

## Remuneration of Supervisory Board members

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The remuneration of the Supervisory Board members is defined in art. 12 of the articles of incorporation of Leifheit AG and by resolution of the Annual General Meeting on 29 May 2019 under agenda item 9 (resolution on a long-term variable remuneration for the Supervisory Board). The Annual General Meeting on 2 June 2021 confirmed art. 12 para. 1 to 7 and para. 9 to 11 of the articles of incorporation as well as the resolution of the Annual General Meeting on 29 May 2019 under agenda item 9 and reworded art. 12 para. 8 of the articles of incorporation with effect from 1 January 2020.

### A. Remuneration of the Supervisory Board members

#### 1 Guiding principles

Overall, the remuneration system of Leifheit AG is geared towards sustainable corporate development and is in keeping with the business strategy. For the members of the Supervisory Board individually and for the Supervisory Board as a whole, it provides an incentive to perform their duties with a view to the long-term, successful development of the company.

The remuneration system reflects the provisions of the German stock corporation act and takes the recommendations of the German corporate governance code into account.

The members of the Supervisory Board receive fixed remuneration, attendance fees and variable remuneration. The variable remuneration is divided into a short-term variable remuneration and a long-term variable remuneration component.

#### 2 Maximum remuneration

The remuneration system provides for a maximum remuneration for all members of the Supervisory Board. The maximum remuneration is set out in the proposed new version of art. 12 para. 8 of the articles of incorporation and is based on the resolution of the Annual General Meeting of 29 May 2019 on agenda item 9 (resolution on long-term variable remuneration for the Supervisory Board).

In the financial years 2020 to 2022, the total annual remuneration (the sum of fixed remuneration, performance-related remuneration and attendance fees) will in future be limited to a maximum of € 150,000.00 for an ordinary member of the Supervisory Board, € 265,000.00 for the deputy chairperson of the Supervisory Board, € 170,000.00 for the chairperson of the audit committee and € 340,000.00 for the chairperson of the Supervisory Board. From the 2023 fiscal year, the total annual remuneration (the sum of fixed remuneration, performance-related remuneration and attendance fees) is limited to a maximum of € 80,000.00 for an ordinary member of the Supervisory Board, € 150,000.00 for the deputy chairperson of the Supervisory Board, € 100,000.00 for the chairperson of the audit committee and € 200,000.00 for the chairperson of the Supervisory Board.

#### 3 Remuneration and business strategy

The remuneration of the members of the Supervisory Board is geared towards the business strategy and long-term development of Leifheit AG through a fixed basic remuneration and attendance fees as well as a short-term and a long-term remuneration component, which in turn are based on financial targets that are appropriate for Leifheit AG, with an emphasis on long-term key performance indicators.

#### 4 Remuneration structure

In addition to any VAT payable by a member of the Supervisory Board for Supervisory Board activities, each member of the Supervisory Board receives annual fixed remuneration. Each member of a committee receives additional fixed remuneration.

In addition, the Supervisory Board members receive an attendance fee for each meeting (in person, by telephone or video conference of at least two hours in duration) of the Supervisory Board and its committees in which they participate. For several meetings that take place on one day, the attendance fee is paid only once.

In addition, each Supervisory Board member receives a performance-related remuneration for their membership of the Supervisory Board during the previous financial year, provided that the earnings per share (EPS) for the period calculated in accordance with IFRS accounting principles exceeds the comparable amount of the previous financial year.

Moreover, one part of the remuneration comprises the member's theoretical per-capita share of a directors and officers liability insurance policy (D&O insurance) concluded on behalf of Leifheit AG at standard market conditions for the members of the Supervisory Board, the costs of which are borne by Leifheit AG.

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If a member is only a member of the Supervisory Board or a Supervisory Board committee for part of a financial year, the fixed and performance-related remuneration shall only be granted pro rata temporis and the maximum remuneration shall also be reduced pro rata temporis.

Furthermore, members of the Supervisory Board are granted a long-term variable remuneration component. The participating members of the Supervisory Board receive a one-time bonus payment that depends on the degree to which certain performance targets are met over a three-year period and on the personal investment in shares of Leifheit AG made by each Supervisory Board member. The bonus payment is calculated by multiplying a multiplier by the number of shares purchased by the Supervisory Board members as their own investment by a reference price. The maximum multiplier is 1.2.

### 5 Variable remuneration assessment criteria

#### a) Short-term variable remuneration

The short-term variable remuneration amounts to € 500.00 for each cent by which the earnings per share (EPS) for the period calculated in accordance with IFRS accounting principles exceeds the comparable amount of the previous financial year.

