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CORPORATE GOVERNANCE REPORT

Below, the Management Board and Supervisory Board of CECONOMY AG report on the corporate governance of CECONOMY AG and the CECONOMY Group in accordance with the recommendation of Sec. 3.10 of the German Corporate Governance Code (GCGC) in the version of 7 February 2017, published in the Federal Gazette on 24 April/19 May 2017, which was valid on the accounts preparation date.

The Management Board and Supervisory Board of CECONOMY AG make the standards of good corporate governance a priority and are committed to the principles of transparent, responsible corporate management and control.

The boards have enshrined their voluntary commitment to the GCGC in Sec. 1 para. 2 of the bylaws of the Management Board of CECONOMY AG and the bylaws of the Supervisory Board of CECONOMY AG, respectively, with the following statement:

“The Management Board and Supervisory Board of the company align their actions with the relevant recommendations of the German Corporate Governance Code and deviate from the recommendations of the Code only in justified exceptional cases. If the Management Board or Supervisory Board intends to deviate from a recommendation, the boards inform each other about the planned course of action in advance.”

Implementation of the GCGC

In financial year 2018/19, the Management Board and Supervisory Board of CECONOMY AG dealt intensively with the recommendations of the GCGC and conformity with the same. In **September 2018**, they initially issued the following joint declaration pursuant to Sec. 161 para. 1 of the German Stock Corporation Act (AktG):

“The Management Board and Supervisory Board of CECONOMY AG declare that the recommendations of the Government Commission on the German Corporate Governance Code published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette have been complied with since the issue of the last declaration of the Management Board and Supervisory Board of CECONOMY AG (the “Company”) in September 2017, with the exception stated below: In financial year 2017/18, was a deviation from the recommendation pursuant to Sec. 7.1.2 sent. 3 GCGC, as the H1/Q2 2017/18 notification was published on 17 May 2018 and thus, while within the statutory period, not within the recommended period of 45 days from the end of the reporting period. The deviation was expected. It was already pointed out in the forward-looking part of the last Declaration by the Management Board and Supervisory Board of the Company regarding the recommendations of the Government Commission on the German Corporate Governance Code pursuant to Sec. 161 AktG from September 2017 that a deviation from the recommendation pursuant to Sec. 7.1.2 sent. 3 GCGC was expected to occur in the course of financial year 2017/18, as it was to be expected that publication would be possible only after the expiry of the recommended period due to the reorganisation in connection with the division and the associated transition to an independent listed holding company.

It is already foreseeable that there will also be a deviation from the recommendation pursuant to Sec. 7.1.2 sent. 3 GCGC in the coming financial year 2018/19, as the publication of the H1/Q2 2018/19 notification is scheduled for 21 May 2019 and thus, while within the statutory period, not within the recommended period of 45 days from the end of the reporting period. Due to organisational restrictions in the preparation period, the publication of the H1/Q2 2018/19 notification will not be possible until slightly after the expiry of the recommended period.”



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With regard to the declared deviation from the recommendation pursuant to Sec. 7.1.2 sent. 3 GCGC, it is clarified that, unlike the Q2/H1 2018/19 statement, the Q1 and Q3/9M 2018/19 quarterly statements will be published within the recommended period of 45 days from the end of the reporting period.

In **January 2019**, the Management Board and Supervisory Board jointly declared the following supplement to the declaration of September 2018:

“The Management Board and the Supervisory Board of CECONOMY AG now declare in supplementation thereof:

1. In the transitional period between the dismissal of the former Chairman of the Management Board Mr Pieter Haas and the appointment of a new Management Board member and this member's appointment as Chairperson of the Management Board, CECONOMY AG will, in light of the ongoing search for candidates and the transitional nature of the allocation of responsibilities for the Management Board, refrain from appointing a Chairperson or Spokesperson of the Management Board until the search is completed. Accordingly, CECONOMY AG will temporarily fail to comply with the recommendation in Sec. 4.2.1 sent. 1 half-sent. 2 GCGC, according to which the Management Board is supposed to have a Chair- or Spokesperson.
2. Due to the appointment of Dr Bernhard Düttmann as the deputy for the Management Board member lacking since the departure of the former Management Board member Mark Frese for the period from 1 January 2019 to 31 March 2019, the remuneration that Dr Bernhard Düttmann receives for his Management Board activity in accordance with the service agreement between CECONOMY AG and Dr Bernhard Düttmann does not include variable remuneration components. This is because the Supervisory Board does not consider variable remuneration to be suitable for the short period of the appointment. Accordingly, Dr Bernhard Düttmann's service agreement is an exception that does not comply with the recommendation in Sec. 4.2.3 para. 2 sent. 2 GCGC, according to which monetary Management Board remuneration should comprise fixed and variable components. Consequently, the recommendations in sentences 3 to 6 of the second paragraph of

