

CECONOMY

Declaration

of November 2020 on the Corporate Governance of the CECONOMY Group

This declaration on corporate governance of the CECONOMY AG Group ("**CECONOMY Group**") is based on Sections 315d HGB, 289f HGB, in the version applicable at the time the declaration is issued, and the German Corporate Governance Code (**GCGC**) of 16 December 2019, published in the Federal Gazette on 20 March 2020.

The following declaration on corporate governance reflects, among other things, the most recent declaration of conformity issued by the Management Board and Supervisory Board of CECONOMY AG in November 2020 in accordance with Section 161 of the German Stock Corporation Act (AktG) and contains a description of the functioning of the Management Board, the Supervisory Board, the Supervisory Board committees as well as explanations regarding transparency of corporate governance. In addition, this declaration includes the information on corporate governance of the Company and the Group, which was previously published in the "Corporate Governance Report" in the annual report and on the Company's website. Information relating to the CECONOMY Group is identified as such.

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."

1. Functioning of the Management Board and the Supervisory Board

A key element of the corporate governance of German public limited companies is the

separation between corporate management and corporate control. Tasks and responsibilities are clearly divided between the Management Board and the Supervisory Board of CECONOMY AG.

Both Boards perform their tasks for the benefit of the company and with the aim of sustainably increasing its value. Their actions are based on responsible corporate governance. Consequently there is a close working relationship based on trust between the Management Board and the Supervisory Board of CECONOMY AG:

a. Management Board

The power to manage the company lies with the CECONOMY AG Board of Management, which has two members at the time of making this declaration, as required by Section 76 (2) sentence 2 AktG and Section 5 (1) of the CECONOMY AG Articles of Association. Pursuant to the Schedule of Responsibilities, in the version of 17 October 2019, which is attached to the Bylaws for the Management Board, in the version of 11 December 2018, as an appendix, the responsibilities designated below are assigned:

- Dr. Bernhard Düttmann (Chairman of the Executive Board and Labour Director)

Audit & Consulting; Communications, Public Policy & Sustainability; Corporate Office; Group Competition & Antitrust, Group Compliance, Data Protection; Group Projects & PMO; Human Resources; M&A; Strategy, Value Creation, Innovation/Digital & Business Development

- Karin Sonnenmoser (Chief Financial Officer)

Accounting; Corporate Controlling & Reporting; Group Corporate Legal; Investor Relations; IT Management & Services; Pensions & Payroll; Risk Management; Tax; Treasury & Insurance

The Management Board runs CECONOMY AG and the corporate group of CECONOMY AG under its own responsibility. The key management tasks of the Management Board include setting the business objectives and the strategic orientation of the Group, its control and monitoring as well as its business planning. In addition the Management Board ensures the availability of investment funds, decides on their allocation within the Group, and is responsible for the recruitment and promotion of highly qualified managers.

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.

Basic rules for the functioning and the cooperation of the Management Board are laid down in Bylaws, which the Supervisory Board has adopted for the Management Board. The members of the Management Board bear joint responsibility for the overall business management. They work together cooperatively, and continually inform one another of important measures and events within their remits. Regardless of the overall responsibility of the Management Board, the individual members of the Management Board manage their respective remits under their own responsibility. The Management Board of CECONOMY AG has not set up any committees. Nor would this be possible in its current composition of two board members. Matters which require the passing of resolutions by the Management Board as a whole are in principle defined in the Management Board's Bylaws. These include, for example, all fundamental issues of the organisation, the business policy, and the investment and financial planning of CECONOMY AG and of the Group.

The Management Board generally passes resolutions pursuant to its Bylaws in meetings, which should take place at least twice a month.

The Management Board informs the Supervisory Board in accordance with the statutory provisions, the provisions of the German Corporate Governance Code, the stipulations in the Bylaws of the Management Board, of the Supervisory Board or of a Supervisory Board committee as well as on the basis of other information requirements of the Supervisory Board in individual cases.

The Management Board informs the Supervisory Board of the course of business in a regular, timely and comprehensive manner. It also regularly informs the Supervisory Board of all business planning, business development, risk situation and risk management, compliance and control system issues in the company. The Management Board informs the Supervisory Board of matters that are of particular importance for the company without undue delay, orally or in writing. The strategic orientation of the company is debated in detail and

coordinated with the Supervisory Board and its implementation is discussed at regular intervals.

b. Supervisory 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. The Supervisory Board is entitled to declare further transactions and measures as subject of its own approval.