By basing remuneration on the EPS performance target, the focus is placed on earnings while ensuring the ability of Leifheit AG to pay dividends.

#### b) Long-term variable remuneration component

To receive long-term variable remuneration, a Supervisory Board member must make a personal investment in shares of the company (personal investment shares) by 31 July 2020. Shares in Leifheit AG already held by a Supervisory Board member at the time the resolution was adopted by the Annual General Meeting on 29 May 2019 are also deemed to be personal investment shares, even if the member was not yet a member of the Supervisory Board at the time the shares were purchased. The chairperson of the Supervisory Board may participate with a personal investment of up to 10,000 shares, his or her deputy with up to 7,500 shares. The other members of the Supervisory Board may participate with a personal investment of up to 5,000 shares.

The performance targets, which must be achieved by 100% in each case to be counted, are:

- average annual growth rate in earnings per share for the period of at least 21% during the period from 1 January 2020 to the end of 31 December 2022 – “incentive period” (EPS target);
- more than 15% ROCE on average during the incentive period (ROCE target);
- average annual free cash flow growth rate of at least 15% during the incentive period (free cash flow target).

The annual growth rates are calculated based on the key performance indicators for financial year 2019 as at 31 December 2019. If, according to the audited and approved consolidated financial statements of the company as at 31 December 2019, EPS for the 2019 financial year is less than € 0.65 per share, an amount of € 0.65 per share is to be used as the basis for calculating the annual growth rates for EPS.

The participating Supervisory Board members are only entitled to a bonus payment if they have achieved at least one of the performance targets by 100%. The bonus payment is calculated by multiplying a multiplier by the number of personal investment shares multiplied by the reference price.

- Full performance: If all three performance targets are achieved, the multiplier is 0.5.
- Partial performance: If only two of the three performance targets are met, the multiplier is 0.33. If only one of the three performance targets is met, the multiplier is 0.17.
- Exceeding the EPS target: If the free cash flow target and the ROCE target are achieved and the average annual growth rate of EPS during the incentive period is 21.8% or more, the multiplier is between 0.66 and 1.2, as shown in the following table:

Average growth rate of EPS	Multiplier
21.8%	0.66
23.6%	0.83
25.3%	1.01
26.9%	1.20

The reference share price is the volume-weighted average price of the company's shares in Xetra trading or a successor system on the Frankfurt Stock Exchange during the last three months of the incentive period. If the volume-weighted average price of the company's shares in Xetra trading or any successor system on the Frankfurt Stock Exchange during the last three months of the incentive period exceeds € 35.00, the reference price shall be € 35.00. In the event of a change in the number of shares due to a stock split or a reverse stock

split, the reference price for the calculation of the bonus payment shall be adjusted accordingly; for this purpose, the reference price shall be divided by the number of shares before the stock split or reverse stock split and multiplied by the number of shares after the stock split or reverse stock split. Even in the event of such an adjustment, the relevant reference price for the calculation shall not exceed € 35.00.

The Supervisory Board's responsibility for sustainable corporate development is appropriately reflected in the linking of long-term variable remuneration to EPS, ROCE and free cash flow. Furthermore, due to the long-term variable remuneration, there is an additional incentive for members of the Supervisory Board to focus their exercise of office on the long-term, successful development of the company.

### **6 Availability of variable remuneration components**

The members of the Supervisory Board are free to do as they wish with the variable remuneration components after their respective maturity dates.

The short-term variable remuneration shall be paid on the third working day following the approval of the consolidated financial statements by the Supervisory Board.

If a participating member of the Supervisory Board is entitled to a bonus payment in the context of the long-term variable remuneration component, this is due on the day of the Annual General Meeting of Leifheit AG in financial year 2023. A participating member of the Supervisory Board is only entitled to a full bonus payment if he/she (i) still holds the personal investment shares at the end of the incentive period and (ii), subject to certain exceptions, was a member of the Supervisory Board without interruption from the beginning to the end of the incentive period.

No deferral periods are planned for the payment of variable remuneration components.

### **7 Clawback of variable remuneration components**

The entitlement to payment is subject to the resolutive condition that the entitled Supervisory Board member (i) acquires shares of the company for one sixth of the bonus payment received within three months after the Annual General Meeting in the financial year 2023 and (ii) holds these shares for at least three years after acquisition. The requirement to hold the shares shall end if the entitled Supervisory Board member resigns from the Supervisory Board during the three-year holding period.

### **8 Process for establishing, reviewing and implementing the remuneration system**

A resolution on the remuneration of the members of the Supervisory Board is adopted by the Annual General Meeting at least every four years based on a proposal by the Board of Management and the Supervisory Board in accordance with section 113 para. 3 sentence 1 AktG. In this context, the Annual General Meeting can either confirm the remuneration of the Supervisory Board and/or amend the provisions of the articles of incorporation on Supervisory Board remuneration.

