board is entitled to differentiate with regard to different requirements of the respective Management Board activity, market conditions or the qualifications and experience of the Management Board members. When determining the amount of the target total compensation, it may therefore in particular make differences

depending on the function of the individual Management Board members (Management Board Chairman or Management Board member), the Management Board department for which they are responsible, their experience or length of service on the Management Board, and also take into account whether a member of the Management Board lives abroad.

**d) Components of the target total compensation**

The compensation system for the Management Board comprises fixed, non-performance-related and variable, performance-related compensation components. The sum of all compensation components constitutes the total compensation of the individual Management Board members.

The fixed, non-performance-related compensation consists of a base salary and fringe benefits (in particular contributions to health and long-term care insurance and expenses). The short-term variable compensation consists of RSUs, the long-term variable compensation of Virtual Options.

The following graphic summarizes the various components of the compensation system:

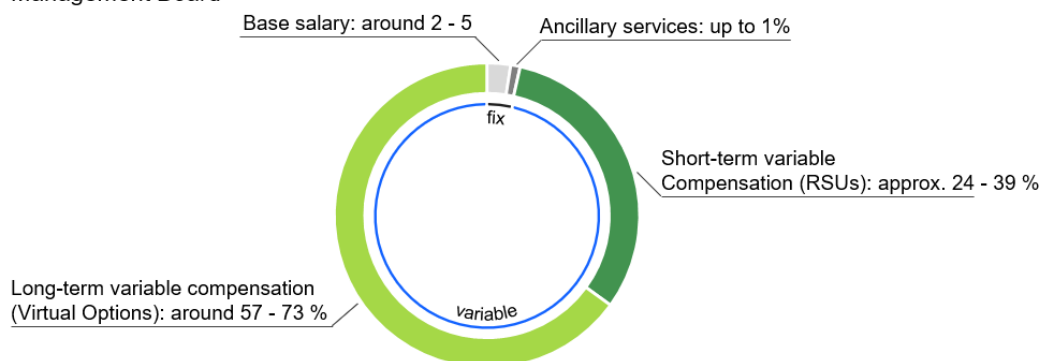
Fixed Compensation Components	Basic salary	<ul style="list-style-type: none"> <li>Basic salary agreed in individual Agreements, paid in twelve equal installments</li> </ul>
	Ancillary services	<ul style="list-style-type: none"> <li>Grants for health and long-term care insurance, reimbursement of expenses and other expenses</li> </ul>
Variable Compensation Components	Short-term variable compensation	<ul style="list-style-type: none"> <li>Plan: Restricted Stock Units (RSUs)</li> <li>Performance Criteria:               <ul style="list-style-type: none"> <li>50% Sales revenue</li> <li>50% AEBITDA</li> </ul> </li> <li>Target achievement: 0 – 100%</li> <li>Performance period: One year</li> </ul>
	Long-term variable compensation	<ul style="list-style-type: none"> <li>Plan: Virtual Options (VSOP)</li> <li>Performance Criteria:               <ul style="list-style-type: none"> <li>40 % Sales revenue</li> <li>40 % AEBITDA</li> <li>20 % ESG targets</li> </ul> </li> <li>Target achievement: 0 – 100%</li> <li>Performance Period: Three years</li> <li>Waiting time: Four years</li> <li>Exercise period: Six years</li> </ul>
Other central components	Maximum remuneration	<ul style="list-style-type: none"> <li>Chief Executive Officer: EUR 14,000,000</li> <li>Other members of the Management Board: EUR 11,000,000</li> <li>Due to compensation payments, the maximum compensation can increase by up to EUR 2,000,000</li> </ul>
	Share Ownership Guidelines	<ul style="list-style-type: none"> <li>Obligation to purchase and hold shares in the amount of a gross annual salary</li> <li>Build up period of five years</li> </ul>
	Malus / Clawback	<ul style="list-style-type: none"> <li>Compliance Malus and Clawback</li> <li>Performance Clawback</li> </ul>
	Severance cap	<ul style="list-style-type: none"> <li>In the event of premature termination of the service agreement of a member of the Management Board, payments shall not exceed the value of two years' compensation (target total compensation) and shall not compensate more than the remaining term of the service agreement.</li> <li>If the special termination right is exercised in connection with a change of control, the amount of the severance payment is limited to two years' compensation (target total compensation) and no more than the remaining term of the service agreement is compensated</li> </ul>
	Compensation payments / one-time payments	<ul style="list-style-type: none"> <li>Possibility of granting compensation for discontinued benefits from prior employment</li> <li>Exceptionally, one-time payments may be granted to Management Board members when taking up office, extending their service agreements or for extraordinary achievements</li> </ul>