Sec. 4.2.3 GCGC, which require variable remuneration components, are temporarily not complied with. However, CECONOMY AG intends to take the previous remuneration structure, under which the monetary remuneration comprises fixed and variable components, as set forth in the remuneration report for financial year 2017/18, into account again for future appointments of Management Board members and thus to comply again with the recommendations in Sec. 4.2.3 para. 2 GCGC.

This supplement to the Declaration does not replace the Declaration of Conformity from September 2018. The Declaration from September 2018 is supplemented by this Declaration and otherwise retains its validity.”

In **September 2019**, the Management Board and Supervisory Board then declared the following pursuant to Sec. 161 para. 1 AktG:

“The Management Board and Supervisory Board of CECONOMY AG declare that the recommendations of the Government Commission GCGC published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette have been complied with since the issue of the last declaration of conformity by the Management Board and Supervisory Board CECONOMY AG in September 2018, with supplement of January 2019, with the following deviations:

In the transitional period between the dismissal of the former Chairman of the Management Board Mr Pieter Haas and the appointment of Mr Jörn Werner on 1 March 2019 as a new Management Board member and his appointment as Chairman of the Management Board, CECONOMY AG refrained, in light of the ongoing search for candidates and the transitional nature of the allocation of responsibilities for the Management Board, from appointing a Chairperson or Spokesperson of the Management Board until the search was completed. Accordingly, CECONOMY AG temporarily failed to comply with the recommendation in Sec. 4.2.1 sent. 1 half-sent. 2 GCGC, according to which the Management Board is supposed to have a Chair- or Spokesperson.

Due to the interim appointment of Dr Bernhard Düttmann as the deputy for the Management Board member lacking since the departure of the former



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Management Board member Mark Frese for the period from 1 January 2019 to 31 March 2019, the remuneration that Dr Bernhard Düttmann received for his Management Board activity in accordance with the service agreement between CECONOMY AG and Dr Bernhard Düttmann did not include any variable remuneration components. This was because the Supervisory Board did not consider variable remuneration to be suitable for the short period of the appointment. Accordingly, Dr Bernhard Düttmann's service agreement was an exception that did not comply with the recommendation in Sec. 4.2.3 para. 2 sent. 2 GCGC, according to which monetary Management Board remuneration should comprise fixed and variable components. Consequently, the recommendations in sentences 3 to 6 of the second paragraph of Sec. 4.2.3 GCGC, which require variable remuneration components, were temporarily not complied with.

As announced, there was a deviation from the recommendation pursuant to Sec. 7.1.2 sent. 3 GCGC in financial year 2018/19, as the H1/Q2 2018/19 notification was published on 21 May 2019 and thus, while within the statutory period, not within the recommended period of 45 days from the end of the reporting period. Due to organisational restrictions in the preparation period, the publication of the H1/Q2 2018/19 notification was not possible until slightly after the expiry of the recommended period.

As a precaution, it is declared that the recommendations pursuant to Sec. 2.3.2 GCGC were not complied with during the preparation and implementation of the General Meeting on 13 February 2019 with regard to the preference shares. At that time, CECONOMY AG assumed that, despite the omission of a dividend for financial year 2017/2018, the preference shares' voting rights had not yet been reinstated. CECONOMY AG has reassessed the ambiguous legal situation and, as a precaution, will in the future assume that the voting right carried by preference shares is reinstated due to the omission of the additional dividend.

The Management Board and Supervisory Board of CECONOMY AG intend to comply with the recommendations of the GCGC in the above version without any deviations in the future."