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### B. Existing remuneration regulations

Art. 12 of the articles of incorporation regulates the remuneration of the Supervisory Board as follows:

- (1) In addition to reimbursement of expenses and any VAT incurred for the Supervisory Board activities, each Supervisory Board member receives an annual fixed remuneration of € 35,000.00. The chairman of the Supervisory Board receives € 100,000.00, the deputy chairman € 70,000.00.
- (2) The reimbursement of expenses, insofar as it concerns telecommunications, postage and other office costs, shall be paid in the form of a flat rate of € 1,000.00 per year.
- (3) Each member of a committee, except the audit committee, receives an additional fixed remuneration of € 2,500.00; the chairman of a committee, except for the audit committee, receives € 5,000.00. Each audit committee member receives an additional fixed remuneration of € 5,000.00; the chairman of the audit committee receives an additional fixed remuneration of € 10,000.00.
- (4) In addition, the Supervisory Board members receive an attendance fee of € 2,500.00 for each meeting (in person, by telephone or video conference of at least two hours in duration) of the Supervisory Board and its committees in which they participate. For several meetings that take place on one day, the attendance fee is paid only once. The chairman of the Supervisory Board and the respective chairman of a Supervisory Board committee will receive twice the meeting attendance fee pursuant to sentence 1 for participating meetings they chair.
- (5) In addition, each Supervisory Board member receives a performance-related remuneration of € 500.00 for each cent by which the earnings per share for the period (EPS) calculated in accordance with IFRS accounting principles exceeds the comparable amount of the previous financial year for their membership of the Supervisory Board during the previous financial year.
- (6) The Annual General Meeting may resolve on one or more long-term variable remuneration components for the Supervisory Board, which shall be added to the remuneration in accordance with the articles of incorporation.
- (7) The remuneration and fixed amount for expenses pursuant to para. 1 to 4 shall be paid at the end of each financial year. The performance-related remuneration pursuant to para. 5 shall be paid on the third working day following the approval of the consolidated financial statements by the Supervisory Board.
- (8) The total of fixed remuneration under paras. 1 and 3, attendance fees under para. 4 and performance-related remuneration under para. 5 is limited to a maximum of € 80,000.00 for an ordinary Supervisory Board member, € 150,000.00 for the deputy chairperson of the Supervisory Board, € 100,000.00 for the chairperson of the audit committee and € 200,000.00 for the chairperson of the Supervisory Board. If a Supervisory Board member performs several of the functions listed in sentence 1 within a fiscal year, the higher amount shall apply to the limit.
- (9) Moreover, one part of the remuneration comprises the member's pro-capita share of a directors and officers liability insurance policy (D&O insurance) concluded on behalf of the company at standard market conditions for the members of the Supervisory Board, the costs of which are borne by the company.
- (10) If a member is only a member of the Supervisory Board or a Supervisory Board committee for part of a fiscal year, the fixed and performance-related remuneration as well as the reimbursement of expenses pursuant to para. 2 shall only be granted pro rata temporis and the limit pursuant to para. 8 shall also be reduced pro rata temporis.
- (11) The provisions of this article 12 shall apply to the remuneration to be granted to the Supervisory Board members for the period from the beginning of 1 June 2019, so that the fixed remuneration pursuant to para. 1, the additional fixed remuneration pursuant to para. 3, the performance-related remuneration pursuant to para. 5 and the flat rate expense allowance pursuant to para. 2 for the period from the beginning of 1 June 2019 to the end of 31 December 2019 shall only be granted in the amount of 7/12.

In addition, under agenda item 9 the Annual General Meeting of 29 May 2019 resolved the following long-term variable remuneration component for the Supervisory Board:

#### § 1 Definitions

**Termination event** has the meaning as defined in § 6.1.

**Bonus payment** has the meaning as defined in § 4.

**Capital employed** means fixed assets plus net operating working capital, calculated over an average of four quarters.

**Change of Control** means the acquisition of a number of shares in the company that leads to a shareholding of more than 50% of the shares in the company by a current shareholder or by a third party.

**EBIT** means earnings before interest and taxes of Leifheit Group based on the audited and approved consolidated financial statements of the company.

**Personal investment shares** has the meaning as defined in § 2.1.

**EPS** means earnings per share, i.e. earnings per share for the period, as reported in the audited and approved consolidated financial statements of the company.