The Supervisory Board of CECONOMY AG meets at a minimum of four ordinary meetings per financial year. Provisions on convening meetings and on passing resolutions are laid down in the Supervisory Board's Bylaws.

Details of the meetings and of the cooperation between the Management Board and the Supervisory Board of CECONOMY AG outside the meetings in the financial year 2019/20 are explained in the Supervisory Board's report for the financial year 2019/20.

The Supervisory Board of CECONOMY AG is composed, pursuant to the statutory provisions and its Articles of Association, of ten representatives of the shareholders and ten representatives of the employees, of which at least 30% are women (i.e. at least six) and at least 30% are men (i.e. at least six).

At the time this declaration was issued, the following persons were members of the Supervisory Board of CECONOMY AG:

- Jürgen Fitschen (Chairman, shareholder representative)
- Sylvia Woelke (Deputy Chairwoman, employee representative)
- Wolfgang Baur (employee representative)
- Kirsten Joachim Breuer (employee representative)
- Karin Dohm (shareholder representative)
- Daniela Eckardt (employee representative)

- Sabine Eckhardt (shareholder representative)
- Dr. Florian Funck (shareholder representative)
- Ludwig Glosser (employee representative)
- Julia Goldin (shareholder representative)
- Jo Harlow (shareholder representative)
- Rainer Kuschewski (employee representative)
- Stefanie Nutzenberger (employee representative)
- Claudia Plath (shareholder representative)
- Jens Ploog (employee representative)
- Birgit Popp (employee representative)
- Dr. Fredy Raas (shareholder representative)
- Jürgen Schulz (employee representative)
- Regine Stachelhaus (shareholder representative)
- Christoph Vilanek (shareholder representative)

The members of the Supervisory Board as a whole have the legally required familiarity with the sector in which CECONOMY AG operates. The Supervisory Board has defined the competences which, in its opinion, are particularly important for fulfilling its statutory tasks in a competence profile.

The Supervisory Board is supported in its activities by four committees formed from among its members:

Presidential Committee of the Supervisory Board

The tasks assigned to the Presidential Committee of the Supervisory Board are set out on the website www.ceconomy.de/en/ under the heading “Company – Supervisory Board”.

The Presidential Committee of the Supervisory Board is chaired, in accordance with the Bylaws of the Supervisory Board of CECONOMY AG, by the Chair of the Supervisory Board. The Deputy Chair of the Supervisory Board is, in accordance with the Bylaws of the

Supervisory Board of CECONOMY AG, another member of the Presidential Committee of the Supervisory Board.

At the time of making this declaration the Presidential Committee of the Supervisory Board is made up of:

- Jürgen Fitschen (Chairman)
- Sylvia Woelke
- Regine Stachelhaus
- Jens Ploog

Audit Committee

The tasks assigned to the Audit Committee are set out on the website www.ceconomy.de/en/ under the heading “Company – Supervisory Board”.

The personal requirements for membership and chairpersonship of the Audit Committee are laid down by law and the Bylaws of the committee. The Chair of the Audit Committee must be a representative of the shareholders. Neither the role of Chair nor the role of Deputy Chair of the Audit Committee should be conferred upon a former member of the Management Board whose appointment ended less than two years ago. Furthermore the Chair of the Supervisory Board should not simultaneously be the Chair or Deputy Chair of the Audit Committee. The Chair of the Audit Committee should be independent and must have expertise in the fields of accounting or statutory audits as well as internal control procedures (a “financial expert”). The other members of the Audit Committee should have sufficient knowledge and experience in these fields, and in addition at least one member should have special knowledge in the field of compliance. The members of the Audit Committee as a whole must be familiar with the sector in which the company operates. All the requirements are met in the present composition of the Audit Committee.

The current composition of the Audit Committee 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 in accordance with D.4 GCGC. 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.

