

# CECONOMY

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

**from September 2019 regarding the recommendations of the Government Commission German Corporate Governance Code pursuant to § 161 AktG (German Stock Corporation Act)**

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This declaration of conformity is based on the version of the German Corporate Governance Code ("**GCGC**") of 7 February 2017, which was published in the German Federal Gazette on 24 April 2017.

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 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

## COURTESY TRANSLATION

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."