

# CORPORATE GOVERNANCE DECLARATION

*and corporate governance report of Hawesko Holding AG, Hamburg, by the Supervisory Board and Board of Management*

## A. FUNDAMENTALS OF CORPORATE GOVERNANCE AT HAWESKO HOLDING AG

The concept of corporate governance refers to a responsible, transparent corporate governance approach that strives for sustainable value creation and spans the entire management and supervisory system of an enterprise, including its organisation, principles of business policy and guidelines as well as the internal and external control and supervisory mechanisms. *Hawesko Holding AG* is committed to responsible corporate governance and supervision directed towards increasing the value of the company.

The transparency of the company's principles as well as the presentation of its ongoing development are to be assured in order to create, maintain and strengthen confidence in the company among customers, business partners and shareholders. In this declaration, the Board of Management and Supervisory Board report on the principles of corporate governance pursuant to Principle 22 and Article F.4 of the German Corporate Governance Code as amended on 16 December 2019 (Code 2020) as well as Sections 289f and 315d of the German Commercial Code (HGB).

## B. DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE ACCORDING TO SECTION 161 AKTG

Pursuant to Section 161 of the German Stock Corporation Act (AktG), the Board of Management and Supervisory Board of publicly quoted stock corporations shall declare each year that the recommendations of the Government Commission on the German Corporate Governance Code (the Code), published

in the official section of the Federal Gazette by the Federal Ministry of Justice, have been and are complied with, as well as declare which of these recommendations have not been or will not be complied with.

The Supervisory Board and Board of Management of *Hawesko Holding AG*, Hamburg, addressed corporate governance matters on multiple occasions in the 2020 financial year and on 14 April 2021 issued the following joint Declaration of Compliance according to Section 161 AktG:

“The Board of Management and Supervisory Board of *Hawesko Holding AG* declare that, following due examination, the recommendations of the Code as amended on 16 December 2019 (Code 2020, published in the official section of the Federal Gazette on 20 March 2020) were complied with from 3 April 2020 (date of submission of the previous Declaration of Compliance) and will be complied with in the future, excepting the discrepancies stated under Nos. 1 to 5:

### 1. *No age limit for the Board of Management*

Article B.5 of Code 2020 recommends that an age limit be specified for Board of Management members. Until now, the Supervisory Board of *Hawesko Holding AG* has not specified an age limit for Board of Management members.

For reasons of diversity and in the interests of long-term succession planning, a heterogeneous age structure within the Board of Management is sought but age is not considered to be of pivotal importance compared to the other criteria.

The Supervisory Board of *Hawesko Holding AG*

takes the view that reaching an age limit has no bearing on the competence of a Board of Management member. Correspondingly, no age limit could be stated in the Corporate Governance Declaration. To that extent a departure from Article B.5 of Code 2020 is declared.

2. *No stipulation of an age limit for service on the Supervisory Board*

Article C.2 of Code 2020 recommends stipulating an age limit for service on the Supervisory Board. Until now, the Supervisory Board of *Hawesko Holding AG* has not specified an age limit for serving on the Supervisory Board. In the opinion of the Supervisory, the decision on whether to remain a member is best left to the individual Supervisory Board member. An age limit for service on the Supervisory Board would result in inappropriate restrictions.

3. *Performance-related component of the remuneration of the Supervisory Board members*

Article G.18 of Code 2020 recommends that performance-related remuneration of the Supervisory Board members be based on long-term corporate development. The remuneration of the Supervisory Board members of *Hawesko Holding AG* includes a performance-related component that is based on the unappropriated profit for the year in question. The Board of Management and Supervisory Board are of the opinion that this year-specific remuneration component appropriately reflects the consultative and supervisory function of the Supervisory Board. In addition, time-based determination of the variable remuneration more closely reflects in-year changes in the composition of the Supervisory Board as a result of the exit or arrival of new Supervisory Board members.