At the time of making this declaration the Audit Committee is composed as follows:

- Karin Dohm (Chairwoman)
- Sylvia Woelke (Deputy Chairwoman)
- Dr Florian Funck
- Ludwig Glosser
- Rainer Kuschewski
- Claudia Plath

Nomination Committee

The tasks assigned to the Nomination Committee are set out on the website www.ceconomy.de/en/ under the heading “Company – Supervisory Board”.

The Nomination Committee is made up exclusively of representatives of the shareholders. In accordance with the Supervisory Board’s Bylaws the committee consists of the Chair of the Supervisory Board as well as at least two additional shareholder representatives. The majority of the committee must be composed of independent Supervisory Board members. All these requirements are met in the present composition of the committee.

At the time of making this declaration the Nomination Committee is composed of the persons named below:

- Jürgen Fitschen (Chairman)
- Claudia Plath
- Regine prickly house

Mediation Committee

The tasks assigned to the Mediation Committee are set out on the website www.ceconomy.de/en/ under the heading “Company – Supervisory Board”.

At the time of making this declaration the Mediation Committee is made up of the persons named below:

- Jürgen Fitschen (Chairman)

- Sylvia Woelke
- Ludwig Glosser
- Claudia Plath

c. Information provided to the Supervisory Board by committees and the Management Board

The Chair of the respective committee reports on resolutions and key aspects of the work of the committees to the Supervisory Board promptly, as a rule orally, in the next meeting of the Supervisory Board.

The provision of information to the Supervisory Board and its committees by the Management Board is governed by law. The Management Board informs the Supervisory Board in accordance with the statutory provisions, the provisions of the German Corporate Governance Code, on the basis of any provisions in the Bylaws of the Management Board or the Bylaws of the Supervisory Board and/or Bylaws of a Supervisory Board committee or on the basis of other information requirements of the Supervisory Board in individual cases. The Management Board's Bylaws, which the Supervisory Board has revised by a Supervisory Board resolution of 11 December 2018, contain a provision on an information policy, which describes under what conditions and on the basis of what information requirements of the Supervisory Board the Management Board has to inform the Supervisory Board in individual cases.

d. Efficiency reviews of the Supervisory Board

In principle efficiency reviews take place every two years. An external interview-based efficiency review was conducted in the financial year 2018/19. The results were presented to the Supervisory Board in the financial year 2019/20. The Supervisory Board has discussed the recommendations for action deriving therefrom. It will shortly further consider appropriate proposals for their implementation. The Supervisory Board will continue to deal with the proposals for implementation on an ongoing basis.

e. Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG)

The last Declaration of Conformity was made in September 2019, with an amendment from November 2019. The Declaration of Conformity and the amendment were made to the recommendations of the German Corporate Governance Code in the version dated 7 February 2017, which is published in the Federal Gazette on 24 April 2017. The "Government

Commission on the German Corporate Governance Code" issued a new version of the Code on 16 December 2019, which was published in the Federal Gazette and also came into force on 20 March 2020.

1. In the period since the last Declaration of Conformity in September 2019, with an amendment from November 2019, the Management Board and Supervisory Board of CECONOMY AG have complied with the recommendations of the "Government Commission on the German Corporate Governance Code" in the version of the Code dated 7 February 2017, published in the Federal Gazette on 24 April 2017, with the following exceptions

In view of the fact that the further appointment of Dr. Bernhard Düttmann as member and Chairman of the Management Board was made on a transitional basis for the period from 17 October 2019 to 16 October 2020, as the deputy to the member of the Management Board who was missing due to the departure of former Management Board member Jörn Werner, the remuneration which Dr. Bernhard Düttmann received for his Management Board activities in accordance with the service agreement between CECONOMY AG and Dr. Bernhard Düttmann does not contain any variable remuneration components. The reason for this was that the Supervisory Board did not consider variable remuneration to be suitable for the transitional period of his appointment. Accordingly, the service agreement of Dr. Bernhard Düttmann exceptionally did not comply with the recommendation in clause 4.2.3 (2) sentence 2 of the GCGC, according to which the monetary remuneration components of the remuneration of the Board of Management should comprise fixed and variable components. Consequently, the recommendations in sentences 3 to 6 of the second paragraph of 4.2.3 of the GCGC, which require variable remuneration components, were not complied with in this respect.

