

Statement of SLEEPZ AG on application of Corporate Governance Standards in 2017

According to the ordinance of Minister of Finance dated February 19, 2009 *on current and periodic information published by issuers of securities and the conditions for recognition as equivalent the information required by the laws of a non-member state*¹, SLEEPZ AG ("SLEEPZ", "the Company") states that it falls within the following set of corporate governance rules, including standards that issuer applies voluntarily and corporate governance practices used by issuer beyond the requirements of national law.²

As SLEEPZ is a company under German law, general corporate governance rules i.e. a system of regulations and procedures defining guidelines for the activities of SLEEPZ's governing bodies, including their relations with entities interested in SLEEPZ's activities (stakeholders) result from German laws regulations, especially from the German Commercial Code (Handelsgesetzbuch - "HGB")³, the German Stock Corporation Act (Aktengesetz - "AktG")⁴, the German Securities Trading Act (Wertpapierhandelsgesetz - "WpHG")⁵, as well as the rules laid down in. As publicly traded company SLEEPZ is also subject to the requirements of the European Market Abuse Regulation⁶ as well as of the European Regulation on the Prospectus⁷. Furthermore, the Company is therefore generally required to comply not only with the provisions of the German Corporate Governance Code⁸, but also to follow best practices for companies listed on the Warsaw Stock Exchange⁹, as shares in SLEEPZ are listed on both the Prime Standard of Deutsche Börse AG, Frankfurt/Germany and the regulated market of the Warsaw Stock Exchange.

In 2017, SLEEPZ applied corporate governance rules laid down in the Code of Best Practice for WSE Listed Companies 2016 set by WSE Supervisory Board's Resolution No. 26/1413/2015 of October 13, 2015, except of:

¹ Journal of Laws 2014.133 unified text, as amended

² Par. 91.5.4.a and b of the ordinance of the Minister of Finance of February 19, 2009

³ https://www.gesetze-im-internet.de/englisch_hgb/index.html

⁴ <https://www.gesetze-im-internet.de/aktg/index.html>

⁵ <https://www.gesetze-im-internet.de/wphg/index.html>

⁶ <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32014R0596&from=DE>

⁷ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32017R1129>

⁸ <http://www.dcgk.de/en/code.html>,

how SLEEPZ applied corporate governance rules laid down German Corporate Governance Code can be read here:

<https://www.sleepz.com/en/investor-relations/corporate-governance/declaration-conformity>

⁹ https://www.gpw.pl/pub/GPW/o-nas/DPSN2016_EN.pdf

I.R.2	<i>Where a company pursues sponsorship, charity or other similar activities, it should publish information about the relevant policy in its annual activity report.</i>
	The consolidated financial statements is prepared in accordance with the International Financial Reporting Standards (IFRS), the single-entity financial statements of SLEEPZ AG have been prepared in accordance with the provisions of the German Commercial Code (HGB). Both of them do not demand a description of the donation policy within the scope of the annual management report, neither does the German Corporate Governance Code within the annual activity report on Corporate Governance.
II.Z.1.	<i>A Company should operate a corporate website and publish on it, in a legible form and in a separate section, in addition to information required under the legislation:</i>
	...
	3. <i>a chart showing the division of duties and responsibilities among members of the management board drawn up according to principle II.Z.1;</i>
	The management board consists of only one person who is responsible for all duties and responsibilities.
	11. <i>information about the content of the company's internal rule of changing the company authorised to audit financial statements or information about the absence of such rule;</i>
	According to German Law the General Assembly on a proposal of the Supervisory Board decides about the appointment of the auditor. The proposal of the Supervisory Board is based on the provisions of German law. In addition, the company thus has no internal rule in this matter.
	14. <i>materials provided to the general meeting, including assessments, reports and positions referred to in principle II.Z.10, tabled to the general meeting by the supervisory board;</i>
	All materials, which are - following the requirements of German law - provided to the general meeting are published on the company's website. These materials also include a report of the supervisory board, its content, however, differs from the requirements of II.Z.10
	19. <i>shareholders' questions asked to the management board pursuant to Article 428 § 1 or § 6 of the Commercial Companies Code together with answers of the management board to those questions, or a detailed explanation of the reasons why no answer is provided, pursuant to principle IV.Z.13;</i>
	Information rights of shareholders as well as the management board's duty to provide information subject to the provisions of the German Stock Corporation Act. Within this, publication of the shareholders' questions and the replies by the Management Board is not mandatory. Under consideration of costs and shareholders' benefits the company refrains from publishing shareholders' questions asked to the Management Board and its answers.
	20. <i>an audio or video recording of a general meeting</i>
	Under consideration of costs and shareholders' benefits the company refrains from recording the General Meeting in audio or video and thus will not publish such a record on the company's corporate website.
II.Z.1.	<i>The internal division of responsibilities for individual areas of the company's activity among management board members should be clear and transparent, and a chart describing that division should be available on the company's website.</i>
	The Management Board currently just includes one person.

