

# CECONOMY

General Meeting of CECONOMY AG on 14 February 2018

## FURTHER EXPLANATIONS ON THE RIGHTS OF SHAREHOLDERS PURSUANT TO §§ 122 (2), 126 (1), 127, 131 (1) GERMAN STOCK CORPORATION ACT

The invitation of the General Meeting of CECONOMY AG on 14 February 2018 contains information about shareholder rights pursuant to §§ 122 (2), 126 (1), 127, 131 (1) German Stock Corporation Act.

These rights are based particularly on the following sections of the German Stock Corporation Act and of the Articles of Association of CECONOMY AG\*:

### § 70 German Stock Corporation Act - Computation of the Period of Shareholding

If the exercise of rights arising from a share requires that the shareholder has been the holder of such share for a certain period of time, the right to demand transfer of title from a credit institution, a financial services institute, or an enterprise operating under § 53 (1) sent. 1 or § 53b (1) sent. 1 or (7) of the Banking Act shall be deemed equivalent to ownership. The period during which the share was owned by a predecessor shall be attributed to the shareholder, provided that he has acquired the share without consideration from his fiduciary, as a successor in legal interest by operation of law, in connection with the liquidation of a community of interest, or as a result of a transfer of assets pursuant to § 13 of the Insurance Supervision Act or § 14 of the Building Loan Associations Act.

### § 121 German Stock Corporation Act - General (excerpt)

(7) For periods and deadlines counted backwards from the date of the meeting, the day of the meeting shall not be included in the calculation. Any move from a Sunday, Saturday or public holiday to a preceding or subsequent business day shall not be possible. §§ 187 to 193 of the German Civil Code shall not be applied accordingly. In the case of non-listed companies, the articles of association may determine a different calculation of the period.

### § 122 German Stock Corporation Act - Convening at the Request of a Minority

(1) The general meeting shall be called if shareholders, whose holding in aggregate equals or exceeds one-twentieth of the share capital, demand such meeting in writing, stating the purpose and the reasons of such meeting; such demand shall be addressed to the management board. The articles of association may provide that the right to convene a general meeting shall require another form or the holding of a lower proportion of the share capital. The parties presenting the motion shall furnish evidence that they have been holders of such shares for not less than 90 days prior to the date of receipt of the request and that they will hold the shares until a decision on the motion by the Management Board. § 121 (7) shall be applied accordingly.

(2) In the same manner, shareholders whose shares amount in aggregate to not less than one-twentieth of the share capital or represent an amount of the share capital corresponding to € 500,000, may demand that items are put on the agenda and published. Each new item shall be accompanied by an explanation or a draft proposal. The demand in the sense of sent. 1 shall be provided to the company at least 24 days, in

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\* Non-binding convenience translation.

case of listed companies at least 30 days, prior to the meeting; the day of receipt shall not be included in this calculation.

(3) If any such demand is not complied with, the court may authorise the shareholders, who have made the demand, to convene a general meeting or publish such items. At the same time, the court may appoint the chairman of the meeting. The convening of the meeting or the publication shall refer to such authorisation. An appeal may be made against such decision. The parties presenting the motion shall furnish evidence that they will hold the shares until a decision on the motion by the court.

(4) The company shall bear the costs of the general meeting and, in the case of (3), also the court costs if the court has granted such motion.

§ 124 German Stock Corporation Act – Publication of requests for additions to the agenda;  
proposals for resolutions (excerpt)

(3) ...<sup>4</sup>The proposal for the election of members for the supervisory board or auditors shall state their names, actual profession and place of residence.

§ 125 German Stock Corporation Act – Communications to shareholders  
and supervisory board members (excerpt)

(1) At least 21 days prior to the date of the meeting, the management board shall communicate the notice of the shareholders' meeting to those credit institutions and shareholders' associations that exercised voting rights on behalf of shareholders at the preceding general meeting or that have requested such communication. The day of the communication shall not be counted. If the agenda has to be amended in accordance with § 122 (2), such amended agenda shall be communicated in the case of stock exchange listed companies. The communication shall indicate the possibilities of exercising voting rights by a proxy, including by a shareholders' association. In the case of stock exchange listed companies, any nomination for the election of supervisory board members must be accompanied by details on the membership in other supervisory boards whose establishment is required by law; details on their membership in comparable domestic and foreign controlling bodies of business enterprises should also be provided.

(2) The management board shall provide the same communication to shareholders who make such request or are registered as shareholders in the company's stock register at the beginning of the 14<sup>th</sup> day before the meeting. The articles may constrain communication to electronic means.

(3) Every member of the supervisory board may request that the management board send the same communication to him/her.

§ 126 German Stock Corporation Act - Motions by Shareholders

(1) Motions by shareholders together with the shareholder's name, the grounds and any position taken by the management board shall be made available to the persons entitled pursuant to § 125 (1) through (3) under the conditions stated therein if at least 14 days before the meeting the shareholder sends to the address indicated in the convening of the meeting a counter-motion to a proposal of the management board and supervisory board as to an item on the agenda. The date of receipt shall not be taken into account. In the case of listed companies, access shall be provided via the company's Internet page. § 125 (3) shall apply analogously.

(2) A counter-motion and the grounds for this need not be made available, if:

1. the management board would by reason of such communication become criminally liable;
2. the counter-motion would result in a resolution of the general meeting which would be illegal or would violate the articles of association;
3. the grounds contain statements which are manifestly false or misleading in material respects or which are libellous;
4. a counter-motion of such shareholder based on the same facts has already been communicated with respect to a general meeting of the company pursuant to § 125;
5. the same counter-motion of such shareholder on essentially identical grounds has already been communicated pursuant to § 125 to at least two general meetings of the company within the past five years and at such general meetings less than one-twentieth of the share capital represented has voted in favour of such counter-motion;
6. the shareholder indicates that he will neither attend nor be represented at the general meeting; or
7. within the past two years at two general meeting the shareholder has failed to make or cause to be made on his behalf a counter-motion communicated by him.

