

CORPORATE GOVERNANCE REPORT

including the Corporate Governance Statement

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.

Besides the guidelines of the German Corporate Governance Code, to the extent that they are implemented by the company, good corporate governance at GERRY WEBER also comprises the 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 289f 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. The Compensation Report of GERRY WEBER International AG forms part of the combined management report for the stub fiscal year 2019 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 a 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 giving the reasons for non-compliance.

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 2 October 2018, 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 3.8 – Deductible in the D&O insurance for members of the Supervisory Board: While the D&O insurance used to provide for a deductible for the members of the Supervisory Board, the new D&O insurance no longer provides for such a deductible as of 1 March 2020. As the amended version of the GCGC decided by the Government Commission on the German Corporate Governance Code on 16 December 2019 no longer recommends such a deductible, the company believes that such an agreement is no longer needed as of now.

Code 4.2.3 – Variable components of the Managing Board compensation: Due to the special restructuring situation, the company has agreed only fixed compensation components with the members of the Managing Board.

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. The Supervisory Board remains of the opinion that such a compensation structure should be agreed as a general rule. Due to the special restructuring situation, however, either purely fixed compensation or variable compensation components with a fixed bonus have been agreed with the members of the Managing Board.

Code 5.1.2 – Age limit for members of the Managing Board and Code 5.4.1 – 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 Managing Board and Supervisory Board members, in the latter case regardless of the length of their Supervisory Board membership.

Code 5.4.6 – Compensation of the members of the Supervisory Board:

Up to the end of the fiscal year 2019, members of the Mediation Committee, the Human Resources Committee, the Nomination Committee and the Audit Committee received no additional compensation, as the company used to regard the regular Supervisory Board compensation as sufficient. However, the Extraordinary General Meeting of 19 December 2019 decided on a new structure for the Supervisory Board compensation with effect from 1 January 2020, which also takes into account membership or chairmanship of Supervisory Board committees.

Code 7.1.1 – Financial Reporting: Due to the special restructuring situation and the resulting stub fiscal year 2019, the company does not publish an interim financial report during the year.

Code section 7.1.2 – Financial Reporting: It was not possible to comply with the recommended deadline for publication of the consolidated financial statements for the fiscal year 2017/2018 as well as for the stub fiscal years 2018/2019 and 2019 as GERRY WEBER International AG entered into preliminary and subsequent insolvency proceedings with debtor-in-possession status.

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 complied and will comply with the recommendations made by the Government Commission of the German Corporate Governance Code as amended on 16 December 2019 and published by the Federal Ministry of Justice in the official section of the Federal Gazette, save for the exceptions outlined below:

B.2 – Age limit for members of the Managing Board and C.2 – Age limit for members of the Supervisory Board and disclosure in the Corporate Governance Statement:

For the reasons stated above, no age limit is envisaged for members of the Managing Board and the Supervisory Board, which means that no such limit can be disclosed in the Corporate Governance Statement.

C.5 – Limited mandates for members of the Managing Board:

The new version of the German Corporate Governance Code stipulates stricter limits for the mandates held by Managing Board members of a listed company and recommends, in particular, that such a Managing Board member shall not accept the Chairmanship of a Supervisory Board in a non-group listed company. The Chairman of the Managing Board, Mr Alexander Gedat, is Chairman of the Supervisory Board of a non-group listed company. There are no doubts regarding the proper exercise of his office as Chairman of the company's Managing Board.

F.2 – Financial Reporting: Due to the special restructuring situation and the resulting stub fiscal year 2019, the company did not publish a half-year financial report in the course of the year. It is intended to resume such reporting in the future, though.

F.3 – Financial Reporting: As outlined above, it was not possible to meet the recommended deadline for publication of the consolidated financial statements for the stub fiscal year 2019, either.

Halle/Westphalia, 3 April 2020

Managing Board and Supervisory Board of
GERRY WEBER International AG

Corporate Governance Statement pursuant to section 289f 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. 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. The equal representation of shareholders and employees on the Supervisory Board as well as the rights of shareholders at the Annual General Meeting are also characteristic of the company's corporate governance structure.

Management and conduct of business by the Managing Board

In the reporting period, the Managing Board of GERRY WEBER International AG was composed of three members, i. e. Spokesman Johannes Ehling, who also serves as Chief Sales Officer (CSO) and Chief Digital Officer (CDO), Chief Restructuring Officer (CRO) Florian Frank as well as Chief Product Officer (CPR) Urun Gursu. The composition of the Managing Board changed after 31 December 2019 (see Post-balance sheet events).

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. The rules of procedure also govern material affairs of the company that require a decision by the full Managing Board and the processes for passing resolutions. Amendments to the rules of procedure require the consent of the Supervisory Board. As a general rule, the Managing Board takes its decisions by a simple majority. 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.

As a general rule, 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.

The Managing Board remained in office and retained its powers and duties also after the insolvency proceedings with debtor-in-possession status for the assets of GERRY WEBER International AG were opened on 1 April 2019. In accordance with the requirements of insolvency law, however, the activities of the Managing Board were monitored by the court-appointed insolvency monitor, Stefan Meyer, PLUTA Rechtsanwalts GmbH, from 1 April 2019 to 31 December 2019.

Succession planning for the Managing Board is discussed intensively between the Managing Board and the Supervisory Board. This applies in particular with regard to the search for a successor to Mr Gedat, who has temporarily assumed the role of Chairman of the Managing Board, for which it is planned to commission a personnel consultancy.

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 may require the consent 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.

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