**EPS target** has the meaning as defined in § 3.

**Targets** include the EPS target, the ROCE target and the Free Cashflow target.

**Fixed assets** means tangible assets and intangible assets as reported on the company's approved consolidated financial statements.

**Free Cashflow** means net cashflow from operating activities less net cashflow from investing activities.

**Free Cashflow target** has the meaning as defined in § 3.

**Company** means Leifheit AG.

**Incentive period** means the period of time in which the targets must be achieved. The period starts on 1 January 2020 and lasts until 31 December 2022.

**LTIP** means Long-Term Incentive Program.

**Multiplier** has the meaning as defined in § 4.

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**Net operating working capital** means current trade receivables plus all inventories minus current trade payables and payments received on account of orders, as reported in the approved consolidated financial statements of the company.

**Pro rata bonus payment** has the meaning as defined in § 6.

**Reference share price** is the volume-weighted average price of the company's shares in Xetra trading (or a successor system) on the Frankfurt Stock Exchange during the last three months of the incentive period. If the volume-weighted average price of the company's shares in Xetra trading (or any successor system) on the Frankfurt Stock Exchange during the last three months of the incentive period exceeds € 35.00, the reference price shall be € 35.00. In the event of a change in the number of shares due to a stock split or a reverse stock split, the reference price for the calculation of the bonus payment shall be adjusted accordingly; for this purpose, the reference price shall be divided by the number of shares before the stock split or reverse stock split and multiplied by the number of shares after the stock split or reverse stock split. Even in the event of such an adjustment, the relevant reference price for the calculation shall not exceed € 35.00.

**ROCE** means EBIT divided by capital employed.

**ROCE Target** has the meaning as defined in § 3.

**Reduced incentive period** means the period from 1 January 2020 until the end of the financial year in which a termination event occurs. If a participating Supervisory Board member was a member of the Supervisory Board for less than three months in the financial year in which the termination event occurs, the reduced incentive period shall be from 1 January 2020 until the end of the financial year prior to the financial year in which the termination event occurs.

**Leifheit Group** means the company and the legal entities included in the consolidated financial statements of the company.

### § 2 Personal investment

- 2.1 In order to participate in the LTIP, a Supervisory Board member must make a personal investment in shares of the company (**personal investment shares**) by 31 July 2020. Shares of the company already held by a Supervisory Board member at the time the resolution on this LTIP was adopted by the Annual General Meeting are also deemed to be personal investment shares, even if the member was not yet a member of the Supervisory Board at the time the LTIP was acquired.
- 2.2 The chairman of the Supervisory Board may participate in the LTIP with a personal investment of up to 10,000 shares, his deputy with up to 7,500 shares. The other members of the Supervisory Board may participate in the LTIP with a personal investment of up to 5,000 shares.

### § 3 Targets

The bonus payment depends on the achievement of three performance targets, each of which must be achieved 100% in order to be rated:

- (i) Average annual EPS growth rate of at least 21% during the incentive period (**EPS target**);
- (ii) More than 15% ROCE on average during the incentive period (**ROCE target**);
- (iii) Average annual free cashflow growth rate of at least 15% during the incentive period (**free cashflow target**).

The annual growth rates are calculated on the basis of the key performance indicators for the 2019 financial year as at 31 December 2019. If, according to the audited and approved consolidated financial statements of the company as at 31 December 2019, EPS for the 2019 financial year is less than € 0.65 per share, an amount of € 0.65 per share is to be used as the basis for calculating the annual growth rates for EPS.

### § 4 Calculation of bonus payment

The return profile of the LTIP depends on the extent to which the performance targets are achieved. The participating Supervisory Board members are only entitled to a bonus payment (**bonus payment**) if they have achieved at least one of the performance targets by 100%. The bonus payment is calculated by multiplying a multiplier (**multiplier**) by the number of personal investment shares multiplied by the reference price.

- Full performance: If all three performance targets are achieved, the multiplier is 0.5.
- Partial performance: If only two of the three performance targets are met, the multiplier is 0.33. If only one of the three performance targets is met, the multiplier is 0.17.
- Exceeding the EPS target: If the free cashflow target and the ROCE target are achieved and the average annual growth rate of EPS during the incentive period is 21.8% or more, the multiplier is between 0.66 and 1.2, as shown in the following table:

Average growth rate of EPS	Multiplier
21.8%	0.66
23.6%	0.83
25.3%	1.01
26.9%	1.20

### § 5 Due date for bonus payment

- 5.1 If a participating member of the Supervisory Board is entitled to a bonus payment in accordance with § 4, this is due on the day of the Annual General Meeting of the company in the financial year 2023.
- 5.2 A participating member of the Supervisory Board is only entitled to a full bonus payment if (i) he/she still holds the personal investment shares at the end of the incentive period and, (ii) subject to the provisions of § 6 and § 7, was a member of the Supervisory Board without interruption from the beginning to the end of the incentive period.
- 5.3 The entitlement to payment is subject to the resolatory condition that the entitled Supervisory Board member (i) acquires 2023 shares of the company for one sixth of the bonus payment received under the LTIP within three months after the Annual General Meeting in the fiscal year 2023 and (ii) holds these shares for at least three years after the acquisition. The requirement to hold the shares shall end if the entitled Supervisory Board member resigns from the Supervisory Board during the three-year holding period.

