

Management

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CSR reporting based on the standards (2016) of the Global Reporting Initiative (GRI)

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GRI 419-1: Non-compliance with laws and regulations in the social and economic area

Management

Scout24 has made a commitment to responsible corporate governance. This is based on predictive risk management, consistent compliance with statutory and internal company guidelines, and systematic CSR management. Our Code of Conduct, applicable across the Group, serves all Scout24 employees as a guideline for upright, sustainable behaviour.

Governance structure

GRI 102-18, -19, -20

The Scout24 Group is managed by Scout24 AG based in Munich, which is in turn a management holding company. Scout24 AG indirectly holds shareholdings in 17 operational subsidiary companies which are fully consolidated in the Group financial statements. It also holds shares in two companies consolidated at equity, and it holds a non-controlling interest in another company (see chart p. 30). As a joint-stock company incorporated in accordance with German law, Scout24 is subject to legislation including the Stock Corporation Act. Accordingly, the company also has the standard dualist governance and supervisory structure made up of Management Board and Supervisory Board.

The Management Board is responsible for the strategy and management of the Group. It is comprised of two members: Chairman of the Management Board Greg Ellis and Chief Financial Officer Christian Gisy. They are responsible for the following portfolios:

Greg Ellis: Chief Executive Officer
(Chairman of the Board of Management) – CEO

- Corporate Communication
- ImmobilienScout24 and AutoScout24 (operational functions, i.e. sales, marketing and IT)
- Company Development and Strategy
- Mergers & Acquisitions
- Human Resources

Christian Gisy: Chief Financial Officer – CFO

- Finance
- Controlling
- Investor Relations
- Treasury
- Legal & Compliance
- Risk Management and Internal Controlling System
- Purchasing
- Corporate Social Responsibility

The Management Board regularly informs the Supervisory Board comprehensively and promptly about all issues relating to strategy, planning, business development, the risk situation, risk management and compliance that are relevant for the company. The Board also prepares the annual financial statements and the consolidated financial statements.

The Supervisory Board appoints the Members of the Management Board and determines the distribution of their responsibilities. It has eight members (at the time of the editorial deadline on 28 February 2017) and it advises the Management Board and supervises its management of the business. The Supervisory Board is integrated in making decisions of fundamental importance for the company. In particular, it audits the annual financial statements and the management reports, and reports on the annual audit at the Annual General Meeting. Representatives of the strategic investors in Scout24 and independent economic experts have mandates on the Supervisory Board. Since 2016, one woman has been a Member of the Supervisory Board. A number of international appointments to the Supervisory Board also ensure that diverse perspectives are represented on the Supervisory Board. All Members of the Supervisory Board and the Committees of the Supervisory Board are listed on page 26 f. of the [Annual Report 2016](#). More information on the Members of the Supervisory Board of Scout24 including details of age is provided under Investor Relations/Corporate Governance.

GRI 102-22, -23, -24, -26

The Compensation Report (see [Annual Report 2016](#), p. 196 ff.) describes the basic attributes of the compensation system for the Management Board and the Supervisory Board of Scout24 AG. It explains the structure and the level of compensation for the individual members of the Management Board and the Supervisory Board. The compensation for the Members of the Management Board is defined by the Supervisory Board. The compensation for the Supervisory Board is based on the relevant provisions in the company's Articles of Association.

GRI 102-35, -36

Good Corporate Governance

The Board of Management and the Supervisory Board of Scout24 AG have made a commitment to responsible corporate governance with the objective of achieving sustainable value added. A particular focus is further strengthening the trust of investors, business partners and employees in the company, and the trust of the wider general public. A top priority here is open and transparent corporate communication. The corporate structure is directed towards responsible, transparent and efficient management and control of the company. We base our corporate governance on the recommendations of the German Corporate Governance Code (DCGK). The report on corporate governance including the Declaration of Conformity with the German Corporate Governance code can be viewed on our website under Investor Relations/Corporate Governance.

We pursue integrated corporate governance and seek to connect risk management, compliance and the internal controlling system closely with each other. The overall responsibility for Governance, Risk & Compliance at Scout24 is with the Management Board, which delegates responsibility for controlling Risk Management & Compliance to the General Counsel/Senior Vice President. The central portfolio Risk Management is held by the Vice President Risk Management & Compliance who reports directly to the Senior Vice President Legal, Compliance and HR. This position integrates and controls the two systems for risk and compliance management throughout the company alongside the Internal Controlling System. These three units are regularly audited by internal audit. Internal audit reports directly to the Supervisory Board.