In agreement with the members of the Management Board, the Supervisory Board may adjust individual compensation components taking into account market practice and appropriateness. Against the background of these adjustment options, the shares of the individual compensation components in the target total compensation are presented below in percentage ranges. In particular due to the dependence of variable compensation on performance targets and the development of the

Company's share price, the total compensation actually paid out may deviate significantly from the target total compensation, both downwards and upwards. In this context, an upward deviation is limited both by the cap on total compensation (maximum compensation) and the additional limits for short-term variable compensation and for long-term variable compensation.

The target total compensation for the Chairman of the Management Board is as follows:

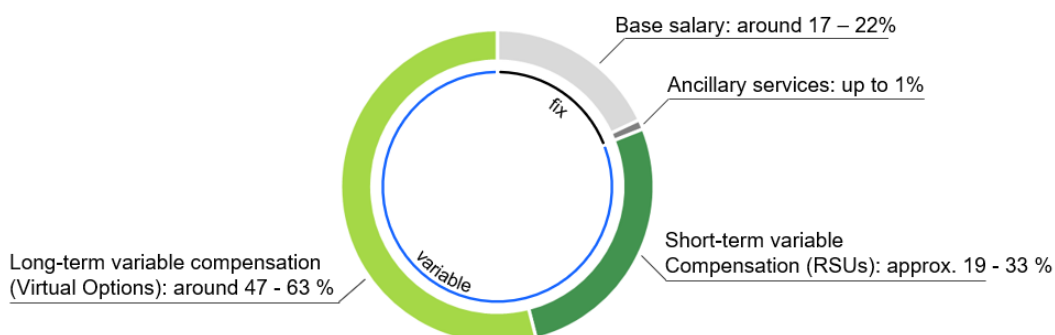
Target total compensation for the Chairman of the Management Board



The annual base salary of the Chairman of the Management Board corresponds to a share of around 2% to 5% of the target total compensation. In addition, fringe benefits of up to 1% of the target total compensation may be granted as a further fixed salary component. Short-term variable compensation (RSUs) corresponds to between around 24% and 39% of the CEO's target total compensation, while long-term variable compensation (Virtual Options) accounts for around 57% to 73% of the CEO's target total compensation.

The target total compensation for the other Management Board members is as follows:

Target total compensation for the other members of the Management Board



The annual base salary of the other Management Board members corresponds to a share of around 17% to 22% of the target total compensation. In addition, fringe benefits of up to 1% of the target total compensation may be granted as a further fixed salary component. Short-term variable compensation (RSUs) represents between around 19% and 33% of the target total compensation of

the other Management Board members, while long-term variable compensation (Virtual Options) represents around 47% to 63% of the target total compensation of the other Management Board members. In accordance with the recommendation in G.6 of the DCGK, when setting the target total compensation the Supervisory Board ensures that the variable compensation resulting from the achievement of long-term targets exceeds the share resulting from short-term targets. This ensures that the remuneration system is focused on the long-term development and implementation of HelloFresh SE's business objectives.

In addition to the target total compensation, other benefits may be granted to a new member of the Management Board on the occasion of taking up office in the form of compensation payments for benefits from a previous employment relationship that ceased to apply on the occasion of the new member of the Management Board joining HelloFresh SE. Special compensation for extraordinary performance by existing members of the Management Board is not provided for.

The Management Board service agreements may also contain provisions under which the target total compensation is increased by a certain amount after a certain period of time and if certain conditions are met during the term of the Management Board service agreements. Despite the fulfillment of the conditions, the Supervisory Board may decide by resolution that the increase in the target total compensation shall not apply if the Supervisory Board, applying its discretion, comes to the conclusion that the increased target total compensation would not be in an appropriate relationship to the duties and performance of the Management Board member, to the situation or development of the Company or to the market environment and/or would not correspond to the customary compensation or if there are no particular reasons to deviate from the customary compensation.