II.Z.10.	<i>In addition to its responsibilities laid down in the legislation, the supervisory board should prepare and present to the ordinary general meeting once per year the following: ...</i>
	The supervisory board reports to the ordinary general meeting in accordance with the requirements of § 171 (2) AktG.
III.Z.1.-5.	<i>The company's management board is responsible for the implementation and maintenance of efficient internal control, risk management and compliance systems and internal audit function.</i>
	Due to the size of the company, the management board refrains of implementing a separate internal audit function. As a consequence of this the company does also not fulfill the principles set down in III.Z.2. - III.Z.5.
IV.Z.16	<i>The dividend record date and the dividend payment date should be set so as to ensure that the period between them is not longer than 15 business days. A longer period between these dates requires a justification.</i>
	The Company meets the requirements of German Stock Corporation Act, pursuant to which the record day, which in meantime is the dividend record date, is three weeks before the General Meeting. Therefore, the Company does not comply with this rule and will not comply with this rule in the future.
IV.Z.18	<i>A resolution of the general meeting to split the nominal value of shares should not set the new nominal value of the shares below PLN 0.50, which could result in a very low unit market value of the shares, and which could consequently pose a threat to the correct and reliable valuation of the company listed on the Exchange.</i>
	In compliance with German Law par value shares are denominated in at least one Euro. No-par-value shares are to the same extent involved in the share capital. Attributable to each share pro rata amount of the share capital must not fall below one euro.
V.Z.6	<i>In its internal regulations, the company should define the criteria and circumstances under which a conflict of interest may arise in the company, as well as the rules of conduct where a conflict of interest has arisen or may arise. The company's internal regulations should among others provide for ways to prevent, identify and resolve conflicts of interest, as well as rules of excluding members of the management board or the supervisory board from participation in reviewing matters subject to a conflict of interest which has arisen or may arise.</i>
	The German Corporate Governance Code defines a framework for dealing with conflicts of interest of Executive and Supervisory Board Members. The company neither defines further criteria on circumstances under which a conflict of interest may arise nor rules of conducts.
VI.Z.4	<i>In this activity report, the company should report on the remuneration policy including at least the following: general information about the company's remuneration system; ...</i>
	The Management Board member of SLEEPZ AG does not receive remuneration. However, the Company maintains a D & O insurance policy for the Management Board, which provides for the statutory deductible. On the basis of the resolution passed by the Annual General Meeting on June 17, 2015, the Management Board, with the approval of the Supervisory Board, passed the stock option program 2015 / I on December 22, 2015. The program also provides for the possibility of a total of up to 517,529 stock options being granted to members of the Management Board. The remuneration report accords with the requirements of German law and the German Corporate Governance.