GRI 103-1,-2,-3

Risk management

Scout24 seeks to use systematic risk management to identify risks at an early stage. This enables the company to take timely countermeasures and monitor their effect. In the period under review, risk management primarily concentrated on those activities which significantly impact on income and are important for the future perspectives of the company. Scout24 divides its risks into external, financial, operational, strategic and compliance risks. Environmental risks like climate change are not systematically recorded in the risk management system because they are not directly applicable within the framework of our business model. By comparison with a manufacturing company, climate risks barely affect Scout24. However, climate change can exert implicit effects on the business

GRI 102-11, -15; 201-2

activity of Scout24. The regulatory environment which impacts our products may change – for example the transparency requirements for real estate or automobiles could increase. Today, properties are already subject to regulations on energy savings which require sellers and landlords to draw up an energy certificate. The requirements of such energy saving directives may be made significantly more stringent in the future. Stricter regulation may exert effects on the volume of listings. However, there may also be opportunities in climate change for Scout24 – for example with a view to stronger demand for electric cars. More information is provided in the Risk and Opportunity Report in the [Annual Report 2016](#) from page 74.

Compliance

We understand the concept of compliance to mean conformity with ethical principles, statutory regulations and internal company guidelines. Compliance breaches can lead to substantial reputational damage and impair the business success of Scout24. Our Compliance Programme is intended to avoid these risks and ensure that regulations and internal company guidelines are consistently complied with. Constituent elements of the Compliance Programme are as follows:

GRI 103-1,-2,-3

- Policies & Procedures
- Data Protection Regulation
- Anti-corruption Guideline
- Gift Guideline / Conflicts of Interest
- [Code of Conduct](#)
- Annual Compliance Risk Assessment
- Quarterly action tracking of measures derived from the Compliance Risk Assessment

The guidelines, manuals and compliance-relevant documents can be accessed on the intranet. A newsletter also regularly informs employees about compliance issues. Furthermore, we provide training for our employees on compliance matters. In 2016, 254 employees attended a classroom training session. Each employee also has access to an online video training series. In 2016, this was acknowledged with the Outstanding Security Performance Award (OSPA).

The Compliance Manager of Scout24 is the central contact for all employees in relation to any compliance-relevant issues. Employees from Scout24 also have access to an external confidential lawyer on a compliance hotline. They are able to ask the lawyer about fit and proper conduct on specific issues. On request, whistle-blowers and employees consulting the confidential lawyer about issues can remain anonymous – for example, if they want to report compliance breaches. In 2016, no breaches were reported. During the year under review, Scout24 did not have to pay any financial penalties for non-compliance with laws and regulations in relation to products and services.

GRI 419-1

Anti-corruption

An important condition for ethical conduct is the avoidance of situations in which there is a conflict between business and private interests. Corrupt behaviour in any form damages relationships between Scout24 and its customers and business partners. The avoidance of corruption within the company and with our customers and business partners is therefore a top priority. Alongside the [Code of Conduct](#), our "Guideline on Avoidance of Corruption and Other Conflicts of Interest" provides a binding framework. All employees are introduced to the Code of Conduct and the guideline on the avoidance of corruption at the beginning of their employment. Each employee also has access to a training video on the issue of anti-corruption on the intranet. The issue of anti-corruption is the organisational responsibility of Risk Management and Compliance. The department manages the auditing of potential corruption risks at all locations. In 2016, no substantial risks were identified and no cases of corruption were recorded.

GRI 103-1, -2, -3;

GRI 205-1, -2, -3

CSR understanding and management

Our self-perception concerning Corporate Social Responsibility at Scout24 can be summarised in the following principles, which guide our routine work every day:

GRI 102-16, -17

- We are committed to our customers and users.
- We handle data in absolute confidence and we communicate professionally.
- We value the diversity and the commitment of our employees and we do not tolerate any discrimination.
- We always take the importance of social responsibility into account in all our business activities.

These values are defined in our [Code of Conduct](#). It can be accessed by anybody on our website at Investor Relations/Corporate Governance/Code of Conduct. The aspirations and principles outlined here form an integrated action framework for all the employees in the Scout24 Group. Naturally, this also includes the executive management.

Social commitment is an integral part of corporate culture at Scout24. We regard ourselves as a "Corporate Citizen" in all our business activities and we are committed to a strong local community at our locations. Our IT and product know-how constitute the most important tool for structuring our commitment with the aim of finding creative and inspiring solutions to social problems. One example of this is the targeted approach on our on-line platforms to the needs of people with disabilities. We exchange views with local associations such as Berlin-based organization Sozialhelden e. V. (Social Heroes) and enter into long-term partnerships at our locations.