**e) Ceilings and maximum compensation**

Pursuant to Article 5 SE Regulation in conjunction with Section 87a (1) sentence 2 no. 1 AktG, the Supervisory Board shall determine a maximum compensation for the members of the Management Board. This refers to the total amount of the fixed, non-performance-related remuneration actually paid (basic salary), fringe benefits, any other benefits and the variable remuneration (inflow cap). It is not important when the respective compensation element is paid out, but for which fiscal year it is granted.

The maximum compensation for a fiscal year for the respective Management Board member is therefore the sum of the maximum inflows of all compensation components granted to the respective Management Board member in a fiscal year, whereby the time of inflow is irrelevant. The maximum compensation is fixed in amount for each Management Board member. The possible capping of the amount exceeding the maximum compensation takes place at the time when the variable compensation would in principle be received.

The maximum compensation for a fiscal year - irrespective of whether it is paid in the fiscal year in question or at a later date - is EUR 14,000,000.00 for the Chairman of the Management Board and EUR 11,000,000.00 for each of the other members of the Management Board.



The maximum remuneration does not represent the compensation level targeted or deemed appropriate by the Supervisory Board, but merely an absolute maximum limit that can at most be reached in the event of a very sharp increase in the price of HelloFresh SE's shares, which would lead to a corresponding increase in shareholder value. In setting them, it was also taken into account that the vast majority of the remuneration of the members of the Management Board is granted in the form of variable remuneration, the payout amount of which is forfeited in full if the performance targets are not met in the amount of the minimum value or, in the case of the long-term Virtual Options, the relevant stock market price upon exercise does not exceed the exercise price. In addition, the share of performance-related variable compensation in total target compensation significantly exceeds the average share of variable compensation at relevant peer companies, particularly in the case of the Chairman of the Management Board. In this respect, the maximum compensation strikes a balance between opportunities and risks.

The maximum compensation may be increased by up to EUR 2,000,000.00 in exceptional cases when a new member of the Management Board takes office in the year of appointment or in the following year, provided that the Management Board member in question is granted compensation payments for benefits from a previous employment relationship that ceased to apply on the occasion of his move to HelloFresh SE.

In addition to the maximum compensation, there are caps on the amounts paid out under short-term variable compensation and long-term variable compensation. The short-term variable compensation is limited to 150% of the target amount attributable to it, while the long-term variable compensation is limited to the difference between the maximum compensation less base salary and the target amount of the short-term variable compensation.

**f) Compensation components in detail**

aa) Fixed remuneration components

The fixed compensation of the members of the Management Board comprises an annual base salary and fringe benefits (in particular contributions to health and long-term care insurance and expenses).

(1) Basic salary

Each Management Board member receives an individually agreed base salary, which is generally paid in twelve equal installments at the end of each calendar month.

(2) Ancillary services

As a fringe benefit, Management Board members receive half of the monthly reimbursable contributions to German health and long-term care insurance up to the applicable maximum rate for statutory health and long-term care insurance. In the case of Management Board members living abroad, the fringe benefits are adjusted to the relevant

national (in particular regulatory) particularities. In principle, in the case of Management Board members living abroad, the Company pays employer contributions - where required - into the Management Board member's foreign health and long-term care insurance in accordance with the applicable statutory regulations, but together up to a maximum of the applicable maximum rate for German statutory health and long-term care insurance and any mandatory employer contributions to foreign pension insurance. There are no voluntary pension commitments in favor of Management Board members.

In addition, HelloFresh SE reimburses the Management Board for expenses and other expenses incurred in connection with the proper performance of its duties for the Company.

Other fringe benefits, such as benefits in kind or budgets for work equipment, can be agreed individually with the respective Management Board members.

bb) Other services

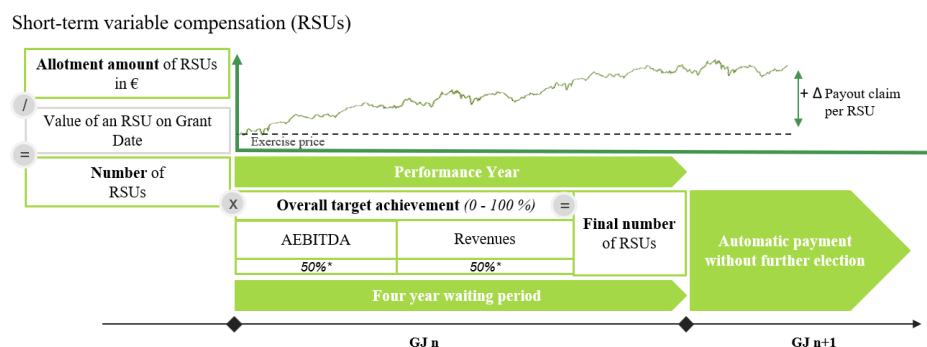
On the occasion of taking office, a new member of the Management Board may be granted other benefits in the form of compensation payments for benefits from a previous employment relationship that ceased to exist on the occasion of the new member's transfer to HelloFresh SE. Special compensation for extraordinary performance by existing members of the Management Board is not provided for.