The statement of the grounds need not be communicated if it exceeds more than 5,000 characters.

(3) If several shareholders make counter-motions for resolution in respect to the same subject matter, the management board may combine such counter-motions and the respective statements of the grounds.

#### § 127 German Stock Corporation Act - Nominations by Shareholders

§ 126 shall apply analogously to a nomination by a shareholder for the election of a member of the supervisory board or external auditors. Such nomination need not be supported by a statement of the grounds for this. The management board also need not communicate such nomination if it fails to contain the particulars required by § 124 (3) sent. 4 and § 125 (1) sent. 5. In the case of listed companies subject to the Co-Determination Act, the Coal and Steel Co-Determination Act or the Supplementary Co-Determination Act, the management board shall supplement any nomination by a shareholder for the election of members of the supervisory board with the following information:

1. Information regarding the requirements of § 96 (2),
2. Information as to whether an objection was lodged against the comprehensive fulfilment pursuant to § 96 (2) sent. 3, and
3. Information regarding the number of seats on the supervisory board that have to be filled with men and women, respectively, in order to fulfil the minimum quota requirement pursuant to § 96 (2) sent. 1.

#### § 131 German Stock Corporation Act - Right of shareholders to information

(1) Each shareholder shall upon request be provided with information at the shareholders' meeting by the management board regarding the company's affairs, to the extent that such information is necessary to permit a proper evaluation of the relevant item on the agenda. The duty to provide information shall also extend to the company's legal and business relations with any affiliated enterprise. If a company makes use of the simplified procedure pursuant to § 266 (1) sent. 3, § 276 or § 288 of the German Commercial Code, each shareholder may request that the annual financial statements be presented to him at the shareholders meeting on such annual financial statements in the form which would have been used without the use

of such simplified procedure. The duty of the management board of a parent company (§ 290 (1) and (2) of the German Commercial Code) to provide information at the shareholders meeting at which the consolidated financial statements and managements' discussion and analysis of these statements are presented also extends to the consolidated groups position and the enterprises included in the consolidated financial statements.

(2) The information provided shall comply with the principles of conscientious and accurate accounting. The articles or the rules of procedure pursuant to § 129 may authorise the chairman of the meeting to reasonably limit a shareholder's time to speak and ask questions and may provide relevant details in this connection.

(3) The managing board may refuse to provide information:

1. to the extent that providing such information is, according to sound business judgment, likely to cause not immaterial damage to the company or an affiliated enterprise;
2. to the extent that such information relates to tax valuations or the amount of certain taxes;
3. with regard to the difference between the value at which items are shown in the annual balance sheet and the higher market value of such items, unless the shareholders' meeting is to approve the annual financial statements;
4. with regard to the methods of accounting and valuation, if disclosure of such methods in the notes is sufficient to provide a clear view of the actual condition of the company's assets, financial position and profitability within the meaning of § 264 (2) of the German Commercial Code; the foregoing shall not apply if the shareholders' meeting is to approve the annual financial statements;
5. if the managing board would by providing such information become criminally liable;
6. if in the case of a credit institution or financial services institution information about the applied balance sheet and methods of accounting and valuation made in the annual financial statement or the group's management report need not be given;
7. if the information is continuously available on the company's internet page seven or more days prior to the beginning and during the shareholders' meeting.

The provision of information may not be denied for other reasons.

(4) If information has been provided to a shareholder outside a shareholders' meeting to a shareholder by reason of his status as a shareholder, such information shall upon request be provided to any another shareholder at the shareholders' meeting, even if such information is not necessary to permit a proper evaluation of an item on the agenda. The management board may not refuse to provide such information on the grounds of § 131 (3) sent. 1 no. 1 through 4. Sent. 1 and 2 shall not apply if a subsidiary (§ 290 (1), (2) of the German Commercial Code), a cooperative enterprise (§ 310 (1) of the German Commercial Code) or an associated company (§ 311 (1) of the German Commercial Code) provides information to a parent company (§ 290 (1) and (2) of the German Commercial Code) for the purpose of inclusion in the consolidated annual financial statement of the parent company and the information is required for this purpose.

(5) A shareholder who has been denied information may request that his question and the reason for which the information was denied be recorded in the minutes of meeting.

## § 17 of the Articles of Association of CECONOMY AG

(Version: resolution of the General Meeting of 6 February 2017)

## Chairmanship

- (1) The Chairman of the Supervisory Board, or another Supervisory Board member designated by him, shall preside over the General Meeting. In the event that neither the Chairman of the Supervisory Board nor the Supervisory Board member designated by him takes the chair, the members of the Supervisory Board present at the General Meeting shall elect the person who is to preside over the meeting.
- (2) The Chairman presides over the meeting, determines the order of business to be transacted at the meeting and decides on the mode and form of voting. He may permit video and audio broadcasts of the General Meeting. The voting result may also be determined by deducting the number of ayes or nays and abstentions from the total number of votes of shareholders with voting rights.
- (3) The Chairman has the right to set an appropriate time limit for the shareholders' right to ask questions and speak. In particular, he has the right to set a time frame for the shareholders' right to ask questions and speak for the entire General Meeting, on individual agenda items and for individual speakers.