Over the medium term, we want to make even greater use of our platforms in order to raise awareness of societal challenges. Our intention is to use our expertise in the digital world in order to support socially committed citizens with digitalisation. The aim over the long term is to make CSR and sustainability an integral element of product development at Scout24.

Our objective is to integrate or institutionalise the complex topic of sustainability even more firmly into our enterprise so that sustainability becomes a standard aspiration. This includes analysing the environmental impacts of our business operations more systematically in future so that we are in a position to identify potential for improvements.

CSR is dealt with operationally and strategically at Scout24 in an independent department accountable to Chief Financial Officer Christian Gisy. The CSR Management reports regularly to him at intervals of between four and six weeks. Furthermore, the CSR Department is in constant dialogue about strategic decisions with the managers of relevant specialist departments like Human Resources, Marketing, Product and IT. At operating level, the CSR Management is supported by the Cares Team. The team is made up of employees from different specialist areas who provide support for the implementation of CSR measures in the company.

GRI 102-19, -20

Stakeholder management

Scout24 regularly communicates with the local community and with key stakeholders. This enables us to identify the needs of the relevant stakeholder groups and ascertain how our environment is developing or changing. This helps us to identify appropriate opportunities and risks faster and we can then respond to them more effectively. Our stakeholders are our employees, customers, consumers, business partners, suppliers, investors and shareholders, as well as our local community environment. We use various channels for dialogue with these stakeholders as shown in the table below.

GRI 102-40, -43

Stakeholder Group	Communication tools (selection)
Social environment	<ul style="list-style-type: none"> • Presentations and participation in panels on social engagement • Activity and communication in CSR networks at local level and throughout Germany • CSR event formats at Scout24 • Feedback session with NGO representatives at the Berlin Social Academy • Social Hack Days • Regular meeting with the organization Sozialhelden e.V.
Investors & shareholders	<ul style="list-style-type: none"> • Annual General Meeting • Financial reports • Press and Investor Relations communications • Telephone conferences • International roadshows • Participation in conferences
Customers	<ul style="list-style-type: none"> • Customer satisfaction surveys • Monthly (individual) discussions with customers about product ideas and market situation • Monthly innovation tests with customers in the User Lab • Bilateral customers meetings as necessary

(Continued on p. 28)

Stakeholder Group	Communication tools (selection)
Suppliers & business partners	<ul style="list-style-type: none"> • Visit to specialist exhibitions and trade fairs • Regular meetings with preferred or potential new partners
Employees	<ul style="list-style-type: none"> • Strategic Town Hall Meetings • Monthly company wide All-Hands Meetings and All-Hands Meetings in the segments • Brown Bag Sessions with members of the management • Newsletters • Quarterly Dialogues between employees and managers • Engagement Survey 2017 with follow-on workshops • Intranet
Consumers	<ul style="list-style-type: none"> • Tests with consumers in the User Lab • Company visits to consumers

We are also in regular and intense communication about business, social and environmental issues with other companies, organisations, networks and associations. Significant memberships of Scout24 are presented here:

GRI 102-12, -13

- American Institute of Certified Public Accountants
- Association of Certified Fraud Examiners
- Association of Certified Fraud Examiners Deutschland e. V.
- Federal Association of Compliance Managers in Germany (Berufsverband der Compliance Manager in Deutschland e. V.)
- Federal Association of Digital Business (Bundesverband Digitale Wirtschaft e. V.)
- Corporate Citizenship Working Group of the Phineo Network
- Society of Property Researchers (Gesellschaft für immobilienwirtschaftliche Forschung e. V.)
- Real Estate Society (Immobilienwirtschaft e. V.)
- Corporate Governance Initiative for the Real Estate Industry (Initiative Corporate Governance der Immobilienwirtschaft e. V.)
- Initiative for Purchasing a Car Safely (Initiative Sicherer Autokauf, www.sicherer-autokauf.de)
- Code for Vehicle Trading on the Internet (Kodex für den Fahrzeughandel im Internet)
- Volunteering Network (Netzwerk Ehrensache)
- Royal Institution of Chartered Surveyors
- Online Marketing Association (OVK Online-Vermarkterkreis)
- German Agency to Combat Unfair Competition (Wettbewerbszentrale)
- Central Real Estate Committee (ZIA Zentraler Immobilien Ausschuss e. V.)