Acting in compliance with par. 91.5.4.c–k of above mentioned ordinance of Minister of Finance dated February 19, 2009, bmp presents following information:

1) The description of key features of bmp's internal control and risk management systems related to the preparation of financial statements and consolidated financial statements

The Management Board of SLEEPZ is responsible for developing and implementing of an adequate, effective and efficient internal control system and risk management system with respect to the preparation of financial statements.

The Supervisory Board oversees the functioning of the internal control system by assessing its adequacy, effectiveness and efficiency. Due to its size the Supervisory Board refrains of implementing an Audit Committee and an Internal Audit Department.

The Company has put in place a risk management system that is oriented towards the business activities, size and structure of the Company. A risk management manual lists any risks and assesses their significance to the Company and the Group. This manual also describes measures and process flows, along with control mechanisms. The functionality of the risk management system is continuously reviewed and measures and process flows are adjusted promptly if required.

The accounting policy adopted by SLEEPZ is compliant with the International Financial Reporting Standards (IFRS) and the German Commercial Code (HGB). The subsidiaries report in accordance with the requirements and rules applied by the parent entity.

SLEEPZ maintains its accounting books in the form of separate IT resources which are in line with the adopted business structure. The internal procedures ensure a timely and complete data exchange between the subsidiaries and the parent entity which make it possible draw up financial statements.

The responsibility for preparation of financial statements, periodic financial reporting and information management rests with the Management Board.

Further information on the structure of the risk management system of SLEEPZ and the Group can be found in the management report of the company or the Group.

2) Identification of shareholders owning directly or indirectly a significant block of shares together with identification of number of shares owned by those shareholders, percentage of shareholders share in share capital, number and percentage of votes at SLEEPZ's General Meeting resulting from owned share

The shareholders of SLEEPZ owning directly or indirectly through their subsidiaries at least 5% of the total number of voting:

Name of Shareholder	Number of shares directly owned	Number of shares indirectly owned	Share in share capital of directly or indirectly owned shares	Total Number of shares and votes at the General Meeting	Share in share capital and total number of votes at the general meeting
Bernd Förtsch*		1,380,000	15.38%		
<i>BF Holding AG</i>					
<i>Lion Capital AG</i>					
<i>FinLab AG</i>					
<i>Heliad Management GmbH</i>					
<i>Heliad Equity Partners GmbH & Co. KGaA</i>	1,380,000		15.38%	1,380,000	15.38%
Carin Pepper-Hellstedt	1,135,067		12.65%	1,135,067	12.65%
Oliver Borrmann	1,055,985	31,299	12.12%	1,087,284	12.12%
Alessanders S.p.A.	690,000		7.69%	690,000	7.69%

All information relating to the most recent voting rights announcement and the current share capital; rounded values

* Full Chain of controlled undertakings starting with the ultimate controlling natural person or legal entity)

3) Identification of holders of any securities with special control rights with description of those rights

According to the SLEEPZ's Statute all the existing shares are ordinary bearer shares. There are no special preferences or limitations connected with the shares, or differences in the rights attached to them. The rights and obligations related to the shares are defined by the provisions of the German Stock Corporation Act. Securities issued by bmp do not give any special control rights to any shareholder.

4) Identification of any restrictions of voting rights, such as restriction of voting rights of holders of given number or percentage of votes, temporary restrictions of voting or provisions according to which, with co-operation of a company, rights resulting from securities are separated from the fact of holding those securities

According to the SLEEPZ's Statute there are no restrictions of voting rights.

5) Identification of any restrictions of ownership transfer of securities issued by the SLEEPZ

According to the SLEEPZ's Statute there are no restrictions of ownership transfer of its shares. Eventhough, Alessanderx has pledged to hold onto its 690,000 shares for at least five years, that means until 2022/06/30.

