

# Management Board Remuneration System

## 1. **Basic principles of the remuneration system for members of the management board of Fielmann Group AG**

The remuneration system for members of the management board of Fielmann Group AG is targeted towards a sustainable and long-term business development. In this respect, it contributes to the promotion of the business strategy and to the value-creation and long-term development of the company.

The aim of the remuneration system is to remunerate the members of the management board appropriately in line with their duties and responsibilities, whereby both the performance of the members of the management board as well as the economic situation and success of the company should be reasonably taken into account. The remuneration system shall enable the determination of a remuneration which is competitive by national and international standards and thus provide an incentive for committed and successful work. When determining the total remuneration, the supervisory board shall ensure that this remuneration is commensurate with the tasks and performance of the member of the management board and the overall situation of the company and does not exceed the usual remuneration without justification.

The Fielmann Group AG remuneration system provides for a fixed remuneration, which is supplemented by additional fringe benefits. Secondly, the remuneration system provides for performance-related variable remuneration consisting of two components: a one-year Short Term Incentive (STI) and a multi-year Long Term Incentive (LTI). The remuneration system contains financial and non-financial performance criteria, which, in addition to operational targets, are primarily orientated towards strategic objectives. Customer satisfaction is reflected in both the short-term and the long-term variable remuneration as the key feature of the Fielmann corporate philosophy and long-term business strategy.

This remuneration generally covers all activities for the company as well as for affiliates within the meaning of Sections 15 et seq. of the German Stock Corporation Act (*AktG*). Insofar as a remuneration is agreed for mandates at affiliated companies, each remuneration is offset against the fixed remuneration. When accepting mandates from outside the Group or for functions in associations or similar organisations to which the company or an affiliate belongs, the supervisory board will decide on any offsetting.

The remuneration system for members of the management board is designed to be clear and comprehensible. It complies with the requirements of the German Stock Corporation Act (*AktG*), in particular with Sections 87 and 87a *AktG*. To the extent that individual recommendations of the German Corporate Governance Code (GCGC) are not followed, this is explained with reasons given in the company's compliance declaration pursuant to Section 161 of the German Stock Corporation Act (*AktG*).

The remuneration system adopted by the supervisory board was submitted to the Annual General Meeting on 8 July 2021 for approval in accordance with Section 120a (1) *AktG* and approved by a large majority at the Annual General Meeting. Individual adjustments were made by the Annual General Meeting on 11 July 2024.

Following a corresponding review, the remuneration system for the members of the management board has now been adjusted again and adopted by the supervisory board as recommended by its personnel committee (*Personalausschuss*).

The adjusted remuneration system applies to all provisions of new service contracts to be concluded with members of the management board from 1 January 2026 as well as to corresponding contract amendments and contract extensions and to provisions of service contracts with members of the management board that come into force with effect from 1 January 2026.

Pursuant to Section 87a para. 2 sentence 2 *AktG*, the supervisory board may temporarily deviate from individual components of the remuneration system if this is necessary in the interests of the long-term welfare of Fielmann Group AG. In such case, the supervisory board shall declare an exceptional case and resolve on the corresponding deviations. Such deviations are reserved for exceptional circumstances, such as – for example – an economic or corporate crisis, pandemics, natural disasters, wars, disrupted supply chains or similar circumstances. The components that may be deviated from in the above-mentioned sense are: type, amount and payment date of the remuneration components; performance criteria for the variable remuneration components; maximum remuneration; relative proportions of the remuneration components to each other. Furthermore, the supervisory board may introduce new remuneration components or additional or alternative performance criteria or caps for variable remuneration components.

## **2. Maximum Remuneration of members of the management board**

The total remuneration of the members of the management board which is to be granted for a financial year (maximum expenditure of the company on the total of all remuneration

amounts paid for the applicable financial year, including fixed annual salary, fringe benefits, variable remuneration components but excluding any payments on termination of contract) – regardless of whether this is paid out in the respective financial year or at a later date – shall be capped ("Maximum Remuneration"). For the chairman of the management board the Maximum Remuneration (gross) shall be 2% of the adjusted net profit for the year and for each of the other members of the management board, it shall be 1% of the adjusted net profit for the year.

### **3. Procedure for establishing, implementing and reviewing the remuneration system**

The remuneration system shall be determined by the full supervisory board, which is supported by the personnel committee of the supervisory board. To this end, the personnel committee shall develop the structure and the individual components of the remuneration system and report on this to the full supervisory board in order to prepare for the respective discussion and resolution. Both the personnel committee and the full supervisory board can call on external remuneration experts, whose independence must be ensured. External advisors may also be consulted.