cc) Variable compensation components

The variable compensation of the members of the Management Board of HelloFresh SE consists of a short-term oriented remuneration component, the RSUs, and a long-term oriented compensation component, the Virtual Options. The Supervisory Board determines a total allocation amount for the variable remuneration for each member of the Management Board when determining the target total remuneration. In principle, 25% of the total allocation amount of variable compensation is allocated to RSUs and 75% to Virtual Options. However, for the last two full fiscal years of an Management Board contract, the Supervisory Board may also decide to allocate up to 40% of the total variable compensation to RSUs and up to 60% to Virtual Options.

(1) Short-term variable compensation (RSUs)

The members of the Management Board are granted RSUs as short-term variable compensation under the Company's existing Restricted Stock Unit Program ("**RSUP 2019**"), which generally account for 25% of the variable target compensation. The structure of the short-term variable compensation in the form of RSUs is summarized in the following illustration:



The number of RSUs to be granted is determined by dividing the partial amount of the total grant amount attributable to the RSUs by the value of one share of the Company on the Grant Date, which is determined in the respective typically annual grant agreement ("**Grant Date**"), and rounding down to the nearest whole number. The value of a share of HelloFresh SE on the Grant Date corresponds to the average of the closing prices of the share of HelloFresh SE in XETRA trading on the Frankfurt Stock Exchange on the ten trading days preceding the Grant Date.

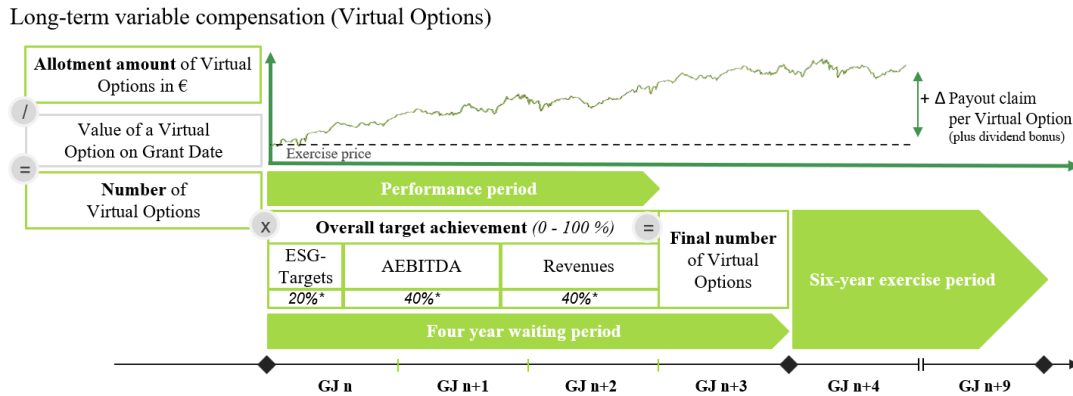
The final number of RSUs is dependent on the achievement of certain performance *targets*. These performance targets are set by the Supervisory Board in principle in the fourth quarter of the fiscal year preceding the year of allocation and measured against the relevant key performance indicators for the fiscal year in which the allocation is made. At the end of this measurement period, the Supervisory Board determines the overall degree of achievement of the performance targets and the resulting number of RSUs to which the respective Management Board member is entitled (cf. the following section II.2.f)cc)(3) (*Performance criteria*).

RSUs vest one year after the Grant Date and entitle the holder to receive payment without further exercise. In this regard, the Company may, at its discretion, deliver shares in the Company instead of a cash payment. The amount of the payment is based on the average closing price of the HelloFresh SE share in XETRA trading on the Frankfurt Stock Exchange on the ten trading days following the publication of the Company's next financial report (annual, half-year, or quarterly report) after the vesting date. The RSUs are settled after a period of twelve trading days following the publication of the Company's next financial report (annual, half-yearly or quarterly report) after the vesting date.