6) Description of rules governing appointment and dismissal of Members of managerial bodies and their rights, in particular right to decide whether to issue or repurchase shares

The Company is managed by the Management Board of SLEEPZ and pursuant to § 84 German Stock Corporation Act the Management Board is appointed by the Supervisory Board. Members of the Management Board have equal rights and duties under the generally applicable law. Rules of procedure, which have been adopted by the Supervisory Board, exist to regulate cooperation within the Management Board as well as the Management Board's information obligations towards the Supervisory Board. It furthermore defines important actions which require the Supervisory Board's consent.

The Management Board determines the strategic development direction of the enterprise and is responsible for the business. It is also in the Management Board's duty to produce financial reports, to introduce a risk Management, controlling and monitoring systems and to care for the obedience of the law and the Company's internal instructions.

According to the SLEEPZ's statute the Management Board is authorised, with the approval of the Supervisory Board, to increase the share capital of the company on one or several occasions by a total of € 10,350,587.00 by issuing new no-par value bearer shares against cash and/or non-cash contributions until 26 June 2019 (Authorised Capital 2014/I). With the approval of the Supervisory Board, the Management Board exercised this option three times in 2017 and issued a total of 2,070,000 new shares, excluding subscription rights.

Management Board Members, as well as Supervisory Board Members, are obliged to notify the Supervisory Board of any situation in which a conflict of interests might occur or has occurred as well as refrain from participating in discussion and voting on resolution in case of which a conflict of interest has occurred.

7) Description of rules governing amendment of the Statute of SLEEPZ

Amendment of SLEEPZ's Statute requires adoption by way of resolution of the SLEEPZ's General Shareholders Meeting as well as registering the amendment in the Commercial Register (Handelsregister).

Rules of conducting SLEEPZ's General Shareholders Meetings and adopting resolutions are defined in German Stock Corporation Act as well as in the Company's Statute.

Resolutions of the Annual General Meeting of Shareholders generally shall be passed by a simple majority of votes cast. However amendments to the Statute require a three-thirds majority of the share capital represented within the Meeting. Abstentions shall not be counted as votes in either case.¹⁰

¹⁰ § 179 AktG, § 22 of SLEEPZ's statute

8) Functioning of the General Shareholders Meeting and its key powers, as well as description of the rights of shareholders and the manner of exercising these rights, in particular rules resulting from Rules of Procedure for the General Shareholders Meeting, unless these rules result directly from generally applicable law

The operation of the SLEEPZ's General Shareholders Meeting is governed by the German Stock Corporation Act¹¹ as well as by the Company's statute¹². Further Rules of Procedure do not exist.

SLEEPZ's General Shareholders' Meeting decides, in particular, in the cases expressly specified in the law and in the Articles of Association

- the appointment of the members of the Supervisory Board, insofar as they are not to be sent to the Supervisory Board or elected as members of the supervisory board of employees pursuant to the German Codetermination Act, the Codetermination Amendment Act, the Third Participation Act or the Act on the Codetermination of Employees in the case of a cross-border merger;
- the use of the balance sheet profit;
- the discharge of the members of the Management Board and the Supervisory Board;
- the appointment of the auditor;
- amendments to the statute;
- measures to raise capital and reduce capital;
- the appointment of examiners for the examination of transactions during the establishment or management
- the dissolution of society.

General Shareholders' Meetings of the Company are convened in accordance with § 121 et seq. of the German Stock Corporation Act) - the copies of the convening documents are also published on the Company's website. The convening must be announced at least 30 days before the end of the day of the Annual General Meeting of Shareholders.

The Annual General Meeting should take place once a year within the first 8 months. When determining the date of the Annual General Meeting of SLEEPZ, the Management Board tries to enable as many shareholders as possible to participate in the meeting.

Video and audio excerpts of the General Shareholders Meeting, or the full General Shareholders Meeting, may be broadcast if the Management Board permits this in individual cases in a manner that it specifies in greater details.

