

CECONOMY

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

**from November 2020 regarding the recommendations of the Government Commission
German Corporate Governance Code pursuant to Section 161 AktG (German Stock
Corporation Act)**

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.

Supervisory Board

Board of Directors