

Douglas AG

Compensation System for the
Supervisory Board members

Principles of Supervisory Board compensation

The Supervisory Board of Douglas AG advises and monitors the Management Board and performs further duties as set out by law and the Articles of Association of the Company. The compensation for the members of the Supervisory Board shall be appropriate with regard to their tasks and the economic situation of the company. Furthermore, the compensation should ensure international competitiveness in order to attract and retain qualified Supervisory Board candidates.

The compensation system for the members of the Douglas Supervisory Board considers legal requirements as well as the recommendations and suggestions of the German Corporate Governance Code.

Composition of Supervisory Board compensation

The compensation of the Supervisory Board members is set out in Article 13 of the Company's Articles of Association. The wording of Article 13 is as follows:

§ 13 Compensation

- (1) Every Supervisory Board member shall receive a fixed annual compensation of EUR 60,000. In deviation from sentence 1, the chairperson of the Supervisory Board shall receive fixed annual compensation of EUR 150,000 and the deputy shall receive fixed annual compensation of EUR 100,000.*
- (2) Members of the working committee and members of the audit committee shall additionally receive a fixed annual compensation of EUR 30,000 for each office held in a committee. The chairman of the working committee and the chairman of the audit committee shall each additionally receive a fixed annual compensation of EUR 60,000 for the chair held in one of these committees.*
- (3) Supervisory Board members who sit on the Supervisory Board or on a committee or take the chair or deputy chair of the Supervisory Board or a committee for only part of a fiscal year shall receive compensation which is reduced pro-rata.*
- (4) The remuneration according to paragraphs (1) to (3) is payable after the end of the General Meeting that decides on the discharge of the supervisory board for the past fiscal year.*
- (5) In addition to the compensation paid, 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.*
- (6) 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 damages. The premiums for this insurance policy shall be paid by the Company.*

The compensation for the Supervisory Board members consists of a fixed annual compensation, committee compensation and reimbursement of out-of-pocket expenses,

which is in line with German law and the recommendations and suggestions of the German Corporate Governance Code. With regard to the duties of the Supervisory Board and German market practice the Supervisory Board members are not granted variable performance-based compensation. An attendance fee for the participation in Supervisory Board meetings is not granted.

Supervisory Board compensation in practice

Each Supervisory Board member receives a fixed annual compensation for their work on the Supervisory Board, which is paid following the General Meeting that decides on the discharge of the Supervisory Board for the past fiscal year.

Supervisory Board members of Douglas AG receive a fixed compensation in the amount of EUR 60,000 for every full financial year of their membership in the Supervisory Board. The fixed compensation of the chairperson of the Supervisory Board amounts to EUR 150,000, and for the vice chairperson of the Supervisory Board to EUR 100,000.

Members of the Executive Committee and members of the Audit Committee receive an additional fixed annual compensation of EUR 30,000 for each office held in one of these committees.

The chairperson of the Executive Committee and the chairperson of the Audit Committee receive an additional fixed annual compensation of EUR 60,000 for the chair held in one of these committees.

The members of the Nomination Committee and the Mediation Committee receive no additional compensation.

In addition, Douglas AG will refund the members of the Supervisory Board reasonable expenses they incur in exercising their Supervisory Board mandate as well as any turnover tax payable on their compensation and expenses.

The Supervisory Board members shall be included in a D&O liability insurance for Board members maintained and paid for by the Company in the Company's interests that, where existent, will provide reasonable coverage against financial damages.

Review and adjustment procedure of the Supervisory Board compensation system

As the responsibilities and activities of the Supervisory Board differ substantially from those carried out by the Company's employees, the compensation of the Supervisory Board is not comparable to the employees' compensation. The Supervisory Board compensation is regulated by the German Stock Corporation Act. The Supervisory Board compensation is reviewed regularly by the Supervisory Board and put to an advisory vote by the General Meeting at least every four years pursuant to Article 113 (3) sentence 1 of the German Stock Corporation Act. The review process includes an examination of the market comparability and competitiveness of compensation levels and structure as well as of the appropriateness with

regard to the company's economic situation. Moreover, the continued compatibility of the compensation system with applicable regulatory requirements, the recommendations of the German Corporate Governance Code and the expectations of the capital markets will be considered throughout the review process. If necessary, the Company will consider comparative market studies and consult external compensation experts during the review process.

The Supervisory Board compensation of DOUGLAS is set out in the Articles of Association. Any changes to the compensation system resulting from the review process hence require the approval of the Annual General Meeting, upon proposal of a resolution by the Supervisory Board and the Management Board. The sole responsibility of the Annual General Meeting to decide on the compensation of the members of the Supervisory Board counteracts any conflict of interest between the shareholders and the Company.

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