2. In the period from 20 March 2020 until the issue of this Declaration of Conformity, the Management Board and the Supervisory Board of CECONOMY AG have complied with the recommendations of the new version of the Code or will continue to comply with them in the future, with the exception of the following deviations.

- **Clause C. 5: Maximum Number of Supervisory Board Memberships**

According to C.5, members of the Management Board of a listed company shall not be appointed to more than two Supervisory Boards of non-group listed companies or similar functions and shall not chair the Supervisory Board of a non-group listed company.

The Supervisory Board member Mr. Christoph Vilanek is Chairman of the Management Board of a listed company and is appointed to more than the specified Supervisory Board mandates.

The Supervisory Board and the Management Board of CECONOMY AG have addressed the issue of overboarding and concluded that this requirement of the new GCGC is too inflexible and schematic. Since freenet AG has a stake of almost 10% of CECONOMY AG, his Supervisory Board mandate reflects the ownership structure. Due to his profound knowledge of the retail sector, his excellent knowledge of the industry and his qualifications as well as his experience in other Supervisory Boards, Mr. Christoph Vilanek was personally entrusted by the Supervisory Board of freenet AG to represent freenet AG as a shareholder of CECONOMY AG in the Supervisory Board of CECONOMY AG. Due to his qualifications, Mr. Christoph Vilanek is also a valuable addition to the Supervisory Board of CECONOMY AG. However, the crucial factor - and this is the ratio of the Code's recommendation to a maximum number of Supervisory Board mandates - is whether Mr. Christoph Vilanek has sufficient time to be a member of the Supervisory Board of CECONOMY AG in addition to his Management Board mandate at freenet AG and his other mandates. To date, there has also been no indications that Mr. Christoph Vilanek was unable to spare the necessary time for the Supervisory Board activities. The Supervisory Board has no reason to doubt that Mr. Christoph Vilanek would not be able to spend the expected amount of time for the performance of his mandate at CECONOMY AG. Mr. Christoph Vilanek himself has also confirmed that he will be able to continue to invest the expected amount of time for his work on the Supervisory Board of CECONOMY AG.

- **Clause G.7: Timing of the Determination of Remuneration Components**

In accordance with G.7, the Supervisory Board shall determine the performance criteria for the coming financial year for each member of the Management Board for all variable remuneration components, which - in addition to operational - are primarily oriented to strategic objectives.

In principle, the recommendation has been and will be complied with. In the financial year 2020/21, the recommendation will not be complied with as an exception, as the targets for all components of the short-term and one component of the long-term variable remuneration are based on the budget and the budget for the financial year 2020/21 will not be reported to the Supervisory Board until October 2020 due to the planning process, which has been adjusted for Corona.

- **Clause G. 8: Subsequent Modifications of the Remuneration components**

According to G. 8, a subsequent modification of the target values or the comparison parameters should be excluded.

The recommendation is not being complied with at present; the Supervisory Board has resolved to adjust the target values for the tranches of the long-term variable remuneration for the financial year 2019/20 and for the financial year 2018/19 to the changed situation caused by Corona.

The Management Board and the Supervisory Board of CECONOMY AG intend to comply with the recommendations of the new version of the GCGC in future, with the exception of the above-mentioned clause C.5.

2. Provisions to promote equal participation of women and men in management positions

The representation of women and men on the Supervisory Board of CECONOMY AG meets the requirements of the law ensuring equal participation of women and men in management positions. The representatives of the employees and of the shareholders exceed the applicable gender quota for the Supervisory Board of CECONOMY AG by 30% in each case. At the time of making this declaration the Supervisory Board includes four female members on the employee representative side and five female members on the shareholder representative side.

When appointing members of the Executive Board, the Supervisory Board takes into account the requirements of the German Stock Corporation Act and the recommendations of the

GCGC. In particular, the Supervisory Board pays attention to diversity in line with the Code and strives to ensure equal participation of men and women in management positions. In the financial year 2019/20 the Management Board of CECONOMY AG had one female member. In the current composition of the Management Board, consisting of two members, this corresponds to a rate of 50% of the seats filled. Equal participation of women and men in management positions is achieved, inter alia, as a result of this rate.

