



\* PERCENT OF THE SHARE

**CAPITAL WAS REPRESENTED**

at the 2017 Annual General Meeting.

# CORPORATE GOVERNANCE REPORT

## including the Corporate Governance Statement and Compensation Report

The term corporate governance comprises methods, instruments and, hence, the entire system for the management and supervision of an enterprise. This includes not only the legal framework but also the values, business policies and guidelines of the enterprise. We are committed to good, responsible and sustainable value-oriented corporate governance, which forms the basis for the success of the GERRY WEBER Group. It increases the confidence our customers, business partners, investors, employees and society place in us.

At GERRY WEBER, good and responsible corporate governance comprises not only the principles of the German Corporate Governance Code but also our compliance guidelines and our Code of Conduct. The Corporate Governance Report of the Managing Board and the Supervisory Board of GERRY WEBER International AG in accordance with clause 3.10 of the German Corporate Governance Code (GCGC) is provided below. In addition to the declaration of conformity pursuant to section 161 of the German Stock Corporation Act (AktG), the Corporate Governance

Report in this Annual Report also comprises the Corporate Governance Statement pursuant to section 289a para. 2 no. 3 of the German Commercial Code (HGB). Both documents – and all declarations and statements of prior years – are permanently available in digital form in the “Investors” section of our website at [www.gerryweber.com](http://www.gerryweber.com). This Corporate Governance Report moreover includes the compensation report of GERRY WEBER International AG. The latter also forms part of the combined management report for the fiscal year 2016/17 and as such of the audited consolidated financial statements of GERRY WEBER International AG.

## Corporate Governance Report pursuant to the German Corporate Governance Code

Since the introduction of the German Corporate Governance Code in 2002, GERRY WEBER International AG has complied with nearly all recommendations of the Code. There are only very few exceptions, which are attributable to the size of the company, its business model as well as to company-specific aspects; these exceptions are outlined and explained in the declaration of conformity in accordance with the “comply or explain” principle laid down in section 161 of the German Stock Corporation Act (AktG). The suggestions made by the Code which are not complied with by the company are outlined under the respective clause of the Code.

## Declaration of conformity pursuant to section 161 of the German Stock Corporation Act (AktG)

In accordance with section 161 of the German Stock Corporation Act (AktG), the Supervisory Board and the Managing Board of GERRY WEBER International AG declare that the company has, since the publication of the last annual declaration of conformity on 22 November 2016, complied with the recommendations made by the Government Commission of the German Corporate Governance Code as amended on 7 February 2017 and published by the Federal Ministry of Justice in the official section of the Federal Gazette, save for the exceptions outlined below:

### **Code 4.2.3 — Forward-looking multiple-year assessment basis for the Managing Board’s variable compensation:**

Variable compensation components shall generally have a multiple-year assessment basis that shall have essentially forward-looking characteristics. While part of the variable compensation of the Managing Board has a multiple-year assessment basis, the latter is not essentially forward-looking. The Supervisory Board considers the assessment basis for the Managing Board’s variable compensation component to be appropriate, which is why no amendment of the compensation structure for the

Managing Board is planned at present. If the compensation structure for the Managing Board were to be amended, the Supervisory Board would aim to comply with the recommendations of the German Corporate Governance Code.

**Code 4.2.3 — Compensation cap for the Managing Board:**

The amount of compensation shall be capped, both overall and for the variable compensation components. As a general rule, the variable compensation is capped in the Managing Board contracts of GERRY WEBER International AG as the parameters used to determine it are limited. The Supervisory Board may grant a special bonus and/or adjust the calculation of the variable performance-based compensation components only in exceptional cases because of special circumstances or achievements. This shall not result in an unreasonable advantage or disadvantage for the Managing Board.

**Code 5.3.2 — Chairman of the Audit Committee:**

The Chairman of the Supervisory Board is also the Chairman of the Audit Committee, which means that GERRY WEBER International AG does not comply with the recommendation of the Code that these positions be held by two different persons. The company is of the opinion that the dual chairmanship makes supervision more efficient and improves communication within the Supervisory Board.

**Code 5.4.1 — Age limit and regular limit of length of membership for members of the Supervisory Board:**

No age limit and no regular limit of length of membership have been defined for the members of the Managing Board and the Supervisory Board, as abilities, qualifications and experience are regarded as the relevant criteria for appointment to these bodies. The company is of the opinion that it only stands to benefit from the knowledge and the experience of older Supervisory Board members, regardless of the length of their Supervisory Board membership.

**Code 5.4.6 — Compensation of the members of the Supervisory Board:**

Members of the Mediation Committee, the Human Resources Committee, the Nomination Committee and the Audit Committee receive no additional compensation, as the company is of the opinion that the regular Supervisory Board compensation is sufficient.

