**Global Fashion Group S.A.**, société anonyme
Registered office: 5, Heienhaff, L-1736 Senningerberg, Luxembourg
RCS Luxembourg B 190.9

# Declaration of Compliance with the German Corporate Governance Code

Global Fashion Group S.A. ("**GFG**" or the "**Company**") is a Luxembourg société anonyme (S.A.), which is listed solely on the Frankfurt Stock Exchange in Germany. GFG is not subject to the "Ten Principles of Corporate Governance" applicable to companies listed in Luxembourg. Furthermore, as a company incorporated and existing under the laws of Luxembourg, GFG is not required to report on compliance with the German Corporate Governance Code (the "**Code**") applicable to listed German stock corporations.

Nevertheless, as GFG regards the Code to be an important foundation for responsible corporate governance, the Management Board and Supervisory Board of GFG have decided to follow, on a voluntary basis and to the extent consistent with applicable Luxembourg corporate law and GFG's corporate structure, the recommendations of the Code regarding the principles of good corporate governance.

The Management Board and Supervisory Board of the Company declare that GFG has decided to comply with the recommendations of the Code in its version dated December 16, 2019, published by the Federal Ministry of Justice in the official section of the Federal Gazette on March 20, 2020, with the following deviations since their announcement and will continue to comply with them to the same extent in the future:

- Recommendation B.3 of the Code: The current members of the Management Board were appointed for a maximum period of five (5) years in line with the previous version of the Code which was in effect when they were appointed in May 2019. We have amended our rules of procedures to ensure that future first-time appointments shall be for a period of not more than three (3) years.

- Recommendation C.5 of the Code: One of the members of the Management Board is also the chairman of the Supervisory Board of a non-group listed company. The appointment of the member to the Management Board of GFG and the non-group listed company supervisory board were made before the Code came into effect on March 20, 2020, in line with the former Code. The appointment as both a member of the Management Board and chairman of a non-group listed company's supervisory board has not given rise to any conflicts or work management issues to date. The Supervisory Board of GFG considers the case-by-case assessment of the compatibility of both roles to be more appropriate.

- Recommendation D.5 of the Code: Due to its relatively small size of six members, the Supervisory Board does not find it necessary to form a nomination committee as decisions that would normally be charged to a nomination committee can be made quickly and efficiently by the entire Supervisory Board.

- Recommendation F.2 of the Code: In order to ensure high-quality financial reporting, the recommended publication periods may not in all cases be complied with. However, we are constantly seeking to improve our reporting system and intend to comply with the reporting periods of the Code in the near future.

- Recommendation G.1 bullet point 1 and 3 of the Code: While annual bonuses and the size of grants under the 2019 LTIP are capped at certain percentages of base salary, there is no cap with regard to the Company's share price once restricted stock units ("**RSUs**") or Performance Stock Units ("**PSUs**") or Call Options are vested and delivered. In the opinion of the Supervisory Board, such a cap would not be appropriate as it would interrupt the intended alignment of interests between the shareholders and the Management Board members. The Supervisory Board believes that the Management Board members should, in this regard, participate in any increase in the value of the Company to the same extent as any other shareholder would participate.

The Supervisory Board has also not set a maximum total remuneration for the overall fixed and/or variable compensation. In addition, certain components of the Management Board variable compensation granted before the IPO and after the IPO as a one-off grant are linked to continuous employment with no financial and non-financial performance criteria attached to it. All long-term variable compensation granted since 1 January 2020 has performance criteria attached to it.

- Recommendation G.3 of the Code: The Supervisory Board uses an appropriate peer group of other relevant entities to compare the remuneration of the Management Board, however such peer group has not been disclosed as representatives of the common market in which GFG operates evolve at a fast pace and as such, the peer group is periodically reviewed and updated by the Supervisory Board. Consequently, at present the Supervisory Board does not intend to disclose the peer group.

- Recommendation G.4 of the Code: The diversified footprint where GFG operates, combined with the large number of employees and its localised market approach to defining remuneration, makes it difficult for GFG to establish an average remuneration for GFG for the purposes of comparing the remuneration of the Management Board. GFG targets to provide remuneration packages that are both competitive externally and proportionate internally.

- Recommendation G.7. of the Code: Certain components of the Management Board variable compensation granted before the IPO and after the IPO as a one-off grant are linked to continuous employment with no financial and non-financial performance criteria attached to it. All long-term variable compensation granted since 1 January 2020 has performance criteria attached to it.

- Recommendation G.11 of the Code: The Supervisory Board can retain a payment under the short term incentive plan but there is no ability to reclaim any amounts paid since applicable laws regulating the employment agreements of the Management Board members prevent reclaiming earnings already paid.

- Recommendation G.12 of the Code: The 2019 LTIP gives the Supervisory Board the discretion to accelerate vesting of a portion of granted RSUs and PSUs in the case of early termination without cause or a change of control, redundancy, retirement, death, illness and other similar circumstances. The Supervisory Board believes this to be an adequate element of the Management Board members' variable compensation.