Finally, the Management Board and Supervisory Board jointly issued the following supplement to the declaration of September 2019 in **November 2019**:

"The Management Board and the Supervisory Board of CECONOMY AG now additionally declare:

Because Dr Bernhard Düttmann was further appointed as Management Board member and CEO on an interim basis, as the deputy for the Management Board member lacking since the departure of the former Management Board member Jörn Werner, for the period from 17 October 2019 to 16 October 2020, the remuneration that Dr Bernhard Düttmann receives for his Management Board activity in accordance with the service agreement between CECONOMY AG and Dr Bernhard Düttmann is an exception in that it does not include any variable remuneration components. This is because the Supervisory Board does not consider variable remuneration to be suitable for the transitional period of the appointment. Accordingly, Dr Bernhard Düttmann's service agreement is an exception that does not comply with the recommendation in Sec. 4.2.3 para. 2 sent. 2 GCGC, according to which monetary Management Board remuneration should comprise fixed and variable components. Consequently, the recommendations in sentences 3 to 6 of the second paragraph of Sec. 4.2.3 GCGC, which require variable remuneration components, are temporarily not complied with. However, CECONOMY AG intends to take the previous remuneration structure, under which the monetary remuneration comprises fixed and variable components, into account again for future appointments of Management Board members and thus to comply consistently with the recommendations in Sec. 4.2.3 para. 2 GCGC again.

This supplement to the Declaration from September 2019 does not replace the Declaration of Conformity from September 2019. Instead, the Declaration from September 2019 is supplemented by this Declaration and otherwise retains its validity."

➤ CECONOMY AG makes current and previous declarations and supplements pursuant to Sec. 161 AktG permanently available on the website www.ceconomy.de/en/ under Company – Corporate Governance.



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In addition to the recommendations, the GCGC also includes suggestions, which listed companies should but do not have to take a position on. CECONOMY AG follows the overwhelming majority of the Code's suggestions. In financial year 2018/19, the company did not fully implement only one suggestion:

Sec. 2.3.3 GCGC suggests making it possible for shareholders to watch the General Meeting using modern communication media such as the internet. In financial year 2018/19 – as in previous years – CECONOMY AG limited itself to broadcasting the CEO's speech on the internet. This encourages shareholders to speak freely during the debate and will therefore be continued.

Division of tasks and responsibilities between the Management Board and Supervisory Board

A key element of the corporate governance of German stock corporations is the separation of corporate management and corporate control.

At CECONOMY AG, the corresponding tasks and responsibilities are clearly divided between the Management Board and the Supervisory Board.

Management authority lies with the Management Board of CECONOMY AG, which, as required by Sec. 76 para. 2 sent. 2 AktG and Sec. 5 para. 1 of the Articles of Association of CECONOMY AG, comprised two members on the preparation date.

➤ Further information on the members of the Management Board can be found in the notes to the consolidated financial statements of CECONOMY AG – note 55 Corporate bodies of CECONOMY AG and their mandates and on the website [www.ceconomy.de/en/ under Company – Management Board](http://www.ceconomy.de/en/under-Company-Management-Board).

The Management Board of CECONOMY AG is responsible for managing the company. The Management Board's main management tasks include defining corporate objectives and corporate planning, the corresponding strategic direction of the company and its Group, and its controlling and monitoring. In addition, the Management Board ensures the availability of

investment resources, decides on their allocation within the Group and is responsible for acquiring and developing highly qualified executives.

The Supervisory Board of CECONOMY AG monitors the management and advises the Management Board on the management of the company. In accordance with the relevant provisions of the German Co-determination Act, the German Stock Corporation Act and the company's Articles of Association, the Supervisory Board of CECONOMY AG comprises ten shareholder representatives and ten employee representatives, each of which at least 30 per cent women or men (i.e. at least three shareholder representatives and three employee representatives). The tenure of Supervisory Board member Dr Bernhard Düttmann (shareholder representative) is temporarily suspended for the duration of his appointment as CEO and Labour Director for the period from 17 October 2019 to 16 October 2020.

➤ Further information on the members of the Supervisory Board can be found in the notes to the consolidated financial statements of CECONOMY AG – note 55 Corporate bodies of CECONOMY AG and their mandates and on the website [www.ceconomy.de/en/ under Company – Management Board](http://www.ceconomy.de/en/under-Company-Management-Board).

The Supervisory Board advises the Management Board and monitors its management, including with regard to the achievement of the long-term corporate objectives. To this end, the Management Board keeps the Supervisory Board informed and involves it in planning for the future development of CECONOMY and in decisions about significant measures and transactions. Beyond the approval duties provided by law, the Supervisory Board has defined further separate approval requirements for certain types of transactions and measures by the Management Board. Under its authority with regard to personnel, the Supervisory Board also appoints or dismisses the members of the Management Board.