The share price-based structure of the RSUs contributes to an alignment of the interests of the members of the Management Board with those of the shareholders of HelloFresh SE, including the promotion of the development and growth of HelloFresh SE and the HelloFresh Group.

(2) Long-term variable compensation (Virtual Options)

The long-term variable compensation generally accounts for 75% of the total variable target compensation of the Management Board members. The structure of the long-term variable compensation in the form of Virtual Options is summarized in the following illustration:



The number of Virtual Options to be granted is generally determined by dividing the partial amount of the total grant amount attributable to the Virtual Options by the value of a Virtual Option on the Grant Date (Grant Date), whereby the value of a Virtual Option on the Grant Date is determined according to generally accepted, marketable option valuation methods (such as Black-Scholes and based on certain parameters derived from the market price and certain assumptions that are applied uniformly to Virtual Options granted to HelloFresh employees). In this case, the Virtual Options have an exercise price that corresponds to either (i) the average closing price of the HelloFresh SE share in XETRA trading on the Frankfurt Stock Exchange on the ten trading days preceding the Grant Date or (ii) an amount in euros specified in the respective grant agreement.

Alternatively, the number of Virtual Options to be granted may be determined by dividing the partial amount of the total grant amount attributable to the Virtual Options on the Grant Date by a value of a Virtual Option specified in the respective Management Board service agreement. In this case, the exercise price may also be based on a price specified in the respective Management Board service agreement. This contractually specified exercise price increases annually by the long-term average increase in the value of the DAX. Through this contractually fixed, steady increase in the exercise price over the term of the Management Board service agreements, the Supervisory Board sets the Management Board a further hurdle to outperforming the increase in the value of the overall capital market over the long term. In this case, however, the Supervisory Board may decide by resolution that the value of a Virtual Option specified in the Management Board service agreement is not to be used as the basis for determining the number of Virtual Options to be granted and/or that the exercise price specified in the Management Board service agreement is not agreed if the Supervisory Board, using its discretionary powers, reaches

the conclusion that otherwise the agreed value of a virtual option and/or the fixed exercise price would result in the resulting target total compensation not being commensurate with the duties and performance of the Management Board member, the situation or development of the Company or the market environment and/or would not correspond to the customary compensation, and/or there are no special reasons to deviate from the usual compensation. Should the Supervisory Board adopt such a resolution, it will determine in it an appropriate value of a Virtual Option and an appropriate exercise price.

The final number of Virtual Options is dependent on the achievement of certain performance *targets*. These performance targets are generally set by the Supervisory Board in the fourth quarter of the fiscal year preceding the year of grant and relate to key performance indicators for the fiscal year after next following the fiscal year of grant. Approximately three years after the Grant Date, the Supervisory Board determines the overall degree of achievement of the performance targets and the resulting number of Virtual Options to which the respective Management Board member is entitled; if the targets are achieved in full, this is limited to 100% of the Virtual Options originally granted (see the following section II.2.f)cc)(3) (*Performance criteria*)).

After a four-year waiting period from the Grant Date, Virtual Options are exercisable within six years during defined exercise periods of twelve trading days after the publication of a financial report of the Company (annual, half-yearly or quarterly report). Upon exercise, the beneficiary is entitled to payment in the amount by which the average XETRA closing price of the HelloFresh SE share on the ten trading days of the exercise period in which Virtual Options are exercised exceeds the exercise price. At the Company's discretion, the payment claim may be settled in cash or in full or in part by delivery of new shares or treasury shares in the Company.

Virtual options held by a member of the Management Board that are vested but have not yet been exercised generally grant the right to a dividend bonus insofar as the Annual General Meeting of HelloFresh SE resolves to distribute a dividend. The dividend bonus per vested, unexercised Virtual Option is calculated as follows:

$$\frac{\text{current market value of a HelloFresh share} - \text{exercise price per Virtual Option}}{\text{current market value of a HelloFresh share}}$$

$$\times \text{Amount of dividend paid per HelloFresh share}$$

(3) Performance criteria

Both RSUs and Virtual Options are subject to financial performance criteria, while the Virtual Options are also subject to non-financial performance criteria.

