

# WESTWING

## Annex to Agenda Item 8

### **Compensation System for the Members of the Supervisory Board of Westwing Group AG**

The system for the compensation of the members of the Supervisory Board is based on the statutory requirements and takes into account the recommendations and suggestions of the German Corporate Governance Code (GCGC).

The compensation of the members of the Supervisory Board should be balanced overall and commensurate with their responsibilities and tasks and with the situation of the Company. The individual amount of the fixed annual compensation takes into account the specific function and responsibility of the members of the Supervisory Board. At the same time, the compensation should make the assumption of a position as a member or the chairman of the Supervisory Board or a committee appear sufficiently attractive to attract and retain suitably qualified candidates for the Supervisory Board. This is a prerequisite for the best possible supervision and advice of the Management Board, which in turn makes a major contribution to a successful business strategy and the long-term success of the Company.

In accordance with the recommendation in G.18 GCGC, the current compensation arrangements do not provide for performance-related compensation, but for purely fixed compensation for the members of the Supervisory Board. This is the best way for the Supervisory Board to provide independent advice and oversight to the Management Board. The extent of the workload and liability risk of the members of the Supervisory Board does not generally develop in parallel with the business success of the Company or the earnings situation of the Company. On the contrary, it is often precisely in difficult times, when variable compensation may decline, that the members of the Supervisory Board are required to perform their advisory and supervisory functions particularly intensively. Variable compensation components and financial or non-financial performance criteria are not provided for.

The compensation of the members of the Supervisory Board consists of fixed basic compensation of EUR 25,000.00 payable after the end of each fiscal year. In addition, the Company reimburses the members of the Supervisory Board for expenses reasonably incurred by them in the exercise of their Supervisory Board position as well as for any value-added tax payable on their compensation and expenses. Furthermore, the members of the Supervisory Board are included in a financial loss liability insurance for members of governing bodies (D&O insurance) maintained by the Company in the interest of the Company at an appropriate level, insofar as such a policy exists.

Appropriate allowance is made for the higher time expenditure of the Chairman and Deputy Chairman of the Supervisory Board and of the chairman and members of committees, so that the recommendation in G.17 GCGC is also complied with. The Chairman of the Supervisory Board receives fixed basic compensation of EUR 40,000.00 and each Deputy Chairman fixed basic compensation of EUR 30,000.00 for each fiscal year of the Company. For their work on the Audit Committee of the Supervisory Board, the Chairman of the Audit Committee receives EUR 20,000.00 and each other member of the Audit Committee receives EUR 10,000.00 for each fiscal year of the Company.

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Unless otherwise specified at the time of their election, the members of the Supervisory Board are elected for a period terminating at the end of the General Meeting that resolves on the formal approval of the members' acts for the fourth fiscal year following the commencement of their term of office. Upon the change in the legal form of the Company into a European company (*Societas Europaea*, SE) becoming effective, the members of the Supervisory Board will, unless otherwise specified at the time of their election, in the future be appointed until the end of the General Meeting which resolves on the formal approval of members' actions for the second fiscal year following the commencement of their term of office. The fiscal year in which the term of office begins is not included in this calculation. Subject to the relevant statutory provisions, members of the Supervisory Board may be dismissed and may resign from office without good cause by giving one month's notice in writing to the Chairman of the Supervisory Board – or, in the event of resignation by the Chairman, to his Deputy. The Chairman of the Supervisory Board or, in the event of resignation from office by the Chairman of the Supervisory Board, his/her Deputy, may shorten the period of notice or waive compliance with the period of notice. There is no further compensation in the event of resignation or any provision regarding compensation after the term of office. Members of the Supervisory Board who are members of the Supervisory Board and or a committee of the Supervisory Board or hold the office of Chairman or Deputy Chairman for only part of a full fiscal year receive a corresponding portion of the compensation.

Supervisory Board compensation is reviewed by the Supervisory Board and Management Board on a regular basis, but at least every four years. For this purpose, a horizontal market comparison with supervisory board compensation in other companies may be drawn up. The Supervisory Board may be assisted in this by an independent external compensation expert. In the event of significant changes, but no later than every four years, the compensation system and the compensation of the members of the Supervisory Board it to be submitted to the General Meeting for resolution. The General Meeting may confirm the respective existing system of Supervisory Board compensation or adopt a resolution to amend it. Corresponding resolution proposals to the General Meeting are submitted by the Management Board and Supervisory Board in accordance with the legally regulated division of responsibilities, so that there is mutual control between the two bodies. The rules for dealing with conflicts of interest set out in the Rules of Procedure for the Management Board and the Supervisory Board are observed in the procedures for setting up, implementing and reviewing the compensation system. The decision on the ultimate structure of the compensation system is assigned to the General Meeting. Thus, a system of checks and balances is already enshrined in the statutory regulations.

The compensation of the members of the Supervisory Board is governed by Article 14 of the Articles of Association of the Company, which is worded as follows:

## **§ 14**

### ***Compensation***

- (1) The members of the Supervisory Board shall receive a fixed base compensation for each fiscal year of the Company in the amount of EUR 25,000.00. The chairman of the Supervisory Board shall receive a fixed base compensation for each fiscal year of the Company in the amount of EUR*

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*40,000.00 and each deputy chairman a fixed base compensation in the amount of EUR 30,000.00.*

- (2) For their office in the Audit Committee of the Supervisory Board the Chairman of the Audit Committee shall receive an additional compensation in the amount of EUR 20,000.00 and any other member of the Audit Committee an additional compensation in the amount of EUR 10,000.00 for each fiscal year of the Company.*
- (3) The compensation is payable after the end of each fiscal year. Members of the Supervisory Board who hold their office in the Supervisory Board or in a committee of the Supervisory Board or who hold the office as chairman or deputy chairman only during a part of the fiscal year shall receive a corresponding portion of the compensation.*
- (4) In addition to the compensation paid pursuant to the foregoing paragraphs, the Company shall reimburse the members of the Supervisory Board for their reasonable out-of-pocket expenses incurred in the performance of their duties as Supervisory Board members as well as the value added tax on their compensation and out-of-pocket expenses.*
- (5) The Supervisory Board members shall be included, where existing, in a D&O liability insurance for board members maintained by the Company in the Company's interests that will provide reasonable coverage against financial damage. The premiums for this insurance policy are paid by the Company.*