➤ The work of the Management Board and Supervisory Board, the composition of the Supervisory Board committees and material corporate management practices are described in the annual declaration on corporate governance, which also reproduces the current Declaration of Conformity and its supplement pursuant to Sec. 161 AktG in full. The Declaration on Corporate Governance is available on the website [www.ceconomy.de/en/ under Company – Corporate Governance](http://www.ceconomy.de/en/under-Company-Corporate-Governance).



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Targets for the composition of the Management Board and Supervisory Board

The Management Board and Supervisory Board need a broad range of knowledge, abilities and experience to properly perform their respective tasks.

REQUIREMENTS FOR THE COMPOSITION OF THE MANAGEMENT BOARD

The Supervisory Board appoints the members of the Management Board. The Supervisory Board's decisions about appointments to and the composition of the Management Board as an entire body are made on the basis of a careful analysis of the existing and future business challenges. Potential Management Board members must not only possess essential general qualifications, but also be suitable for the company in its specific situation and in light of its future tasks.

When appointing Management Board members, the Supervisory Board also considers the recommendations of the GCGC. In particular, the Supervisory Board pays attention to diversity as defined by the Code and aims for the appropriate inclusion of women.

The Management Board of CECONOMY AG has had a female member, Ms Karin Sonnenmoser, since 1 March 2019. This means that the Management Board currently comprises 50 per cent women and 50 per cent men.

In financial year 2016/17, the Supervisory Board resolved targets and deadlines for increasing the proportion of women in the Management Board pursuant to the German Act on Equal Participation of Men and Women in Management Positions. According to this law, the deadlines may not exceed five years. Given the then ongoing appointments of the members of the Management Board in office in financial year 2016/17, the Supervisory Board stated that the Management Board CECONOMY AG was not expected to have a female member before 30 September 2020. However, in order to express that diversity in the composition of the Management Board is a priority for the Supervisory Board, the Supervisory Board combined its statement with a longer-term outlook that envisaged that the Management Board would include at least one woman by 30 June 2022. At the time, it was conceivable that the Management Board

would comprise three or four members, so such an appointment would have equated to a ratio of at least 25 per cent. By appointing Ms Karin Sonnenmoser, the Supervisory Board therefore met its own desire and aspiration for equal participation of women and men in management positions earlier and to a greater degree than assumed in financial year 2016/17.

REQUIREMENTS FOR THE COMPOSITION OF THE SUPERVISORY BOARD

At the constituent meeting of the Supervisory Board of CECONOMY AG on 16 May 2018 and again in the meeting on 19 September 2018, its members defined the profile of skills and expertise for the Supervisory Board as an entire body and, on this basis, formulated a diversity concept and specific targets for the composition of the Supervisory Board and associated appointment requirements in order to ensure that the Supervisory Board can properly fulfil the duties required of it. With the diversity concept, the Supervisory Board aims for a diverse composition of the Supervisory Board and Management Board, particularly but not exclusively with regard to the gender, education, experience, professional background, age and internationality of the members.

Diversity

The "diversity" target ensures that the members of the Supervisory Board complement each other with regard to their age, (education and professional) background, experience and knowledge such that the board as a whole has access to the most diverse possible knowledge base and the broadest possible range of expertise.

Beyond the above criteria, the Supervisory Board is expected to have an appropriate number of members with international experience or expertise.

In addition, the statutory gender quota of 30 per cent must be met separately by the employee representatives and the shareholder representatives. This means that the Supervisory Board must have at least three female and at least three male members on each side.

The current composition of the Supervisory Board (as of 3 December 2019) meets these targets. The employee representatives bring experience of the Group's German business and management expertise from the major



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holding and cross-divisional service companies in Germany to the Supervisory Board. In particular, this includes expertise in the Group's service business. Several of the shareholder representatives have national and international expertise in retail and consumer goods, but also specific expertise in technology and digitalisation. As active or former executives, several shareholder representatives also bring specific expertise in the management of listed, global companies to the board. Moreover, the board has expert knowledge of banking, finance, marketing and M&A via certain other shareholder representatives.