¹¹ § 175 et seq. AktG

¹² § 18 et seq. Statute of SLEEPZ AG

Generally General Shareholders Meeting is convened by the Management Board.¹³ It can be convened by the Supervisory Board if the welfare of the company so requires.¹⁴

Last but not least the General Shareholders Meeting shall be convened if shareholders whose shares together reach the twentieth of the share capital require the convening of the meeting in writing stating the purpose and reasons; the request is to be addressed to the board. If the demand is not met, the court may authorize the shareholders who have made the request to convoke the general meeting or to announce the subject matter. At the same time, the court may appoint the chairman of the assembly.¹⁵

Any shareholder of the Company is entitled to submit countermotions to proposals of the Management Board and/or Supervisory Board concerning certain items of the Agenda and to submit election proposals. Countermotions that need to be made accessible must be accompanied by a reason. Election proposals that need to be made accessible need not to be accompanied by a reason.

Under certain conditions, the Company is not obliged to make a countermotion and its reasons or an election proposal accessible. Moreover, the reason for a permissible countermotion need not be made accessible if it is longer than 5,000 characters in total; and election proposal also does not need to be made accessible if it does not include the proposed candidate's name, current profession and place of residence. Proposals for the election of Supervisory Board members further do not need to be made accessible if they are not accompanied by details of the proposed candidate's memberships of other statutory supervisory boards as defined by § 125 (1) 5 AktG. The Management Board reserves the right to combine countermotions and their reasons if several shareholders present countermotions on the same subject matter.¹⁶

On request, shareholders have the right to be informed by the Management Board of the Company's affairs at the General Shareholders' Meeting to the extent necessary to objectively assess the subject matter of items on the Agenda. The Management Board's obligation to provide information also includes the legal and business transactions between the Company and its affiliates. In certain cases stipulated in the German Stock Corporation Act, the Management Board may refuse to give information.

If information has been given to a shareholder outside the General Shareholders Meeting because of that person or entity being a shareholder, this information is also to be provided to every other shareholder upon demand in the General Shareholders' Meeting, even if it is unnecessary for a proper appraisal of the relevant item on the Agenda.

If information is refused to a shareholder, he/she/it can demand that his/her/its question and the reason for which the information was refused are stated in the notarial minutes of the General Shareholders' Meeting.¹⁷

¹³ § 121 (2) AktG

¹⁴ § 111 AktG

¹⁵ § 123 AktG

¹⁶ § 126 et seq. AktG

¹⁷ § 131 AktG

SLEEPZ's General Shareholders Meetings are attended by Members of the Management Board and the Supervisory Board that enables providing content-related answers to question in discussion. The auditor is also present at the Ordinary General Shareholders Meeting.

The chairman of the Supervisory Board presides over the General Shareholders' Meeting; if he is prevented from presiding, his vice-chairman or another Supervisory Board member appointed by the Supervisory Board shall preside. If no member of the Supervisory Board assumes the chairmanship, the chairman of the assembly shall be elected by the General Shareholders' Meeting under the direction of the oldest shareholder present.

The chairman shall also preside over the assembly. He shall determine the order in which the items of the agenda are considered, the method and order of voting and may reasonably limit the amount of time the shareholders are entitled to speak and ask questions.¹⁸

9) Composition of SLEEPZ's managerial, supervisory or administrative bodies and it's committees, and its changes that occurred during last financial year as well as rules of procedure

Management Board

As at January 1, 2017 as well as at December 31, 2017 the Management Board of SLEEPZ AG was composed of the following persons:

Oliver Borrmann

Sole Member of the Management Board

There were no changes within the financial year.

The Management Board determines the strategic development direction of the enterprise and is responsible for the business. It is also in the Management Board's duty to produce financial reports, to introduce a risk Management, controlling and monitoring systems and to care for the obedience of the law and the Company's internal instructions. The Supervisory Board issues its opinions on the SLEEPZ's long-term development plans and annual financial plans, prepared by the Management Board.