The financial performance criteria correspond to the key performance indicators on the basis of which the capital market values the Company. These are (i) revenues and (ii)

adjusted earnings before interest, taxes, depreciation of property, plant and equipment and amortization of intangible assets and result from investment in associates ("**AEBITDA**") of the HelloFresh Group. The definitions of revenue and AEBITDA are in each case consistent with those published by the Company in its respective annual report. Accordingly, revenues are recognized after delivery of the products to the customer and correspond to receivables for goods delivered, less advertising discounts, credits, refunds and sales tax. AEBITDA is calculated by adjusting EBITDA for special effects. The special effects include expenses for share-based payments and other non-recurring special effects, including among others costs for legal advice and other services in connection with M&A transactions, expenses in connection with restructuring, litigation, and effects relating to other periods.

The long-term increase in the financial performance criteria of revenue and AEBITDA is achieved through the consistent implementation of the Company's business strategy and is therefore the most relevant measure of the Company's long-term success. Revenue is an indicator of the demand for HelloFresh Group's products and an important factor in the long-term increase of the Company's value. AEBITDA is an indicator in the assessment of underlying operating profitability. The long-term focus on these financial performance criteria promotes long-term and sustainable corporate development and creates alignment between the objectives of the Management Board remuneration and the interests of the shareholders. The Supervisory Board has also ensured this alignment of interests in that the long-term increase in HelloFresh SE's share price determines the amount of variable remuneration paid out.

In addition to the financial governance criteria, the Supervisory Board has made the exercise of Virtual Options conditional on the achievement of the following non-financial sustainability targets ("**ESG targets**") since the adoption of the Compensation System 2021: (i) reduction of food waste produced by HelloFresh Group's own production sites (operating sites) that is disposed of in landfills or by incineration, per euro of HelloFresh Group's revenue ("**food waste per euro of revenue**") and (ii) reduction of CO<sub>2</sub> emissions (Scope 1 and Scope 2) produced by HelloFresh Group's own production sites (operating sites), per euro of HelloFresh Group's revenue ("**CO<sub>2</sub> emissions per euro of revenue**"). The integration of ESG targets formalizes the company's ambition to be one of the most sustainable scalable meal alternatives for consumers.

The following table shows the weighting of the performance targets for the two variable compensation components:

	<b>RSUs</b>	<b>Virtual options</b>
<b>Revenues</b>	50%	40%

<b>AEBITDA</b>	50%	40%
<b>Food waste per euro of revenue</b>	-	10%
<b>CO<sub>2</sub> emissions per euro of revenue</b>	-	10%

After the end of the assessment period (performance period) and thus approximately one (RSUs) or three (Virtual Options) years after allocation, the Supervisory Board determines whether and to what extent the performance targets have been achieved. For RSUs, the assessment period refers to the fiscal year of the grant, for Virtual Options to the fiscal year after next following the fiscal year of the grant (e.g. fiscal year 2024 for Virtual Options originally granted in fiscal year 2022). Achieving the minimum value of the respective performance target corresponds to a target achievement of 50% and achieving the maximum value corresponds to a target achievement of 100% of the respective performance target. If a value between the minimum and maximum value is achieved, this is converted linearly into a target achievement between 50% and 100%. If the minimum value for one of the performance targets is not reached, the target achievement for this performance target is zero. Target achievement above 100% is not possible. Consequently, the final number of RSUs or Virtual Options is limited to 100% of the RSUs or Virtual Options originally granted (upper limit). A value-based limit of 150% of the target value attributable to the RSUs exists at the time the payment entitlement falls due, or to the difference between the maximum compensation less basic salary and the target amount of the short-term variable compensation at the time the Virtual Options are exercised.

The overall target achievement corresponds to the sum of the degree of target achievement of the individual performance targets, i.e. the percentage target achievement values for each of the performance targets are added together based on their weighting in the overall target achievement. Based on the overall degree of achievement of the performance targets, the Supervisory Board determines the number of RSUs or Virtual Options to which the respective Management Board member is entitled. For this purpose, the number of RSUs or Virtual Options originally granted is multiplied by the overall degree of target achievement.

The payout amount per RSU or Virtual Option is additionally dependent on the share price as a further performance criterion of HelloFresh SE - for the reasons mentioned above. The share price-based structure of the RSUs and in particular the Virtual Options also serves the long-term and sustainable development of the company and aligns the targets of the Management Board remuneration with the interests of the shareholders.

dd) Share Ownership Guidelines for the Management Board

The members of the Management Board must acquire shares in HelloFresh SE equivalent to a respective annual basic salary (gross) for their own account within a period of five years from the effective date of a Management Board service agreement or any renewal and hold them for the duration of their Management Board activity. Shares in HelloFresh SE already held by the members of the Management Board are counted towards this obligation.