The representation of women and men in the Supervisory Board of CECONOMY AG meets the requirements of the German Stock Corporation Act for ensuring equal participation of women and men in management positions. The employee representatives and the shareholder representatives separately comply with the 30 per cent gender quota applicable for the Supervisory Board of CECONOMY AG. The Supervisory Board currently has five female members among the shareholder representatives and four female members among the employee representatives. On the basis of the reduced number of Supervisory Board members of 19 due to the temporary suspension of Dr Bernhard Düttmann's Supervisory Board mandate, this composition provides nearly equal participation of women and men with 47.4 per cent women and 52.6 per cent men.

Independence

In addition to the diversity targeted by the diversity concept, the independence of the members of the Supervisory Board is another important aspect for the composition of the Supervisory Board as an entire body. According to the targets resolved by the Supervisory Board for its composition, at least six of the ten shareholder representatives on the Supervisory Board should be independent within the meaning of Sec. 5.4.2 GCGC.

In addition, at least one member of the Supervisory Board must meet the requirements for chairing the Audit Committee. The Committee Chair must likewise be independent according to the rules of procedure of the Audit Committee.

The current composition of the Supervisory Board of CECONOMY AG also meets these requirements. In accordance with the statutory provisions, the Supervisory Board comprises ten employee representatives and ten shareholder representatives. The tenure of Supervisory Board member Dr Bernhard Düttmann (shareholder representative) is temporarily suspended for the duration of his appointment as CEO and Labour Director for the period from 17 October 2019 to 16 October 2020. Nevertheless, at least six shareholder representatives are independent within the meaning of Sec. 5.4.2 GCGC, namely Ms Karin Dohm, Mr Jürgen Fitschen, Ms Julia Goldin, Ms Jo Harlow, Ms Claudia Plath and Ms Regine Stachelhaus. These independent Supervisory Board members include the Chairperson of the Audit Committee, Ms Karin Dohm.

Special requirements for the composition of the Audit Committee

With regard to the composition of the Audit Committee and the Committee Chair, the Supervisory Board has stipulated in the bylaws of the Audit Committee that the Chairperson must be independent and have expertise in the areas of accounting or auditing and internal control procedures (financial expert). The other members of the Audit Committee should have sufficient knowledge and expertise in these areas. If possible, one member of the Audit Committee should also have special knowledge of compliance.

The current composition of the Audit Committee (as of 3 December 2019) meets these requirements. The independent Chairperson of the Audit Committee, Ms Karin Dohm, has expertise in the areas of accounting, auditing and internal control procedures. The Vice Chairperson of the Audit Committee, Ms Sylvia Woelke, and the other members of the Audit Committee, Dr Florian Funck, Mr Ludwig Glosser, Mr Rainer Kuschewski and Ms Claudia Plath, all have sufficient knowledge and experience in these areas. Ms Sylvia Woelke also has special knowledge of compliance thanks to her work in the Corporate Risk Management & Internal Controls department and her earlier work in the Internal Audit department.

The table below shows the distribution of skills and expertise according to the profile of skills and expertise resolved by the Supervisory Board at its meeting on 19 September 2018:



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Allocation of Competencies in the Supervisory Board of CECONOMY AG¹

Retail	Service	Digitalisation/technology	International experience
W. Baur D. Eckardt L. Glosser R. Kuschewski S. Nutzenberger J. Ploog F. Raas J. Schulz C. Vilanek S. Woelke	D. Eckardt L. Glosser J. Schulz C. Vilanek	L. Glosser J. Goldin J. Harlow R. Stachelhaus C. Vilanek	K. Dohm J. Fitschen J. Goldin J. Harlow R. Stachelhaus C. Vilanek
Corporate management	Marketing	Human resources	Mergers and acquisitions (M&A)
J. Fitschen F. Funck C. Plath F. Raas R. Stachelhaus C. Vilanek	J. Goldin J. Harlow	W. Bauer K. J. Breuer L. Glosser R. Kuschewski S. Nutzenberger J. Ploog B. Popp J. Schulz R. Stachelhaus S. Woelke	K. Dohm J. Fitschen F. Funck F. Raas C. Vilanek
Compliance	Internal control procedures	Accounting and auditing	
K. Dohm J. Fitschen R. Stachelhaus S. Woelke	K. Dohm C. Plath S. Woelke	K. Dohm J. Fitschen F. Funck C. Plath F. Raas C. Vilanek S. Woelke	

¹ Maximum of five areas of competence per member



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POTENTIAL CONFLICTS OF INTEREST IN THE SUPERVISORY BOARD/TERM OF OFFICE AND AGE LIMIT

In order to avoid potential conflicts of interest, in its bylaws of the Supervisory Board has stipulated that the performance of board functions and advisory roles and memberships in controlling bodies of direct, significant competitors in Germany and abroad are not compatible with membership in the company's Supervisory Board.

