

# CECONOMY

**Declaration  
of the Management Board and the Supervisory Board  
of CECONOMY AG**

**from September 2021 on the recommendations of the Government Commission  
on the German Corporate Governance Code pursuant to Section 161 of the German Stock  
Corporation Act (AktG)**

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This declaration is made on the recommendations of the German Corporate Governance Code in the version dated 16 December 2019, which was published in the Federal Gazette (Bundesanzeiger) on 20 March 2020 and has entered into force (“DCGK”).

The last compliance declaration was made in September 2020. In the time between the last compliance declaration being made and this compliance declaration being made, the Management Board and the Supervisory Board of CECONOMY AG have complied with the recommendations of the DCGK with the exception of the following deviations:

- **Section C.5 DCGK: Maximum number of Supervisory Board mandates**

Pursuant to Section C.5 DCGK, members of the Management Board of a listed company shall not have, in aggregate, more than two Supervisory Board mandates in non-group listed companies or comparable functions, and shall not accept the Chairmanship of a Supervisory Board in a non-group listed company.

Member of the Supervisory Board Christoph Vilanek is the Chairman of the Management Board of a listed company and has more than the specified number of Supervisory Board mandates.

The Supervisory Board and the Management Board of CECONOMY AG have discussed the issue of overboarding and have formed the opinion that this specification of the DCGK in this particular case should not be complied with. Since freenet AG holds just under 10% of CECONOMY AG, the Supervisory Board mandate of Christoph Vilanek reflects the ownership structure of CECONOMY AG. Due to his profound knowledge of the retail sector, his outstanding industry expertise, his qualifications and his experience on other Supervisory Board committees, the Supervisory Board of freenet AG has assigned Christoph Vilanek personally to represent freenet AG as a shareholder of CECONOMY AG on the Supervisory Board of CECONOMY AG. Due to his qualifications, Christoph Vilanek is a valuable addition to the Supervisory Board of CECONOMY AG. The decisive question, however – and this is the rationale behind the code’s recommendation as to the maximum number of Supervisory Board mandates – is whether Christoph Vilanek has sufficient time to exercise his mandate at CECONOMY AG in addition to his Management

Board mandate at freenet AG and his other mandates. There have hitherto been no indications that Christoph Vilanek has dedicated an insufficient amount of time to his Supervisory Board activities at CECONOMY AG. The Supervisory Board, therefore, has no concerns whatsoever about Christoph Vilanek's capacity to also in the future dedicate the expected amount of time to his mandate at CECONOMY AG. Christoph Vilanek has himself confirmed that he can dedicate the expected amount of time to his activities on the Supervisory Board of CECONOMY AG.

- **Sections G. 6 through G. 11 DCGK**

The Supervisory Board member Dr. Bernhard Düttmann had been temporarily appointed until 16 October, 2020 as a member of the Management Board and Chairman of the Management Board, as stand-in in accordance with Section 105 para. 2 German Stock Corporation Act (*Aktiengesetz – AktG*) for a missing Management Board member. Due to the limitation to one year, the remuneration for the work on the Management Board, which was agreed with Dr. Bernhard Düttmann pursuant to the relevant service agreement, exceptionally did not include any variable remuneration components. The background to this was that the Supervisory Board did not consider a variable remuneration to be suitable for the transitional period of the appointment. Accordingly, the service agreement of Dr. Bernhard Düttmann until 16 October, 2020, exceptionally did not comply with the recommendations of the DCGK, which require variable remuneration components of the Management Board remuneration, in particular in Sections G. 6 through G. 11 DCGK. With effect as from 17 October, 2020, the Supervisory Board has appointed Dr. Bernhard Düttmann again as member of the Management Board and Chairman of the Management Board. The new service agreement agreed with Dr. Bernhard Düttmann with regard to his further activity as a member of the Management Board provided for variable remuneration components. Since 17 October, 2020, the above recommendations have, thus, been fully complied with and will also be complied with in the future.

- **Section G.7 DCGK: Time of determination of variable remuneration components**

Pursuant to Section G.7 DCGK, with reference to the forthcoming financial year, the Supervisory Board shall establish performance criteria for each Management Board member covering all variable remuneration components; besides operating targets, such performance criteria shall be geared mainly to strategic goals.

As an exception, the recommendation was not complied with in the 2020/21 financial year since the targets for all short-term remuneration components are set based on the budget, and the budget for the 2020/21 financial year was not presented to the Supervisory Board until October 2020 due to the planning process having had to be adjusted due to the coronavirus-pandemic. Furthermore, the target for the criterion of employee satisfaction, which was selected by the Supervisory Board as a performance target for the long-term remuneration for the financial year 2020/21, was not set prior to

the start of the 2020/21 financial year since the satisfaction surveys of employees in the Group, which are necessary in order to determine the starting basis and formulate the target-thresholds, had not yet taken place at that point.

In the 2021/22 financial year, the recommendation is expected to be complied with once again.

- **Section G.8 DCGK: Subsequent changes to the remuneration components**

Pursuant to Section G.8 DCGK, subsequent changes to the target values or comparison parameters shall be excluded.

In principle, this recommendation has been and will be complied with. As an exception, this recommendation was not complied with in the 2020/21 financial year. On 14 October 2020, the Supervisory Board resolved to adjust the target values for the tranches of the long-term variable remuneration for the 2019/20 financial year and for the 2018/19 financial year to reflect the changed situation brought about by the coronavirus-pandemic.

In the 2021/22 financial year, the recommendation is expected to be complied with once again.

- **Section G.12 DCGK: Payment of open variable remuneration components in the event of termination of a management board service agreement**

According to Section G.12 DCGK, in the event of the termination of a Management Board service agreement, the payment of variable remuneration components that are still open and which are due for the period up to the end of the service should be based on the originally agreed targets and comparison parameters and according to the due dates or holding periods specified in the agreement.

As an exception, the recommendation was not complied with in the 2020/21 financial year. According to the termination agreement between CECONOMY AG and the former member of the Management Board Ms. Karin Sonnenmoser, Ms. Sonnenmoser received the long-term compensation components for the period prior to the termination of the service agreement early in a one-off payment. The one-time early payment was based on a provision made for the case of mutual separation in the service agreement concluded on 1 February, 2019, between CECONOMY AG and Ms. Sonnenmoser. Ms. Sonnenmoser had not agreed to an amendment to her current service agreement in order to take into account the recommendations of the DCGK. An amendment to current management board service agreements for the purpose of taking into account the recommendations of the new version of the DCGK was not a mandatory requirement of the new version of the DCGK.

The deviation is limited to a one-off individual case. In the future, the recommendation will be fully complied with. The system for the remuneration of the members of the

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Management Board of CECONOMY AG and the service agreements of the current Management Board members contain the provision that variable remuneration components can only be paid out after the original agreed maturity dates or holding periods regardless of the reason for the early termination of the service agreement.

The Management Board and the Supervisory Board of CECONOMY AG intend to comply with the recommendations of the DCGK in future, with the exception of Section C.5 mentioned above.

Supervisory Board

Management Board