

# REMUNERATION AND REMUNERATION SYSTEM

## FOR THE MEMBERS OF THE SUPERVISORY BOARD OF DEUTSCHE EUROSHOP AG

Publication in accordance with section 113 (3) sentence 6, section 120a (2) of the Aktiengesetz (AktG - German Stock Corporation Act).

The Annual General Meeting of Deutsche EuroShop AG on 18 June 2021 confirmed the remuneration and remuneration system for the members of the Supervisory Board with 99.54%.

The wording of the resolution is derived from agenda item 7 and from the description of the remuneration of the members of the Supervisory Board of the convening notice and agenda of the Annual General Meeting of Deutsche EuroShop AG on 18 June 2021 published in the Federal Gazette (Bundesanzeiger) of 6 May 2021.

The proposed resolution and the description of the remuneration are reproduced in full below.

## **Resolution on confirmation of remuneration and resolution on the remuneration system for the members of the Supervisory Board**

Pursuant to section 113 (3) AktG, the annual general meeting of a listed company must resolve on the remuneration of the members of the Supervisory Board at least every four years, whereby a resolution confirming the existing remuneration is permissible.

In accordance with the proposal in G.18 (1) of the German Corporate Governance Code (DCGK) as amended on 16 December 2019 and published on 20 March 2020 ("DCGK"), the Supervisory Board receives purely fixed remuneration and is paid entirely in cash.

The current remuneration of the Supervisory Board is defined in article 8 (4) and (5) of the Articles of Association. The relevant provisions of the Articles of Association and the underlying abstract remuneration system with the disclosures pursuant to sections 113 (3) sentence 3, 87a (1) AktG are reiterated below.

The Executive Board and Supervisory Board are of the opinion that the amount of remuneration and the structure of the remuneration system for the Supervisory Board are appropriate in view of the duties of the members of the Supervisory Board and the situation of the Company, and that the Supervisory Board receives remuneration that is in line with market practice and proportionate.

The Executive Board and the Supervisory Board therefore propose that the existing remuneration arrangements for the members of the Supervisory Board, which are specifically set out in article 8 (4) and (5) of the Articles of Association and which are based on the abstract remuneration system set out below, are confirmed.

### **1. Legal basis of the remuneration of the members of the Supervisory Board**

Article 8 (4) and (5) of the Articles of Association are worded as follows:

4) The Company grants each member of the Supervisory Board annual remuneration. This is set at €50,000 for the chair, €37,500 for the deputy chair and €25,000 each for the other members of the Supervisory Board (effective for the first time for the 2007 financial year). If any member of the Supervisory Board leaves the Supervisory Board during the financial year, they receive their remuneration pro rata.

5) The Company reimburses the cash expenses of the members of the Supervisory Board. Value added tax is reimbursed by the Company to the extent that the members of the Supervisory Board are entitled to invoice the sales tax separately and exercise this right.

### **2. Presentation of the remuneration system for members of the Supervisory Board**

The remuneration system for the members of the Supervisory Board of Deutsche Euroshop AG based on the provisions stipulated in article 8 (4) and (5) of the Articles of Association is presented below in accordance with sections 113 (3) and 87a (1) sentence 2 AktG.

#### **2.1. Structure**

The remuneration system is structured in a manner that is simple, clear and understandable. The members of the Supervisory Board receive the fixed remuneration stipulated in the Articles of Association. The chair of the Supervisory Board receives double and the deputy chairman one and a half times this amount. No additional remuneration is granted for membership of committees.

Unlike the Executive Board, the Supervisory Board does not execute an operational function and does not make any decisions on business strategy. Rather, the Supervisory Board contributes to the long-term development of the Company through its supervisory duties (section 87a (1) sentence 2 no. 2 AktG).

The payment of purely fixed remuneration without any variable components has proven its worth and corresponds to the practice that is prevalent in other listed companies. The exclusively fixed remuneration that is paid to the members of the Supervisory Board is the best way of taking account of the control function exercised by the Supervisory Board, which is to be performed independently of the Company's success. With such a remuneration system, the Supervisory Board can make its decisions for the good of the Company that are aligned with the Company's long-term business strategy and sustainable development, without pursuing other motives which could possibly be derived from performance-related remuneration. The remuneration of the Supervisory Board therefore does not contain any variable remuneration components (section 87a (1) sentence 2 nos. 3, 4 and 6 AktG) or any share-based components (section 87a (1) sentence 2 no. 7 AktG).

In accordance with article 8 (4) of the Articles of Association, the remuneration is payable at the end of each financial year. There are no deferral periods for the payment of remuneration components (section 87a (1) sentence 2 no. 5 AktG).

The remuneration of the members of the Supervisory Board is conclusively governed by the Articles of Association; there are no ancillary agreements. Remuneration is linked to the duration of the appointment. No undertakings are made for redundancy payments, pensions or early retirement (section 87a (1) sentence 2 no. 8 AktG).

## **2.2 Procedure for reviewing remuneration**

The Supervisory Board has reviewed the appropriateness of the structure and amount of its remuneration at irregular intervals. For this purpose, the Supervisory Board evaluates the remuneration of the supervisory board at other comparable companies and compares this with the remuneration of the Supervisory Board of the Company. The Supervisory Board then uses this analysis to assess the appropriateness of its remuneration.

Due to the amendment of the German Stock Corporation Act (AktG) by the Act Implementing the Second Shareholders' Rights Directive (ARUG II) of 12 December 2019, which provides for regular approval of the remuneration system by the Annual General Meeting at intervals exceeding no more than four years, the Supervisory Board will in future perform an appropriate internal analysis of its remuneration in preparation for these resolutions, also no later than every four years. If there are grounds to amend the remuneration system for the Supervisory Board, the Executive Board and the Supervisory Board will submit a corresponding proposal for resolution to the Annual General Meeting in this regard.