For the first and second levels of management below the Management Board, in its meeting on 10 October 2019 the Management Board of CECONOMY AG set targets for the proportion of women of at least 25% at the first management level below the Management Board in CECONOMY AG and of at least 50% at the second management level below the Management Board in CECONOMY AG, which should be achieved by 30 September 2024.

3. Diversity concept

In CECONOMY AG diversity is respected when composing the Management Board, filling management functions and making nominations for the election of members to the Supervisory Board. This diversity contributes to a greater wealth of experience as well as a wider range of perspectives, expertise and skills within the Management Board and the Supervisory Board.

When composing the Management Board the Supervisory Board is primarily guided by specialised knowledge and personal suitability. In addition it also considers aspects such as age, gender, and educational or professional background.

With regard to the overall composition of each board, Management and Supervisory, the Supervisory Board has decided to pursue the following diversity policy:

“The Supervisory Board strives to achieve a diversely composed Supervisory Board and Management Board respectively, including, but not limited to, in terms of aspects such as the gender, the educational or professional background or experience, the age and the internationality of the members.

The objective of the diversity policy is that as a whole the Supervisory Board and the Management Board shall each cover the competence profile resulting from the company-specific situation:

- Trading expertise, particularly in the sector of consumer electronics
- Expertise in the following areas:

- Mergers and acquisitions
- Service
- Marketing
- Digitalisation/technology
- Human resources
- Knowledge/experience in the following fields:
 - Accounting
 - Statutory audits
 - Internal control procedures
 - Compliance
- International experience
- Experience in corporate governance.”

The diversity policy is implemented through the personnel decisions in relation to filling the seats on the Supervisory Board and Management Board respectively. In financial year 2019/20, a shareholder representative was elected, who had previously been appointed by court until the end of the Annual General Meeting 2020. On 27 October 2020, a shareholder representative was appointed by court. The results achieved in relation to the diversity policy at the time of making this declaration are shown in the following overview of the division of competences on the Supervisory Board:

Distribution of skills in CECONOMY AG's Supervisory Board¹

Retail	Services	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	S. Eckhardt 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)
S. Eckhardt J. Fitschen F. Funck C. Plath F. Raas R. Stachelhaus C. Vilanek	S. Eckhardt 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, audit	Sustainability management
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	J. Goldin J. Harlow R. Kuschewski S. Nutzenberger

¹ Maximum five skills per member

In addition the composition of the Supervisory Board is diverse. The members of the Supervisory Board have varied educational and professional backgrounds and experience. Details can be found in their personal profiles available on the website www.ceconomy.de/en/ under the heading "Company – Supervisory Board". The members making up the Supervisory Board are 50% female and 50% male. Seven members of the Supervisory Board (35%) have gained professional experience abroad or have experience other than German citizenship. The oldest member of the Supervisory Board is 72 years of age. The youngest member is 42 years of age. The average age is 55.2 years.

Based on the diversity policy set out above the Supervisory Board has decided the following specific targets for its composition:

- The Supervisory Board shall be made up of a sufficient number of members having diverse educational or professional backgrounds or experience in addition to international experience or expertise.
- More than half of the shareholders on the Supervisory Board should be independent within the meaning of C.16 of the GCGC.

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- The Supervisory Board shall not include any member who performs management or advisory functions or memberships in supervisory bodies of major direct competitor companies in Germany and abroad.
- The statutory gender quota of 30% shall be met separately by the employee representatives and the shareholder representatives. This means that the Supervisory Board shall include at least three female members on each side.
- The members of the Supervisory Board shall not be more than 65 years of age upon being elected for the first time or more than 71 years of age upon being re-elected. The standard limit for the term of office on the Supervisory Board is ten years. The term of office for shareholder representatives on the Supervisory Board shall generally be three years.
- At least one member of the Supervisory Board must fulfil the conditions laid down in the Audit Committee's Bylaws for taking over the chair of the Audit Committee. Other members of the Supervisory Board who are elected as members of the Audit Committee shall have the particular knowledge and experience specified in the Audit Committee's Bylaws.