4. *Public availability of the consolidated financial statements*

Article F.2 of Code 2020 recommends that the consolidated financial statements and group management report be made available to the public within 90 days of the end of the financial year. The consolidated financial statements and group management report of *Hawesko Holding AG* will be published within 120 days of the end of the financial year, instead of within 90 days. This assures appropriate interest.

5. *Remuneration system of the Board of Management*

To the extent that the new version of the German Corporate Governance Code dated 16 December 2019 results in further departures with regard to the existing employment contracts of the members of the company's Board of Management, we point out that in compliance with the reasoning of Code 2020 "amendments to the Code need not be reflected in current Board of Management contracts". The company will take account of the recommendations of Code 2020 when extending existing Board of Management employment contracts and concluding new Board of Management employment contracts when new members join the Board of Management, and to that extent declare the corresponding departures in the future.

Hamburg, 14 April 2021

**The Supervisory Board**

**The Board of Management**

The current Declaration of Compliance – together with the Declarations of Compliance for previous years – can also be consulted by shareholders and the public on the website of *Hawesko Holding AG* at [www.hawesko-holding.com/en/corporate-governance/](http://www.hawesko-holding.com/en/corporate-governance/).

*EBIT margin: The EBIT margin is earnings before interest and taxes, divided by net sales. It is an indicator of the company's operating profitability.*

*ROCE: Return on capital employed. This is the ratio of EBIT to the average amount of capital employed and provides an indication of the return on the capital employed in the period under review.*

*Free cash flow: This denotes the total funds freely available to the company after all expenditure within a period. It serves as a guide to what funds are available for financing growth and paying dividends.*

## C. RELEVANT DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES, THE MODUS OPERANDI OF THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD, AND THE COMPOSITION AND MODUS OPERANDI OF THE SUPERVISORY BOARD COMMITTEES

### I. Organisation and management

The structure of the *Hawesko Group* is characterised by a balance of non-central units and corporate governance and organisational decisions: as many decisions as possible concerning business operations are taken and implemented by the individual subsidiaries. This organisational structure is useful because the wine trade depends to a great extent on nurturing and exploiting personal contacts with both producers and customers. The parent company *Hawesko Holding AG* normally holds 100 percent or a majority of the shares in the subsidiaries, which are active predominantly in the wine trade. The significant operationally active incorporated firms within the group of consolidated companies, above all *HAWESKO* and *Jacques'*, are integrated into the group by means of profit transfer agreements with the holding company. The parent company *Hawesko Holding AG* and the majority of the subsidiaries are domiciled in the Federal Republic of Germany. The subsidiaries not based in Germany are all domiciled in other European Union countries or in Switzerland.

The *Hawesko Group* is essentially divided into three business segments (please refer to the “Company profile” section in the combined management report). The Board of Management uses sales growth, EBIT margin, ROCE and free cash flow as the basis for its management approach.

The target minimum rates of return are presented in the “Management system” section of the combined management report. The targets and the development of the individual segments based on these benchmarks form part of the regular strategy and reporting discussions with the managing directors of the individual group companies. By incorporating EBIT

margins and the return on capital employed into the objectives and target attainment checks, responsibility is clearly apportioned to the managing directors below Board of Management level.

Since 1 January 2011 a compliance code passed and regularly reviewed by the Board of Management and Supervisory Board has been in place for all *Hawesko Group* companies. The code of conduct for employees and the social media guidelines can be accessed at [www.hawesko-holding.com/en/corporate-governance/](http://www.hawesko-holding.com/en/corporate-governance/).

