

# 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 for Consumer Protection in the official section of the Federal Gazette since the last declaration of conformity by the Management Board and Supervisory Board of CECONOMY AG in September 2018, supplemented by the declaration in January 2019, have been complied with, with the following deviations:

In the transitional period between the dismissal of former Chairman of the Management Board Pieter Haas and the appointment of Jörn Werner as a new Member of the Management Board as of March 1, 2019 and his appointment as Chairman of the Management Board, CECONOMY AG refrained from appointing a new Chairman of the Management Board or Spokesperson in view of the ongoing search for candidates at that time and the transitional nature of the distribution of responsibilities for the Management Board until the search was completed. Accordingly, CECONOMY AG temporarily did not comply with the recommendation in section 4.2.1 sentence 1 clause 2 of the DCGK, according to which the Management Board shall have a Chairperson or Spokesperson.

Due to the transitional appointment of Dr. Bernhard Düttmann as deputy member of the Management Board for the period from 1 January 2019 to 31 March 2019 a position vacant as a result of Mark Frese's dismissal as member of the Management Board, the remuneration that Dr. Bernhard Düttmann received for his Management Board activities in accordance with the service agreement between CECONOMY AG and Dr. Bernhard Düttmann did not contain any variable remuneration components. The background for this was that the Supervisory

COURTESY TRANSLATION

Annex 1 to the draft resolution on Agenda Item 8  
of the meeting of the Supervisory Board of  
CECONOMY AG  
on 18 September 2019

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Board did not consider variable remuneration to be suitable for the short period of appointment. Accordingly, the service agreement of Dr. Bernhard Düttmann exceptionally did not comply with the recommendation in section 4.2.3 para. 2 sentence 2 of the GCGC, according to which the monetary remuneration components of the Management Board remuneration should comprise fixed and variable components. Consequently, the recommendations in sentences 3 to 6 of the second paragraph of section 4.2.3 of the GCGC, which require variable remuneration components, were temporarily not complied with.

As announced, CECONOMY AG deviated from the recommendation pursuant to section 7.1.2 sentence 3 GCGC in fiscal year 2018/19 because the announcement H1/Q2 2018/19 on 21 May 2018 was published within the legally prescribed period, but not within the recommended period of 45 days after the end of the reporting period. Due to organisational restrictions during the preparation period, publication of the announcement H1/Q2 2018/19 could only take place slightly after expiry of the recommended deadline.

As a precaution, it is declared that the recommendations pursuant to section 2.3.2 of the GCGC were not complied with during the preparation and implementation of the Annual General Meeting on 13 February 2019 with regard to the preferred shares. At that time CECONOMY AG assumed that despite the loss of dividends for the financial year 2017/2018, the holders of preferred shares did not have any voting rights. CECONOMY AG has reassessed the ambiguous legal situation and, as a precaution, assumes that the holders of preferred shares shall have voting rights due to the loss of the additional dividend.

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