Rules of procedure, which have been adopted by the Supervisory Board, exist to regulate cooperation within the Management Board as well as the Management Board's information obligations towards the Supervisory Board. It furthermore defines important actions which require the Supervisory Board's consent.

¹⁸ § 21 of SLEEPZ's statute

Supervisory Board

As at January 1, 2017 the Supervisory Board of SLEEPZ AG was composed of the following persons:

Bernd Brunke	Chairman of the Supervisory Board
Michael Stammler	Deputy Chairman of the Supervisory Board
Sven Rittau	Member of the Supervisory Board

On April 27, 2017, Bernd Brunke resigned as Chairman of the Supervisory Board. The supervisory board re-constituted itself on the same day and elected the former member Sven Rittau as its new chairman. Michael Stammler was confirmed in his capacity as vice chairman.

Supervisory Board Member Bernd Brunke resigned his Supervisory Board mandate with effect from the end of the Annual General Shareholders' Meeting held on August 18, 2017. As no member has been elected to replace Mr. Brunke, it was necessary to elect a new Supervisory Board member.

The Ordinary General Shareholders' Meeting of SLEEPZ on August 18, 2017 elected

Dott. Michele Puller

to the Supervisory Board to replace departing member Mr. Bernd Brunke until the end of the Annual General Meeting of Shareholders that decides on the discharge of the acts of the Supervisory Board for the financial year ending 31 December 2017, that is until the 2018 Annual General Meeting of Shareholders.

At the meeting on August 18, 2017 the Supervisory Board appointed:

Sven Rittau	as Chairman of the Supervisory Board
Michael Stammler	as Deputy Chairman of the Supervisory Board

As at December 31, 2017 the Supervisory Board of SLEEPZ AG was composed of the following persons:

Sven Rittau	as Chairman of the Supervisory Board
Michael Stammler	as Deputy Chairman of the Supervisory Board
Dott. Michele Puller	Member of the Supervisory Board

The Supervisory Board's task is to control the Management Board's activities and to advise the Management Board members in all matters. Therefore a regular, close and trustful contact between the Members of both Boards is essential.

The Supervisory Board Members meet at least four times a year to get information about the company's business development and to discuss important matters with the Management Board Members. It is also its duty to appoint the members of the Management Board and to determine the amount of their remuneration. In addition they have to agree on an annual budget as well as to check and approve an

annual financial report of SLEEPZ AG AG and the Group taking into account an independent auditor's opinion and report.

The Supervisory Board appoints a Chairman and a Vice-Chairman out of its members at the first meeting after their election. The Chairman's task is to coordinate the Board's work, to preside their meetings and to represent the Supervisory Board's interests; the Vice-Chairman might act in place of the Chairman.

For their cooperation, the Supervisory Board Members have adopted rules of procedure, which regulate the tasks, responsibilities and work processes of the Supervisory Board. Due to its size the Board refrains from building special committees.

The Supervisory Board Members receive a remuneration, which has been adopted by the General Meeting.

Information about the Supervisory Board's activities can be found in the Supervisory Board's Report, which is published within the company's annual financial report.

10) Description of the SLEEPZ's diversity Policy applied to governing, Management and supervising bodies with respect to such factors as age, gender or education and professional experience, aims of the diversity policy, manner of its realisation and results in the given reporting period,

The German Corporate Governance Code recommends that diversity be ensured when filling managerial positions in the company, particularly with regard to appropriate consideration of women.¹⁹

Furthermore the German Stock Corporation Act recommends that the Management Board of companies that are listed on the stock exchange or who are subject to codetermination sets targets for the share of women in the two management levels below the Management Board. If the proportion of women is less than 30 percent when the target values are set, the target values may not be less than the proportion reached. At the same time, deadlines for reaching the targets are to be defined. The deadlines may not be longer than five years.²⁰

In 2017 SLEEPZ AG employs three members (FTE) of staff; there are no management levels below the Management Board at present. The Management Board has therefore decided to maintain a target of 0%, which also takes into account any changes relating to the possible establishment of a management level or levels below the Management Board by June 30, 2022.