The remuneration system shall be reviewed by the personnel committee of the supervisory board every three years as well as upon each upcoming agreement with a member of the management board regarding the remuneration. The committee shall, if applicable, submit proposals to the supervisory board for an adjustment of the remuneration system.

The Annual General Meeting shall resolve on the remuneration system whenever a material change is made to this system, however at least every four years. If the Annual General Meeting has not approved the remuneration system, a reviewed remuneration system is to be presented for resolution at the following Annual General Meeting at the latest.

As part of the development and review of the current remuneration system, the supervisory board, supported by the personnel committee, has reviewed the appropriateness of the present structure of the management board remuneration of the company.

The detailed review of the management board remuneration included, in particular, firstly a horizontal comparison of the remuneration, in which the amount of the target and maximum remuneration of the members of the management board was compared with the remuneration paid by companies listed in the SDAX and the MDAX (considering the long-standing membership of Fielmann Group AG in the MDAX index). The comparison

took into account the sales profitability, net profit, revenue and number of employees of the Fielmann Group AG.

Secondly, the supervisory board carried out a vertical comparison of the remuneration, taking into account the remuneration and terms of employment of the employees of the company and Fielmann Group AG. In particular, the basic salary, the variable remuneration, the ratio of basic salary to variable remuneration and the other terms of employment were analysed. The first management level below the management board and the workforce of all German companies in Fielmann Group AG were used as the relevant comparison groups.

In view of the company's business model, the supervisory board decided after careful consideration to essentially standardise the criteria for the variable remuneration components for all members of the management board and to only agree certain parameters individually.

To date, no conflicts of interest have arisen for individual supervisory board members in connection with the decision on the remuneration system for the Management Board or its review. Should such conflict of interest arise during the determination, implementation and review of the remuneration system, the supervisory board shall handle this in the same way as other conflicts of interest in the person of a supervisory board member, so that the supervisory board member in question will not participate in the resolution or, in the event of a more serious conflict of interest, also in the respective consultations. Should a permanent and irresolvable conflict of interest arise, the supervisory board member concerned will resign from office. The disclosure of conflicts of interest ensures that the decisions of the full supervisory board and the personnel committee are not influenced by improper considerations.

#### **4. Target total remuneration**

The target total remuneration for each member of the management board is made up of the total of all remuneration components relevant to the total remuneration. The target total remuneration can also be determined provisionally for a period of several years and confirmed or adjusted by the supervisory board in each case for the upcoming financial year, subject to any extraordinary developments. This also applies to performance criteria for the variable remuneration components, to the extent this remuneration system does not exclude an adjustment.

No absolute amount is provided for the target remuneration of the variable remuneration component STI. In this respect, the target remuneration shall be determined for each

member of the management board according to an individually agreed percentage of the adjusted yearly net profit of Fielmann Group AG. With regard to the LTI, the target amount of the annual LTI Tranche shall be agreed in the individual contracts.

## 5. Fixed and variable remuneration components

The remuneration system provides for fixed and variable remuneration components.

Fixed remuneration components		Variable remuneration components	
Fixed remuneration	Fringe benefits	STI	LTI

In addition to the fixed remuneration, which includes the fixed remuneration and fringe benefits, each member of the management board shall receive a variable remuneration for their work, which is divided into an STI based on the short-term success of Fielmann Group AG and an LTI based on the long-term success of the Fielmann Group AG.

According to the model calculations, the share of fixed remuneration (fixed annual salary and fringe benefits) is approximately 25%, while the variable remuneration share is approximately 75%. The STI accounts for approximately 50% of total remuneration, while the LTI accounts for approximately 25% of total remuneration.

The above-mentioned percentages may vary due to future circumstances, in particular the adjustment of individual remuneration components, the development of the costs of contractually agreed fringe benefits as well as any new appointments, as well as depending on the specific amount of net profit for the year.

### 5.1 Fixed remuneration components

#### 5.1.1 Fixed remuneration

Each member of the management board shall receive a fixed salary, which is not performance-related and is paid out in twelve equal monthly instalments. In addition, there is a thirteenth salary in the amount of one month's salary, half of which is paid out with the salary statements for each of the months June and November.