- Recommendation G.13 of the Code: The employment agreements of the Management Board members (which govern their remuneration) have an indefinite term and can be terminated without cause with a six- or nine-month notice period or, with immediate effect, if the respective Management Board member is paid the pro-rata portion of his base salary and contractual benefits (excluding any bonus) for the relevant notice period ("**Payment in Lieu of Notice**"). In the case of Payment in Lieu of Notice, the payment to the respective Management Board member is limited to the pro-rata portion of his base salary and contractual benefits (excluding any bonus) for the relevant notice period. Given this contractual set-up, the Supervisory Board believes that no further cap is required. The 2019 LTIP provides for accelerated vesting of a portion of granted RSUs and PSUs in the case of early termination without cause or a change of control, the value of which – depending on the Company's share price – can exceed the caps recommended by the Code. The Supervisory Board believes this to be an adequate element of the Management Board members' variable compensation.

Since the submission of the declaration of conformity in August 2019 and until the publication t of the new version of the German Corporate Governance Code on 20 March 2020, GFG complied with the recommendations of the German Corporate Governance Code in the version dated 24 April 2017 with the following exceptions:

- No. 3.8 para. 3 of the Code: The D&O policy for the members of the Management Board and the Supervisory Board does not provide for any deductible. The Company takes the view that such deductible itself is generally not suitable to increase the performance and sense of responsibility of the Management Board and the Supervisory Board members.

- No. 4.2.1 sentence 1 of the Code: The current Management Board does not have a chair or spokesperson. The Supervisory Board believes that the three members of the Management Board can work together efficiently and collegially without any member performing such a function.

- No. 4.2.3 para. 2 sentences 3, 4, 7 and 8 of the Code: Not all variable components of the Management Board compensation follow the recommendations of the Code. For example, forward-looking performance targets apply to the annual bonuses and vesting of performance stock units ("**PSUs**") under the Company's new long-term incentive plan (the "**2019 LTIP**"), but these targets are determined at the beginning of each year for the relevant fiscal year (sentence 3). The Supervisory Board deems the annual assessment adequate, since the Company is still a young enterprise operating in growth markets whose business performance is therefore difficult to predict. Further, the annual bonus scheme, the 2019 LTIP and the Company's current long-term incentive plan (the "**Current Plan**") do not contain explicit rules requiring the consideration of negative developments (i.e. negative developments are only taken into account in the sense that the relevant targets may not be achieved), and vesting of awards partly occurs based solely upon continuous employment (sentence 4). Additionally, applicable performance targets and comparison parameters may not in all cases be as demanding and relevant as required by the Code (sentence 7), and the number of vesting awards can partly, in exceptional cases, be adjusted when the level of target achievement would not adequately reflect relevant performance (in either a positive or negative sense) due to extraordinary influences (sentence 8). The Supervisory Board believes the overall compensation for the Management Board members to be appropriate and well-balanced, and that further consideration of positive or negative developments is not required. Ex-post amendments in exceptional circumstances seem reasonable to ensure adequate and equitable compensation.

- No. 4.2.3 para. 2 sentence 6 of the Code: While annual bonuses and the size of grants under the 2019 LTIP are capped at certain percentages of base salary, there is no cap with regard to the Company's share price once restricted stock units RSUs or PSUs vest or vested call options (granted under the Current Plan) are exercised. In the opinion of the Supervisory Board, such a cap would not be appropriate as it would interrupt the intended alignment of interests between the shareholders and the Management Board members. The Supervisory Board believes that the Management Board members should, in this regard, participate in any increase in the value of the Company to the same extent as any other shareholder would participate. There is also no cap for the overall fixed and/or variable compensation.

- No. 4.2.3 para. 4 and 5 of the Code: The employment agreements of the Management Board members (which govern their remuneration) have an indefinite term and can be terminated without cause with a six- or nine-month notice period or, with immediate effect, if the respective Management Board member is paid the pro-rata portion of his base salary and contractual benefits (excluding any bonus) for the relevant notice period ("**Payment in Lieu of Notice**"). In the case of Payment in Lieu of Notice, the payment to the respective Management Board member is limited to the pro-rata portion of his base salary and contractual benefits (excluding any bonus) for the relevant notice period. Given this contractual set-up, the Supervisory Board believes that no further cap is required. The 2019 LTIP provides for the Supervisory Board with the discretion to accelerate vesting of a portion of granted RSUs and PSUs in the case of early termination without cause or a change of control, the value of which – depending on the Company's share price – can exceed the caps recommended by the Code. The Supervisory Board believes this to be an adequate element of the Management Board members' variable compensation.

- No. 5.3.3 of the Code: Due to its relatively small size of six members, the Supervisory Board does not find it necessary to form a nomination committee as decisions that would normally be charged to a nomination committee can be made quickly and efficiently by the entire Supervisory Board.

- No. 7.1.2 sentence 3 of the Code: In order to ensure high-quality financial reporting, the recommended publication periods may not in all cases be complied. However, we are constantly seeking to improve our reporting system and intend to comply with the reporting periods of the Code in the near future.

Luxembourg, August 2020

Global Fashion Group S.A.

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| The Management Board | On behalf of the Supervisory Board |
| Christoph Barchewitz Patrick Schmidt Matthew Price | Cynthia Gordon |