**Code 7.1.2 — Consolidated financial statements:**

The consolidated financial statements were publicly accessible within 120 days of the end of the reporting period. The interim reports and statements are publicly accessible within 45 days, which is in accordance with the recommendations of the German Corporate Governance Code. GERRY WEBER International AG aims to comply with the 90-day deadline for the consolidated financial statements recommended by the Code in future. So far, the company has not complied with the recommended deadlines in order to ensure a higher quality of the figures reported.

Corporate Governance  
Statement pursuant to  
section 289a of the German  
Commercial Code (HGB)

To achieve our objectives, we have defined principles for our corporate activity that go beyond the legal regulations. Laid down in a Code of Conduct and the Group Guidelines, these principles provide guidance for our day-to-day activities. They are included in the Corporate Governance Statement, which is published in full under "Investors" – "Corporate Governance" on our website at [www.gerryweber.com](http://www.gerryweber.com). An extract from the Corporate Governance Statement on the allocation of powers, the composition and the work of the Managing Board and the Supervisory Board and on the equal participation of women and men in leadership positions is provided below.

**ALLOCATION OF POWERS,  
COMPOSITION AND WORK OF  
THE MANAGING BOARD AND  
THE SUPERVISORY BOARD**

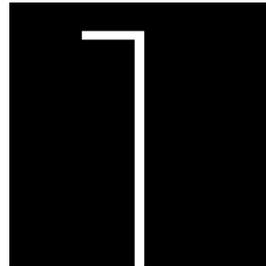
The dual board system, under which the company is managed by the Managing Board and supervised by the Supervisory Board, is a key characteristic of GERRY WEBER's corporate governance structure. Other characteristics include the equal representation of shareholders and employees on the Supervisory Board as well as the rights of shareholders at the Annual General Meeting.

### Management and conduct of business by the Managing Board

At the time of the preparation of this report the Managing Board of GERRY WEBER International AG is composed of two members, i. e. Chairman Ralf Weber and interim Board member Jörg Stüber. Board member Dr. David Frink resigned from the Managing Board with effect from 16 November 2017. Johannes Ehling will join the company as new Board member on 1 April 2018. The Managing Board has sole responsibility for managing the company free from third-party instructions in accordance with the applicable laws, the statutes, the rules of procedure of the Managing Board and the resolutions adopted by the Annual General Meeting. While the Managing Board as a whole has collective responsibility, each Board member is responsible for managing the departments of which they are in charge. The Managing Board defines the corporate objectives and the strategic positioning of the GERRY WEBER Group and controls and monitors the business units and subsidiaries.

The rules of procedure of the Managing Board show which Managing Board member is responsible for which business segment. These rules also govern material affairs of the company that require a decision by the full Managing Board as well as the tasks of the Managing Board Chairman and the processes for passing resolutions. Amendments of the rules of procedure of the Managing Board require the unanimous decision of the Managing Board as well as the approval of the Supervisory Board. As a general rule, the Managing Board takes its decisions by a simple majority. In the event of a tie, the Chairman has the casting vote. Before closing important business transactions, which are defined in the rules of procedure of the Managing Board, the Managing Board must obtain the Supervisory Board's approval.

The Managing Board informs the Supervisory Board regularly, without delay and comprehensively of all issues of importance to the company with regard to business development, the risk situation and planning as well as business transactions of material importance. In addition, the Managing Board coordinates the company's strategic approach with the Supervisory Board.



### APRIL 2018:

Johannes Ehling will formally join the company's Managing Board.

### Supervisory function of the Supervisory Board

The Supervisory Board is responsible for appointing the Managing Board members as well as for supervising and advising them in managing the GERRY WEBER Group. It is directly involved in decisions that are of fundamental importance for the company at an early stage; such decisions require the approval of the Supervisory Board. The Chairman of the Supervisory Board coordinates the work of the Supervisory Board and maintains a regular exchange with the Managing Board and especially with the Chairman of the latter.

The Supervisory Board has laid down its own rules of procedure, which also apply to the committees of the Supervisory Board. The Supervisory Board takes its decisions on the basis of resolutions passed by a simple majority unless a different majority is prescribed by law. In the event of a tie, the Chairman has the casting vote. All resolutions are passed at meetings. To simplify the procedure, the Supervisory Board may stipulate that resolutions be passed by way of a written vote in accordance with the statutes.

In accordance with clause 5.2 of the German Corporate Governance Code, the Chairman of the Supervisory Board should be available – within reasonable limits – to discuss Supervisory Board-related issues with investors. The Chairman