#### 5.1.2 Fringe Benefits

In addition to the fixed remuneration, the members of the management board shall receive fringe benefits. In addition to the reimbursement of reasonable expenses, these mainly consist of the provision of a company car that can also be used privately in

accordance with current guidelines or, alternatively, the payment of a company car allowance. In addition, the management board service contracts contain other customary provisions with a remuneration value, such as in particular regarding continued remuneration in the event of illness, benefits for dependents in the event of death, remuneration benefits in the event of termination of contract due to permanent disability, to healthcare and the reimbursement of travel expenses. In addition, the management board service contracts may contain provisions on the reimbursement of advisors' costs (in particular for legal or tax advisors) which are incurred in connection with their office at the company and the fulfilment of management board duties.

In addition, the following insurance policies shall be taken out for each member of the management board:

- An accident insurance policy which, in addition to benefits in the event of disability, can also provide for benefits to be paid to the heirs of the member of the management board in the event of death.
- A liability insurance policy (D&O insurance) in compliance with Section 93 (3) AktG (insofar as the conclusion of such insurance policy is regarded as a remuneration component under stock corporation law).

Any tax liabilities arising from these fringe benefits shall be borne by the respective member of the management board.

## **5.2 Variable remuneration components**

The performance-related variable remuneration consists of a short-term variable remuneration component, the STI, and a long-term variable remuneration component, the LTI.

### **5.2.1 STI**

The remuneration system provides for the STI as a short-term variable remuneration component, which is based on a one-year assessment period.

To calculate the STI, the adjusted net profit of Fielmann Group AG for the respective financial year is multiplied by the percentage individually agreed in the contract for each member of the management board and by the adjustment factor "Customer Satisfaction Index".

The adjusted net profit of Fielmann Group AG shall be calculated as follows:

	Net profit of Fielmann Group AG as shown in the consolidated financial statements for the respective year
+/-	Expense/income from the provision for bonuses
+/-	Expense/income from extraordinary items (within the meaning of § 277 (4) in the version applicable prior to 23 July 2015 of the German Commercial Code (HGB), even if not recognised separately under IAS)
+/-	Material special items arising from company acquisitions/disposals, etc., which are to be allocated on a straight-line basis over an expected utilisation period in accordance with the directions of the supervisory board

The adjustment factor "customer satisfaction index" shall measure the success of the current financial year and at the same time the basis for future success via customer loyalty and repeat purchases. The customer satisfaction target system is also a controlling parameter for sales, stores, personnel management, procurement, logistics and quality assurance. This target system shall be developed on the basis of ongoing analyses and continually refined and adapted on the basis of detailed market analyses and data surveys. Maintaining and, as far as possible, increasing customer satisfaction is a key guiding principle for the actions of the management board.

The customer satisfaction values relevant for the "customer satisfaction index" adjustment factor shall be determined in accordance with the company's established customer satisfaction survey process at the respective evaluation date. Respective details, in particular the specific process for surveying customer satisfaction, the determination of the relevant criteria and their weighting as well as the relationship between the respective target achievement levels of the individual criteria and the level of the customer satisfaction index, may be determined by the supervisory board at its reasonable discretion and may be amended to the extent necessary.

The adjustment factor can vary within a range from 0.8 to 1.2. The supervisory board shall determine at its reasonable discretion the applicable target value of the customer satisfaction index for an adjustment factor of 1.0 as well as the relevant upper and lower limits for an adjustment factor of 1.2 or 0.8 for the respective financial year. Within these specified ranges, the level of the adjustment factor shall be determined on a linear basis, based on the respective annual customer satisfaction index, i.e. if the target achieved is between the target value and the lower limit or between the target value and the upper

limit, the respective value is interpolated linearly, with the respective final value being rounded to two decimal places.

To determine the customer satisfaction index, the average of the customer satisfaction values determined for the respective financial year shall apply (i.e. at the end of the respective financial year: [total of customer satisfaction for the months 01 to 12] / 12).

To summarise, the STI shall be calculated using the following formula:

$$STI = \text{adjusted net profit of Fielmann Group AG for the respective financial year} \\ \times \text{individual percentage} \times \text{adjustment factor customer satisfaction}$$

The exact amount of the STI remuneration to be paid shall be determined after approval of the company's consolidated financial statements for the financial year on which the STI remuneration is based.

The amount to be paid out as STI remuneration shall be due for payment with the regular salary statement of the member of the management board for the calendar month following the month in which the supervisory board adopts the annual financial statements and approves the consolidated financial statements of the company for the financial year applicable to the STI.

If the service contract of the member of the management board begins or ends during the year, the amount of STI remuneration to be paid for the financial year shall be determined *pro rata temporis* based on the actual duration of the service relationship in the relevant financial year. Corresponding provisions for reductions can be agreed for periods in which the member of the management board is not entitled to the fixed annual salary while under an existing service contract.