The German Corporate Governance Code that the Supervisory Board has to ensure diversity in the composition of the Management Board and, in doing so, strive for appropriate consideration of women in

¹⁹ 4.1.5. German Corporate Governance Code

²⁰ § 76 (4) AktG

particular.²¹ For the Supervisory Board the German Corporate Governance Code recommends that it should be composed in such a way that its members as a group possess the knowledge, ability and expert experience required to properly complete its tasks. The Supervisory Board shall specify concrete objectives regarding its composition which, whilst considering the specifics of the enterprise, take into account the international activities of the enterprise, potential conflicts of interest, the number of independent Supervisory Board members, an age limit to be specified and a regular limit of length of membership to be specified for the members of the Supervisory Board as well as diversity.²²

For both boards, the German Stock Corporate Act recommends, that the Supervisory Board of companies which are listed or which are subject to employee participation determines the share of women in the Supervisory Board and the Management Board. If the proportion of women is less than 30 percent when the target values are set, the target values may not be less than the proportion reached. At the same time, deadlines for reaching the targets are to be defined. The deadlines may not be longer than five years.²³

The Management Board of SLEEPZ AG has consisted of one member since the last declaration of compliance was submitted. The Supervisory Board has therefore refrained from defining criteria for potential searches for suitable Management Board candidates that go beyond those of expertise and competence, and will continue to do so. The Supervisory Board has therefore decided not to set a target for the proportion of women on the Executive Board, or to maintain a target of 0%, until June 30, 2022.

As the Supervisory Board currently consists of only three members in view of the Company's size, the Supervisory Board has decided not to stipulate specific targets for the number of female Supervisory Board members for the time being and to maintain a target of 0% until June 30, 2022.

Moreover, the Supervisory Board set the following targets for its composition at its meeting on December 6, 2016

²¹ 5.1.2. German Corporate Governance Code

²² 5.4.1 German Corporate Governance Code

²³ § 111 (5) AktG

"I. Requirements for individual members of the Supervisory Board

1. General requirements profile

- Entrepreneurial, business or management experience
- General knowledge of the trade sector/e-commerce
- Willingness and ability for adequate commitment in terms of content
- Fulfillment of regulatory requirements, particularly:
 - Reliability
 - Knowledge in the areas of corporate governance and regulatory law
 - Knowledge of the basics of accounting and risk management
- 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. Independence

The Supervisory Board of SLEEPZ AG should include at least two members who are independent as defined by Section 5.4.2 of the Corporate Governance Code, and in particular who have no business or personal relationship with SLEEPZ AG or its bodies, a controlling shareholder or an affiliated company that may give rise to a significant 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 Chairman and are resolved through appropriate measures.

3. 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 statements.
- Attendance at the Annual General Meeting is compulsory.

4. Age limit

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

5. *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 service of all Supervisory Board members should if possible not exceed a total of 40 years for a board comprising three members.

II Requirements for the composition of the board as a whole

1. *Specific professional knowledge*

- At least one member must have extensive experience in trade, ideally in the field of e-commerce.
- At least one member must have expertise in the areas of accounting or auditing as defined by Section 100 (5) AktG.
- Professional knowledge or experience from other business sectors.

2. *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 only in Germany.

3. *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 has decided not to set a target quota going beyond the current figure of 0%."

The current composition of the Supervisory Board is in line with its objective.

In the meantime, within its meeting on February 1, 2018, the Supervisory Board has updated the criteria for its composition in light of the update to the German Corporate Governance Code. It also imposed communication regulations for its dialogue with investors.

Signatures

30.04.2018	Oliver Borrmann	Sole Member of Management Board
Date	Name/Surname	Position/Function


Signature