In the current configuration of the Management Board the diversity policy and the specific targets set by the Supervisory Board for the composition of the Management Board are met as follows: The members of the Management Board have varied educational and professional backgrounds and experience. Due to the professional careers of the Management Board members in various management positions abroad as well as by virtue of the international business activities of CECONOMY AG the Management Board members also have, in particular, international management experience and expertise. Details can be found in their personal profiles available on the website www.ceconomy.de/en/ under the heading "Company – Management Board". The Management Board has one female member. At the time of the publication of this declaration the Management Board does not have any member who is over the age limit of 65 years. The oldest member of the Management Board is 61 years of age. The youngest member is 51 years of age. The average age of the Management Board members is 56 years.

a. 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 Supervi-

sory Board should be independent within the meaning of C.7 GCGC.

With Ms Karin Dohm, Mr Jürgen Fitschen, Sabine Eckhardt, Ms Julia Goldin, Ms Jo Harlow, Ms Claudia Plath and Ms Regine Stachelhaus, none of whom represent any of the anchor shareholders of CECONOMY AG, at least seven shareholder representatives are independent within the meaning of section C.7 of GCGC. These independent members of the Supervisory Board also include the Chairwoman of the Audit Committee, Ms Karin Dohm, and the Chairman of the Supervisory Board, Mr Jürgen Fitschen.

Mr. Jürgen Fitschen, Chairman of the Supervisory Board of CECONOMY AG, has been a member of the Supervisory Board for more than 12 years (first election: 16 May 2008) and is nevertheless considered an independent member of the Supervisory Board by the Management Board and the Supervisory Board. It is not apparent to the Management Board and the Supervisory Board why a material and not only temporary conflict of interest could be justified by the fact that Mr Fitschen has been a member of the Supervisory Board for more than 12 years. In particular, independence from the company's Management Board is given despite the fact that he has been a member of the Management Board for more than 12 years, as numerous different members of the Management Board were in office at CECONOMY AG (formerly: METRO AG) during the period in question, partly due to the demerger of METRO GROUP.

It should also be stressed that there are no business relations between Mr Fitschen and CECONOMY AG which could call into question Mr Fitschen's independence. In addition to his activities on the Supervisory Board of CECONOMY AG, Mr Fitschen is also a Senior Advisor of Deutsche Bank AG and is active in other companies as Chairman of the Supervisory Board and Supervisory Board member. With the exception of Supervisory Board remuneration, Mr Fitschen is not granted any additional remuneration or other benefits by CECONOMY AG or its affiliated companies for services rendered personally by him. Any other business relationships between Mr Fitschen and companies affiliated with CECONOMY AG do not constitute a material and not just temporary conflict of interest, as these are at best consumer transactions and as such are always appropriate and customary in the market.

b. Potential conflicts of interest

No member of the Supervisory Board performs a board function at a direct, significant competitor. In particular, in the opinion of the Supervisory Board, there is no significant competition between the Gravis retail chain, which belongs to the freenet Group, and the companies of the MediaMarktSaturn Retail Group, which belong to the CECONOMY AG Group, so that the board function of Supervisory Board member Mr. Christoph Vilanek at freenet AG does not prevent him from being a member of the Supervisory Board.

4. Key Corporate Governance Practices

a. Compliance

The business activities of the corporate group of CECONOMY AG are subject to a wide range of legal provisions and self-imposed standards of conduct. CECONOMY combines measures for ensuring compliance with these rules through its Group-wide compliance management system.

The risk-based compliance management system aims to systematically and permanently prevent, detect and sanction violations of rules and regulations within the company. To this end, the Group regularly identifies behavioural compliance risks, establishes the necessary organisational structures and has risks consistently managed and monitored by the relevant specialist departments. As part of the systematic reporting system, the main compliance risks and compliance measures are presented and documented transparently. Employee surveys, internal controls and audit procedures are used to determine which further developments of the compliance management system are appropriate.

Compliance officers are available as contact persons and advisors for the responsible management and employees at all holding and national companies in the Group. The Head of Group Compliance of CECONOMY AG reports directly to the Chairman of the Board of Management.

In order to consistently manage behaviour-related risks, CECONOMY AG has assigned clear responsibilities for risk areas, communicated clear behavioural guidelines and developed and provided suitable risk management and control processes. In addition, there are mandatory compliance training courses, systematic communication measures appropriate to the target group and a process for dealing consistently and consistently with compliance incidents and their processing. In addition, employees, business partners and customers of the CECONOMY Group have access to a professional reporting system through which they can inform the company of potential violations - anonymously if necessary - in all Group languages. The compliance function ensures that these reports are followed up in an appropriate manner.