In the event that the service contract of the member of the management board begins or ends during the year, any outstanding STI claims relating to the period up to the end of the contract shall be paid out in accordance with the originally agreed performance criteria and the due dates specified in the service contract.

Subsequent changes to the financial and non-financial performance criteria shall be excluded. However, the supervisory board reserves the right to adjust the target values in the event of any change or adjustment to the procedure for determining customer satisfaction or in the event of other extraordinary or exceptional developments or circumstances that result in the target values not being achieved, including for current assessment periods. In such case, the supervisory board may grant variable

remuneration components even if the original target values are not achieved, but not in excess of a deemed 100% target achievement.

### 5.2.2 LTI

The remuneration system provides for the LTI as a long-term variable remuneration component.

For the LTI remuneration, the member of the management board shall be allocated virtual performance shares ("LTI Tranche") at the beginning of each financial year based on the LTI target amount individually agreed with the member of the management board and the company's share price, the number of which may increase or decrease within a three-year assessment period depending on the development of predetermined performance criteria.

At the end of the three-year assessment period, the virtual performance shares entitle the member of the management board to receive an LTI remuneration as a cash payment, the amount of which is based on the final number of virtual performance shares and the company's share price at the end of the assessment period.

The exact number of performance shares to be allocated shall be calculated on the basis of the individual LTI target amount agreed with the member of the management board in the service contract, divided by the market value of a share in Fielmann Group AG on the date of grant, rounded up to the nearest whole unit. The market value corresponds to the average value of the selling price of Fielmann Group AG shares in XETRA trading on the Frankfurt Stock Exchange (or a comparable successor system) in the 30 trading days prior to the date of grant. The date of grant shall be 1 January of the respective year.

The performance shares allocated to the member of the management board are subject to a three-year assessment period, during which the initial number may increase or decrease depending on the development of the performance factors. The performance factors consist of the total shareholder return ("TSR") of the Fielmann Group AG shares compared to the reference group and the average customer satisfaction ("customer satisfaction index") during the performance period. Through these performance factors, the LTI remuneration aims to incentivize the members of the management board with regard to the long-term and sustainable development of the company. To this end, the performance is measured against targets over multiple years and the relative development of the market environment is factored into the evaluation of the company's performance.

To calculate the TSR, first the share prices of the Fielmann Group AG shares and the average share prices of the reference group at the beginning of the performance period and at the end of the performance period are determined. Based on this, the price change over the entire performance period shall be determined. In addition, the dividends accrued over the entire performance period are determined and added. Based on these values, the TSR is then calculated by dividing the total increase in value (price change plus dividends) by the initial value of the share price.

The market values at the beginning and end of the performance period are decisive in each case, whereby the market value corresponds to an average value from the selling price of the respective share in XETRA trading on the Frankfurt Stock Exchange (or a comparable successor system) in the 30 trading days prior to the start or end date of the performance period.

Due to the long-standing membership of Fielmann Group AG in the MDAX in the past, the reference group comprises the companies listed in the MDAX. The supervisory board may also define a different reference group in agreement with the member of the management board.

The following target achievement levels shall apply when determining the degree to which the target TSR performance factor has been achieved:

- If the TSR development of Fielmann Group AG is more than 30 percentage points higher than the TSR development of the reference group, the target achievement is 150%.
- If the TSR development of Fielmann Group AG is within a range of 30 percentage points above or below the TSR development of the reference group, the target achievement is 100%.
- If the TSR development of Fielmann Group AG is within a range of between more than 30 percentage points below the TSR development of the reference group and 40 percentage points below the TSR development of the reference group, the target achievement is 50%.
- If the TSR development of Fielmann Group AG is more than 40 percentage points lower than that of the reference group, the target achievement is 0%.

For the performance factor "customer satisfaction index", the average of the annual customer satisfaction values for the three financial years within the performance period shall be decisive. The annual customer satisfaction values shall be determined as described above (see above [Section 5.2.1]).

Also in the case of the LTI, the performance factor "Customer Satisfaction Index" can vary within a range from 0.8 to 1.2. At the beginning of the respective performance period, the supervisory board shall determine the target value of the three-year customer satisfaction index for an adjustment factor of 1.0 as well as the applicable upper and lower limits for an adjustment factor of 1.2 and 0.8 respectively at its reasonable discretion with regard to the respective LTI Tranche.