**g) Compliance and Performance Malus / Clawback**

In the event of a serious breach by a member of the Management Board of the duties arising from Section 93 AktG, the Management Board service agreement or internal compliance or conduct guidelines, or in the event of serious compliance violations, whereby the respective violation must be so serious that the Supervisory Board is entitled to revoke the appointment of the Management Board, the Supervisory Board may, at its discretion, withhold in whole or in part any variable compensation not yet paid out (malus). Furthermore, the Supervisory Board may, at its discretion, demand the full or partial return of variable compensation already paid out in such cases (*clawback*).

Furthermore, the members of the Management Board are obliged to repay any variable compensation already paid out if it transpires after payment that the basis for calculating the amount paid out, in particular in the Annual Report or Sustainability Report, was incorrect and must be corrected in accordance with the applicable auditing standards (*clawback*). The repayment must be made in the amount of the overpayment to the Management Board compared with the correct basis for calculation.

**h) Term, early termination , incapacity for work**

The service agreements of the members of the Management Board of HelloFresh SE are each concluded for the duration of their appointment. In the event of reappointment and an extension of the term of office, the Management Board service agreements shall continue to apply in each case until the expiry of the new term of office, unless the Company and the respective Management Board member enter into deviating or supplementary agreements in connection with the reappointment.

In the event of termination of an Management Board mandate, in particular by revocation of the appointment or resignation from office, the respective Management Board service agreement shall also terminate automatically in compliance with the statutory notice periods without the need for notice of termination. In the event of illness or other impediment to service for which the Management Board member is not responsible, the Management Board member shall be paid his basic salary at the longest until the termination of his service agreement.

If a member of the Management Board becomes permanently incapacitated during the term of his service agreement, his/her service agreement shall end at the end of the quarter in which the permanent incapacity was established.



In the event of premature termination of the service agreement of a member of the Management Board (including mutually agreed cancellation of the service agreement), payments by the Company including fringe benefits shall not exceed the value of two years' compensation (target total compensation) (severance payment cap) and shall not compensate more than the remaining term of the service agreement. The severance payment cap shall be calculated on the basis of the target total compensation for the previous full fiscal year and, if applicable, also the expected target total compensation for the current fiscal year. If a post-contractual non-competition clause is agreed, the severance payment shall be credited against the waiting compensation. Entitlement to payment of the RSUs and Virtual Options in the event of termination of the Management Board mandate is governed in principle by the respective RSU program and the respective virtual option program or the respective grant agreements, which contain customary *good leaver* and *bad leaver clauses*.

**i) Change of control**

To ensure that the Management Board member in question assesses any change of control solely in the interests of the Company and its shareholders and that the Management Board member's behavior is not guided by concerns about economic disadvantages as a result of a change of control, the Supervisory Board may agree a one-time special termination right in the respective Management Board service agreement for the members of the Management Board. If such a special termination right is agreed, the members of the Management Board have the right to terminate their service agreement with three months' notice to the end of the month and to resign from the Management Board on the termination date. A change of control exists if

- (i) a third party acquires at least 30% of the voting rights in HelloFresh SE (Section 29 (2) WpÜG) alone or on the basis of attribution pursuant to Section 30 WpÜG,
- (ii) a third party, alone or in cooperation with others, acquires all or substantially all of the assets of HelloFresh SE, or
- (iii) HelloFresh SE is merged with a third party or merged with a third party or merged with a third party in a similar manner, whereby "third parties" for the purposes of this provision are not direct or indirect subsidiaries of the Company (hereinafter each a "**Change of Control**").

The special termination right may only be exercised within two months of the execution of a change of control. If the special termination right is exercised, the amount of the severance payment is limited to the value of two years' compensation (target total compensation) (severance payment cap) and no more than the remaining term of the service agreement will be compensated.

**j) Post-contractual non-competition clause**

The Supervisory Board may provide for a post-contractual non-competition clause, according to which the members of the Management Board are prohibited from competing with the company for a certain period of time after termination of the contract. In such a case, HelloFresh SE shall pay the

members of the Management Board compensation for the duration of the post-contractual non-competition clause in the amount of half of the fixed remuneration most recently received by the Management Board and attributable to one month. Any severance payment shall be offset against the compensation. The Company may waive the post-contractual non-competition clause at any time by written declaration; in this case, it shall be released from payment of the compensation for non-competition at the end of six months from the declaration.

