

Objectives of the Supervisory Board of SLEEPZ AG with regards to its composition; competence profile for the full Board

In number 5.4.1. the German Corporate Governance Code ("Code") provides that the Supervisory Board specifies concrete objectives for its composition, draws up a competence profile for the entire Supervisory Board which - observing the company's specific situation - considers the international activities of the company, potential conflicts of interest, the number of independent Supervisory Board members in the meaning of number 5.4.2 of the code, a defined age limit for the Supervisory Board members and a rule for the length of job tenure to the board as well as diversity.

In addition, with effect on September 30, 2015 the Supervisory Board Members for the first time had to set a target for the proportion of women on the Supervisory Board.

It is the aim of the Supervisory Board of SLEEPZ AG to ensure qualified supervision and advice for the management of SLEEPZ AG.

Therefore, for election to the Supervisory Board candidates are to be proposed who, on the basis of their specialist knowledge and experience, integrity, willingness to perform, independence and personality, can successfully assume the duties of a Supervisory Board Member in a national eCommerce company.

In the interest of complementary cooperation within the board, when choosing candidates, a sufficient diversity with regard to different professional backgrounds, expertise and experience should also be taken into account.

Against this background, the Supervisory Board for the first time adopted targets for its composition at its meeting on December 6, 2016, as part of the implementation of the Code Recommendation. Due to concretisations, which in the meantime have been done on the code, the targets have been modified on February 1, 2018 as follows.

I. Requirements for individual members of the Supervisory Board

1. general requirements

- entrepreneurial, business or management experience
- general knowledge of the trade sector/e-commerce
- basic knowledge in the field of corporate governance and compliance/(supervisory/regulatory)law
- basic financial literacy, in particular in accounting, annual accounts and risk management
- willingness and ability for adequate commitment in terms of content as well as for training
- reliability, discretion, integrity
- compliance with the limit on the number of offices held as recommended by the German Corporate Governance Code and required by Section 100 (2) AktG.

2. Availability in terms of time

Each member of the Supervisory Board must ensure that he can dedicate the necessary time to performing his duties properly. The following points must be taken into account:

- up to six Supervisory Board meetings, but at least the four ordinary meetings prescribed by law will be held each year, each of which requires appropriate preparation.
- special issues or crisis situations may require the Supervisory Board to convene extraordinary meetings or to hold telephone discussions. In crisis situations in particular, this may call for significantly more time than average to be invested.

- sufficient time must be allowed for reviewing the annual and consolidated financial reports, the half-year report as well as the quarterly statements and their respective discussions and for the examination of the Management Board's reports
- attendance at the Shareholders' Meeting is compulsory.

3. Age Limit

Members of the Supervisory Board should not generally be any older than 70.

4. Length of service

As a general rule, members of the Supervisory Board should not remain in office for a continuous period of more than 20 years. Furthermore, the cumulative length of membership of all Supervisory Board Members should if possible not exceed a total of 40 years for a board comprising three persons. In case of an increase in the number of Supervisory Board Members in the future the cumulative period of membership increases proportionately.

II. requirements for the composition of the board as a whole

1. Specific professional knowledge/competence profile

The Supervisory Board as a whole should cover all the following fields of competence, which may arise in particular from the following factors. The areas of competence should be covered as far as possible by individual members of the Supervisory Board, whereby at least one member should have the respective competence:

- extensive experience in retail, ideally in the field of ecommerce
- extensive experience in the area of Home & Living
- extended knowledge in the field of corporate governance and compliance/(supervisory/regulatory)law
- expertise in the areas of accounting or auditing as defined by Section 100 (5) AktG.

2. Independence

The Supervisory Board of SLEEPZ AG should consist of at least of two members who are independent in the meaning of number 5.4.2 of the German Corporate Governance Code, and who in particular who have no business or personal relationship with SLEEPZ AG or its bodies, with a controlling shareholder including its affiliated companies and that may give rise to a material and not merely temporary conflict of interest.

However, conflicts of interest cannot always be ruled out in individual cases. Such potential conflicts of interest must be disclosed to the Supervisory Board's Chairman and are resolved through appropriate measures.

3. Internationality

At least two members should represent regions or cultural spheres in which SLEEPZ AG conducts a significant amount of business, based on their origin or activities. At the time these targets were set, SLEEPZ AG was active mainly in Germany.

4. Diversity and adequate involvement of women

The Supervisory Board should be expanded as broadly as possible in terms of personal background, professional experience and expert knowledge. This in principle also includes adequate involvement of women. In view of its current size with only three members, however, the Supervisory Board – most recently on 29 June, 2017 - has decided not to set a target quota going beyond the current figure of 0%.