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### § 6 Pro rata bonus payment

- 6.1 If one of the following events (in each case the **termination event**) occurs before the end of the incentive period, the participating Supervisory Board member is entitled to a proportionate bonus payment (**pro rata bonus payment**), provided it still holds the personal investment shares when the termination event occurs:
- Resignation from office or dismissal of the participating Supervisory Board member within three months of the occurrence of a Change of Control;
  - Withdrawal of the participating member of the Supervisory Board from the Supervisory Board due to expiry of his term of office before expiry of the incentive period;
  - Death of the participating Supervisory Board member;
  - Termination of the office of the participating Supervisory Board member upon the effectiveness of a merger, a split-up or a change of the legal form of the company pursuant to the German Transformation Act (Umwandlungsgesetz);
  - Delisting of the company's shares from the Frankfurt Stock Exchange.
- 6.2 The basis for calculating the pro rata bonus payment is the return profile for the LTIP pursuant to § 4. However, this is adjusted as follows:
- The reference price is the volume-weighted average price of the Company's shares in Xetra trading (or a successor system) on the Frankfurt Stock Exchange during the last three months prior to the occurrence of the termination event. If the volume-weighted average price of the Company's shares in Xetra trading (or any successor system) on the Frankfurt Stock Exchange exceeds € 35.00 during the last three months prior to the termination event, the reference price shall be € 35.00. In the event of a change in the number of shares due to a stock split or reverse stock split, the reference price for the calculation of the pro rata bonus payment shall be adjusted accordingly; for this purpose, the reference price shall be divided by the number of shares before the stock split or reverse stock split and multiplied by the number of shares after the stock split or reverse stock split. Even in the event of such an adjustment, the relevant reference price for the calculation shall not exceed € 35.00.
  - The multiplier must be adjusted. The calculation shall be based on the multipliers in accordance with § 4 up to a factor of 0.5; the limitation to 0.5 shall also apply if the average annual growth rate of EPS is 21.8% or more. The multiplier to be used shall be adjusted pro rata to reflect the shortened incentive period. Accordingly, the multiplier shall be reduced by one third for each year by which the shortened incentive period is shorter than the incentive period. This is any year in which the entitled member of the Supervisory Board has not been a member of the Supervisory Board for at least three months. If the three performance targets are met, the multiplier after adjustment is 0.33 for a shortened incentive period of two years and 0.17 for a shortened incentive period of one year.
  - The performance targets are not adjusted. However, the performance targets apply to the shortened incentive period.
- 6.3 If a participating Supervisory Board member is entitled to a pro rata bonus payment, the payment shall be due on the day of the Annual General Meeting of the company in the fiscal year following the fiscal year in which the termination event occurred.

### § 7 New entry of Supervisory Board members

- 7.1 A member of the Supervisory Board who is elected to the Supervisory Board or appointed by court order until after the start of the incentive period may participate in the LTIP. For this purpose, it must make a personal investment in shares of the company in accordance with § 2, whereby the personal investment shares must be acquired no later than three months after the election or judicial appointment to the Supervisory Board becomes effective.
- 7.2 The calculation of the bonus payment shall also be based on § 4 in the starting point in the cases referred to in § 7.1. However, the bonus payment shall be reduced pro rata and shall only be granted for the period of actual membership of the Supervisory Board. For this purpose, 1/36 of the bonus payment calculated in accordance with § 4 shall be granted for each month to which the member belongs to the Supervisory Board during the incentive period. If the Supervisory Board member's term of office does not begin on the first day of the month in question, the month shall be fully taken into account in the calculation if the member belonged to the Supervisory Board for at least 15 calendar days in that month; otherwise the month shall not be taken into account in the calculation. If an event of termination occurs before the end of the incentive period, § 6 shall apply additionally.
- 7.3 For the due date of the bonus payment calculated in accordance with § 7.2, § 5 shall apply. § 6.3 shall remain unaffected.

### § 8 Taxes

Any income tax payable on the bonus payment (or the pro rata bonus payment) shall be paid by each participating member of the Supervisory Board.