In addition, the Supervisory Board has set a regular limit to Supervisory Board members' term of office of ten years and stipulated that the term of office for shareholder representatives in the Supervisory Board should amount to three years as a rule. The Supervisory Board can define justified exceptions from these rules according to its own due discretion.

Candidates nominated for election as a member of the Supervisory Board for the first time should, as a rule, not be older than 65 at the date of their first election. In general, candidates nominated for election as a member of the Supervisory Board should, as a rule, not be older than 71 at the date of their election. The Supervisory Board can also define justified exceptions from these rules according to its own due discretion.

The Supervisory Board of CECONOMY AG currently (as of 3 December 2019) also meets these requirements. No member of the Supervisory Board performs a board function at a direct, significant competitor. In particular, the Supervisory Board estimates that there is no material competition between the Gravis retail chain, which belongs to the freenet Group, and the companies of the MediaMarktSaturn Retail Group, which belong to CECONOMY AG's group. Therefore, the Supervisory Board member Mr Christoph Vilanek's board function at freenet AG is not an obstacle to his membership in the Supervisory Board. With regard to adherence to the regular limit to Supervisory Board members' term of office of ten years specified in the Supervisory Board's bylaws, the Supervisory Board has defined justified exceptions for Mr Rainer Kuschewski and for Mr Jürgen Fitschen. Mr Rainer Kuschewski has been a member of the Supervisory Board since 2005 and Mr Jürgen Fitschen since 2008. In the resolutions to define the exceptions, the Supervisory Board described the profound individual knowledge and experience of the members in question as particularly valuable for the Supervisory Board's work in the future. In

particular, the Supervisory Board estimates that their experience as members of the Supervisory Board of the former METRO AG before the split in 2017 will ensure continuity in the Supervisory Board's work.

Compliance and opportunity and risk management

Compliance and opportunity and risk management are integral components of the value-based management of CECONOMY.

CECONOMY's business activities are subject to diverse legal provisions and standards of conduct set by the company itself. CECONOMY AG has pooled the measures for compliance with these rules in the Group-wide compliance management system.

The compliance management system aims to systematically and permanently prevent, detect and sanction rule-breaking in the company and the Group. To this end, CECONOMY regularly identifies conduct-related compliance risks, establishes the necessary organisational structures and tasks the responsible departments with managing and controlling the risks. The material compliance risks and measures are transparently described and documented in systematic reporting. Internal controls and audit procedures are used to continuously determine how the compliance management system can be meaningfully updated.

CECONOMY's opportunity and risk management is a systematic process incorporating the entire Group, which helps the management identify, assess and monitor or manage opportunities and risks. Opportunity and risk management are therefore united in this process. Risk management makes unfavourable developments and events transparent at an early stage and analyses their effects so that the company can in a targeted manner initiate suitable measures to deal with the risks. In contrast, opportunity management offers the chance to recognise opportunities at an early stage and to analyse them in order to use them in a targeted manner. Like the compliance management system, opportunity and risk management is also being continuously updated.

It is also managed via the internal control system.



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➤ Further information on the topics of compliance and opportunity and risk management can be found in the opportunity and risk report in the combined management report and in the declaration on corporate governance. The declaration is available on the company's website www.ceconomy.de/en/ under Company – Corporate Governance.

Transparent corporate management

Transparency is a fundamental component of good corporate governance. CECONOMY AG uses its website www.ceconomy.de/en/ as an important medium for providing information to its shareholders, other capital market participants and the public. Alongside diverse information about CECONOMY's strategy, brands and business, it provides investor relations publications, investor news, ad hoc communications, other legal notifications, press releases, etc. CECONOMY AG also uses the website to give appropriate notice of the dates of the material recurring publications and events (including trading statements after the end of a financial year, annual reports, quarterly statements, half-year financial reports, annual results press conference and General Meeting). The information shared at the annual results press conference, roadshows, investor conferences and information events for private investors is likewise available on the website.