The Code of Conduct of CECONOMY AG forms the core of the CECONOMY Group's compliance initiatives. Other important components of the compliance programme are the conduct guidelines and guidelines on antitrust law and on the subject of anti-corruption. Directly linked to the initiatives of the compliance programme are address-oriented training programmes and the design and testing of internal controls in operational business processes. The effectiveness of the internal compliance controls is regularly included in the audit plan of the internal audit department.

Details on the subject of compliance can be found, among other things, in the separate non-financial Group report and on the website www.ceconomy.de under the heading "Company - Compliance". The Code of Conduct of CECONOMY AG can also be downloaded there.

b. Risk and Opportunity Management

Another integral component of value-oriented corporate management is the CECONOMY Group's risk management. This is a systematic process that encompasses the entire Group and supports management in identifying, evaluating, controlling and monitoring risks and opportunities. Risk and opportunity management thus form a single unit. Risk management identifies unfavourable developments and events at an early stage and analyses their impact. In this way, the company can take appropriate measures to deal with them. At the same time, the possibility is opened up to take advantage of opportunities as they arise. Risk and opportunity management and the compliance management system are subject to ongoing development.

Details on the topic of risk and opportunity management are contained in the annual report of CECONOMY AG. This is available on the website www.ceconomy.de under the heading "Investor Relations - Publications".

c. Responsibility and Sustainability

CECONOMY makes life easier in the digital world. At first glance, the corresponding products and technologies are not necessarily sustainable because of their consumption of resources and electricity. However, they do open up completely new possibilities for a sustainable lifestyle, for example, through more demand-oriented and intelligent control of heating, cooling and lighting. Because CECONOMY makes the advantages of digitalisation available to customers, it is logical to apply them to itself. We therefore assume responsibility and guide our portfolio companies to harmonise their economic goals with social and ecological requirements beyond legal requirements.

In the 2017/18 financial year, CECONOMY AG developed its own sustainability approach together with the MediaMarktSaturn Retail Group. In doing so, we reviewed our business model in terms of its impact on the environment and society. Our goal is to strengthen our positive influence and systematically reduce negative impacts. In line with the ongoing development of our business model, we also regularly review our sustainability approach and continue to develop it further. The Sustainable Development Goals of the United Nations are an important benchmark for us in this respect and at the same time a mandate for us to make a contribution to a more sustainable future within the scope of our business activities. Our reporting on sustainability issues is based on the standards of the Global Reporting Initiative.

We have set ourselves the goal of integrating sustainability as an integral part of our business practice. For example, digitisation and new service concepts as well as a broad range of sustainable products offer us more and more points of contact. We want to support our customers in matters of sustainability and live up to our claim of being a responsible company.

Details on responsibility and sustainability can be found in the separate non-financial Group report and on the website www.ceconomy.de under the heading "Sustainability".

5. Transparent corporate governance

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.

6. Annual 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. Subject to the special provisions applicable to the Annual General Meeting in February 2021 by way of exception in accordance with Article 2 § 1 of the law on mitigating the consequences of the COVID 19 pandemic in civil, insolvency and criminal proceedings of 27 March 2020 for the holding of the Annual General Meeting as a virtual general meeting, any shareholder who wishes to attend and, if applicable, exercise their voting rights the at CECONOMY AG Annual 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.

7. Managers' Transactions, shareholdings of the Board of Management 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 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. In the 2019/20 financial year, CECONOMY AG Managers' Transactions have been notified by Dr. Bernhard Düttmann.

Notices of managers' transactions are published on the website www.ceconomy.de under Investor Relations - Legal Notices.

8. Final Audit 2019/20

On 12 February 2020, the General Meeting of CECONOMY AG elected KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin (KPMG), as the auditor and Group auditor for financial year 2019/20 and as the auditor for the review of the condensed financial statements and the interim management report for the first half of financial year 2019/20. The Supervisory Board's corresponding engagement for the performance of the audit complied with the recommendations of D.9 and D.10 GCGC.

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 2019/20.