Within these specified ranges, the level of the performance factor "customer satisfaction index" shall be determined on a linear basis, based on the three-year customer satisfaction index, i.e. if the target is achieved between the target value and the lower limit or between the target value and the upper limit, the value is interpolated linearly, with the respective final value being rounded to two decimal places.

At the end of the performance period, the target achievement levels of the performance factors determined in accordance with the above are multiplied and result in the total performance factor, expressed as a percentage.

To determine the amount to be paid out as LTI remuneration, the number of performance shares originally allocated is first multiplied by the total performance factor, converted into a decimal number. This results in the final amount of the performance shares for the respective LTI Tranche, from which the cash value of the LTI remuneration shall be calculated. For this purpose, the final amount of the performance shares is multiplied by the market value of a Fielmann Group AG share on the last day of the performance period and rounded to two decimal places. The market value corresponds to an average value of the selling price of Fielmann Group AG shares in XETRA trading on the Frankfurt Stock Exchange (or a comparable successor system) in the 30 trading days prior to the last day of the performance period.

The final claim to the LTI arises and is due for payment at the latest with the regular salary statement of the member of the management board for the calendar month following the month in which the company's annual financial statements are adopted and the consolidated financial statements for the last financial year in the performance period are approved.

If the service contract of the member of the management board begins or ends during the year, the LTI Tranche for the respective financial year shall be reduced *pro rata temporis* in proportion to the length of service in the year of grant compared to the full year. Corresponding provisions for reductions can be agreed for periods in which the member of the management board is not entitled to the fixed annual salary while under an existing service contract. In addition, the parties may agree special forfeiture and/or

provisions for reduction in the event of a early termination of the service relationship, which differ with respect to the reasons of the termination.

Apart from that, any outstanding claims from LTI Tranches granted which relate to the period up to the end of the contract shall be paid out in accordance with the originally agreed targets and performance criteria and in accordance with the due dates specified in the service contract. Retroactive changes to the financial and non-financial performance criteria are excluded.

### **5.2.3 Possibilities for the company to withhold and reclaim variable remuneration components**

The company is authorised to claw back or withhold variable remuneration components in the event of serious and culpable breaches of duty, whereby the supervisory board is to act at its proper discretion and make its decision within 12 months of receiving full knowledge of the facts justifying the clawback or withholding. Corresponding clawback/malus provisions with standard market conditions shall be agreed in the management board contracts.

## **6. Duration and termination of management board service contracts**

The service contracts of the member of the management boards shall apply for the duration of their current appointments (maximum of five years in each case). At the date of the resolution on the remuneration system, they have the following respective term:

- Service contract Mr Marc Fielmann: 30 June 2027
- Service contract Mr Steffen Bätjer: 14 August 2026
- Service contract Mrs Katja Groß: 28 February 2027
- Service contract Dr. Bastian Körber: 31 March 2027
- Service contract Mr Peter Lothes 29 February 2028

In the event that the supervisory board dismisses the member of the management board, it can be agreed that the supervisory board will release the member of the management board from his or her duties while the contract otherwise remains in force.

Ordinary termination of the service contract is excluded. However, both the member of the management board concerned and the company may terminate the contract without notice for good cause. The service contract ends at the latest at the end of the month in which the member of the management board reaches the age of 70.

In the event of an interruption of the appointment as a member of the management board with a simultaneous guarantee of (later) reappointment or (existing) reappointment as a member of the management board for a limited period of time pursuant to Section 84 (3) of the German Stock Corporation Act (*AktG*), the service contract shall be suspended until the date of reappointment. During the period of suspension, the member of the management board shall not receive any (fixed or variable) remuneration including fringe benefits.

#### **7. Payments in the event the service contract is terminated**

If the service contract begins or ends during the year, the fixed remuneration components are only granted *pro rata temporis*. The provisions set out in sections 5.2.1 and 5.2.2 apply to the STI and the LTI.

The remuneration system allows the supervisory board to grant severance payments in the event of early termination of the appointment as member of the management board. In this case, a severance payment cap applies. According to this, payments in the event of an early termination of the appointment as member of the management board are limited to the value of two years' remuneration and may generally not exceed the total of claims during the remaining term of the service contract. It is also permissible to agree on a post-contractual non-compete obligation in return for payment of compensation for a period of up to two years, whereby the compensation for each year of the non-compete may amount to up to half of the contractual benefits last received by the member of the management board. Any severance payment is to be offset against any compensation for the non-compete obligation.

The remuneration system does not include a special provision for compensation in the event of a change of control.