General Meeting

CECONOMY AG's Annual General Meeting gives shareholders the option to exercise their statutory rights, in particular their voting right, if applicable, and to ask questions of the company's Management Board. In order to make it easier for shareholders to exercise their rights in person at the General Meeting, CECONOMY AG makes documents and information available on its website ahead of every General Meeting.

The registration and authorisation procedure for CECONOMY AG's General Meetings complies with the provisions of German Stock Corporation Act and international standards. Every shareholder who wishes to attend and potentially exercise their voting right at a CECONOMY AG General Meeting must register and provide evidence of their entitlement to attend and potentially exercise their voting right. A certificate of share ownership, written in German or English, from the depository institution is sufficient. Shares do not have to be deposited. The certificate of share ownership

must relate to the start of the 21st day prior to the General Meeting in question and must be delivered, along with the registration for the General Meeting, to CECONOMY AG at the address specified for this purpose in the invitation within the period prescribed by the law and the articles of association. Details regarding conditions for registration and attendance are provided in the invitation to each General Meeting.

Shareholders who do not attend the General Meeting themselves can authorise someone else to exercise their voting rights on their behalf. As a rule, the authorisation must be granted in writing. In certain cases described in the invitation to the General Meeting, for example for authorisations of credit institutions and the shareholders' association, exceptions can be made from the general requirement for written form.

Shareholders can also authorise proxies appointed by the company to exercise their voting rights (proxy voting). This is subject to the following rules: In addition to the authorisation, the shareholders must also issue instructions for the exercise of their voting rights. The proxies appointed by the company are obliged to vote in accordance with these instructions. Shareholders who initially attend a General Meeting but wish to leave early without forgoing the exercise of their voting rights can also authorise proxies appointed by CECONOMY AG during the General Meeting. Of course, this does not affect the right to grant authorisation to other persons. Details regarding proxy voting are provided in the invitation to each General Meeting.

In the interests of the shareholders, the Chairman of the General Meeting, usually the Chairman of the Supervisory Board, ensures that the event runs quickly and efficiently. The aim is to end an Annual General Meeting of CECONOMY AG after four to six hours at the latest.

Managers' transactions, share ownership of the Management Board and Supervisory Board

On the basis of Art. 19 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, the members of the Management Board and the Supervisory Board as persons discharging managerial responsibilities must report transactions conducted



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on their own account relating to CECONOMY AG shares or CECONOMY AG debt instruments or financial instruments of CECONOMY AG linked thereto (together referred to as managers' transactions). This reporting obligation also applies to persons closely associated with the above board members. However, there is no reporting obligation if the total volume of the transactions does not exceed €5,000 before the end of the calendar year. No managers' transactions were reported to CECONOMY AG in financial year 2018/19.

➤ Notifications of managers' transactions are published on the website www.ceconomy.de/en/ under Investor Relations – Legal Announcements.

Audit of financial statements

AUDIT OF FINANCIAL STATEMENTS 2018/19

On 13 February 2019, the General Meeting of CECONOMY AG elected KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin (KPMG), as the auditor and Group auditor for financial year 2018/19 and as the auditor for the review of the condensed financial statements and the interim management report for the first half of financial year 2018/19. The Supervisory Board's corresponding engagement for the performance of the audit complied with the recommendations of Sec. 7.2 GCGC.

KPMG did not inform the Supervisory Board of any grounds for exclusion or disqualification due to impairment of the auditor's independence before

the completion of the audit on 3 December 2019. There were also no indications that such grounds existed.

During the performance of the audit, the auditor informed the Audit Committee about all findings and issues of importance for the Supervisory Board's tasks of which it became aware while performing the audit, and to this end attended all meetings of the Audit Committee in the past financial year. The auditor confirms the existence of the declaration of conformity and its supplement.

INDEPENDENCE OF THE AUDITOR

The auditor fulfils two important functions. With its audit activity, it firstly helps the Supervisory Board to perform its monitoring function and secondly lays the foundation for the public and especially capital market participants to trust in the accuracy of the annual financial statements and management reports. The independence of the auditor is particularly important for guaranteeing that it can fulfil both of these functions. The Audit Committee of the Supervisory Board of CECONOMY AG is therefore required in particular to be convinced of the auditor's independence. The committee reviewed and confirmed the auditor's independence again in financial year 2018/19.

➤ Detailed information on CECONOMY's corporate governance is available on the website www.ceconomy.de/en/ under Company – Corporate Governance.