**k) Secondary activities of the members of the Management Board**

During the term of their office, the members of the Management Board are generally prohibited from engaging in any remunerated or unremunerated secondary activity, unless such activity is performed on behalf of or with the written consent of the Company. Publications and lectures which do not relate to the Company's area of activity, as well as the assumption of offices in supervisory bodies of other companies and honorary offices in organizations, insofar as the Company is not itself a member of these, require the prior written consent of the Supervisory Board.

Insofar as members of the Management Board are executive bodies or members of executive bodies of a subsidiary of HelloFresh SE, no separate remuneration is granted for this activity. In the event of the assumption of Supervisory Board mandates outside the Group, the Supervisory Board decides whether and to what extent the remuneration is to be credited.

**l) Extraordinary developments**

In the event of extraordinary developments, the Supervisory Board is entitled to adjust the amount of the individual compensation components, including the variable compensation components, the ratio of the individual compensation components to each other, the respective payout amounts, and the payout dates, provided that the defined maximum compensation is not exceeded.

Extraordinary developments occur when circumstances have arisen or are likely to arise that could not have been foreseen when the targets for the variable remuneration components were set and that have a significant impact on the total remuneration of the members of the Management Board. In particular, significant acquisitions, the sale of significant parts of HelloFresh SE, significant changes in the underlying accounting standards or tax regulations, natural disasters, pandemics, or comparable circumstances may be considered. In making its decision, the Supervisory Board takes into account, among other things, the extent to which HelloFresh SE, the shareholders and the employees are or will be affected by the extraordinary developments.

**m) Temporary deviations**

The Supervisory Board may temporarily deviate from the compensation system if this is necessary in the interests of the long-term well-being of the Company, for example in the event of an economic or corporate crisis or changes in the regulatory framework.

Even in the event of a deviation from this Management Board compensation system, the compensation of the members of the Management Board must be geared to the long-term sustainable development of the Company and take into account the situation of the Company and the performance of the Management Board. The components of the compensation system from which deviation is possible are the procedure, the compensation structure, the amount of compensation and the amount of the individual compensation components. In such cases, the Supervisory Board may also introduce new compensation components. Deviation from the compensation system requires a resolution of the Supervisory Board, which also establishes the circumstances leading to the deviation.

**n) Significant changes compared with the compensation system presented to the Annual General Meeting on May 26, 2021**

Compared with the compensation system presented to the Annual General Meeting on May 26, 2021, the following significant changes were made taking into account the vote and comments of the shareholders:

1. The short-term variable compensation in the form of RSUs was share-based under the most recently presented compensation system, but not performance-related. In order to further link compensation to the Company's performance and to further align the incentives of the Management Board with the interests of the shareholders, the financial performance targets of net sales (50%) and AEBITDA (50%) were also included for the RSUs. In this context, the performance targets as such were also reviewed. The financial performance criteria correspond to the key performance indicators on the basis of which the capital market evaluates the Company. In contrast, in the view of the Supervisory Board, capital employed-related performance targets, which are partially advocated by shareholders, would be difficult to set for HelloFresh's dynamically growing business model for three years in advance, could lead to misaligned incentives and would not be necessary due to the Company's capital policy since its IPO. The specific amount of the performance targets is set annually and is thus not part of the remuneration system;
2. The Supervisory Board no longer has the discretion to subsequently reduce performance targets set for short-term or long-term variable compensation;
3. The possibility of granting other benefits has been restricted to compensation granted on the occasion of new Management Board members taking up office for benefits no longer payable under a previous employment relationship; special compensation for extraordinary performance by existing Management Board members is no longer provided for;
4. In addition to the cap on total compensation (maximum compensation), explicit maximum limits have been included for both short-term and long-term compensation. The short-term variable compensation is limited to 150% of the target amount attributable to it, while the long-term variable compensation is limited to the difference between the maximum

compensation less base salary and the target amount of the short-term variable compensation. Taking into account the relevant peer groups and the compensation structure focused on performance-related long-term variable compensation, the Supervisory Board believes that the level of maximum compensation represents a balance of opportunities and risks that did not need to be adjusted.