### II. Shareholders and Annual General Meeting

The shareholders of *Hawesko Holding AG* exercise their right to have a say in the running and supervision of the company through the Annual General Meeting. All shares are no par value bearer shares equipped with identical rights and obligations. Every share in *Hawesko Holding AG* carries one vote. The principle of “one share, one vote” is taken to its logical conclusion, as there are no caps on the number of voting rights which may be held by one shareholder, nor any special voting rights. Every shareholder is entitled to take part in the Annual General Meeting, to comment there on the individual agenda items and to demand information on matters concerning the company, to the extent that this is needed for the correct assessment of a matter being brought before the Annual General Meeting. The Annual General Meeting is held during the first eight months of each financial year. Chairing of the Annual General Meeting is the responsibility of the Supervisory Board Chair or another member of the Supervisory Board nominated by the Chair. The Annual General Meeting fulfils all the tasks assigned to it by law. A resolution shall normally be carried by a simple majority or, in certain cases (including for resolutions on capital measures and amendments to the articles of incorporation) by a majority of at least three-quarters of the capital stock represented.

Detlev Meyer is a Supervisory Board member and the biggest shareholder of *Hawesko Holding AG*, holding 72.6 percent of the shares through *Tocos Beteiligung GmbH*. There then follows Michael Schiemann, with a 5.6 percent shareholding via *Augendum Vermögensverwaltung GmbH*. The remaining approx. 21.8 percent are held by institutional and private investors. There are no employee shares within the meaning of Sections 289a (1) first sentence No. 5 and 315a (1) first sentence No. 5 HGB.

### *III. Supervisory Board*

The Supervisory Board advises and oversees the Board of Management. To conduct important and fundamental transactions, the Supervisory Board must first give its consent by a two-thirds majority specifically for individual investments of a value of more than €2.5 million and for the acquisition of other companies or the disposal of investments in companies with a value of more than €0.5 million. A reporting system informs the Supervisory Board members monthly of key financial data compared with the target and prior-year figures, and explains them. At least four ordinary meetings of the Supervisory Board and meetings of its committees take place each year.

According to the articles of incorporation the Supervisory Board comprises six members, elected by the Annual General Meeting. From among its members it elects a person to act as Chair and a person to act as Deputy Chair. Declarations of intent by the Supervisory Board are issued by the person acting as Chair or, if they are prevented from attending, by their Deputy. The Supervisory Board has a quorum if all members have been invited and at least half of the members take part in the vote. Resolutions of the Supervisory Board are carried by a simple voting majority, unless otherwise specified by law or in the articles of incorporation; in the event of a tied vote, a majority may resolve to conduct a fresh debate; otherwise a new vote must be held without delay. When voting anew on the same matter, the person acting as Chair has two votes if the result is once again a tie.

#### *1. The Supervisory Board committees*

The Supervisory Board has formed two committees that perform the functions assigned to them on behalf of the whole Supervisory Board. The committees are convened by the person acting as their Chair and meet as often as is deemed necessary. There is currently a Personnel and Nominating Committee, and also an Audit and Investment Committee, each comprising three members.

##### *a) Personnel and Nominating Committee*

The Personnel and Nominating Committee prepares the personnel decisions to be dealt with by the Supervisory Board, attends to long-term succession planning jointly with the Board of Management, and also pays heed to diversity in the composition of the Board of Management. It prepares the passing of resolutions by the whole Supervisory Board on the determination of Board of Management remuneration and the review of the remuneration system for the Board of Management, and deals with Board of Management contracts unless the German Stock Corporation Act specifies that they must be concluded, amended and terminated by the whole Supervisory Board. In addition, it proposes suitable candidates to the Supervisory Board for the election of Supervisory Board members by the Annual General Meeting, taking into account the statutory requirements, the recommendations of the Code and the requirements profile for the Supervisory Board resolved by the Supervisory Board. In doing so, in each case it assures itself that the person candidating is able to set aside the anticipated time required. On personnel affairs, the committee also has the task of examining the appointment or dismissal of senior executives of the group to establish whether such actions serve the interests of early and balanced succession planning.

The Chair of the Personnel and Nominating Committee is Detlev Meyer. The other members are Wilhelm Weil and Kim-Eva Wempe.

*b) Audit and Investment Committee*

The Audit and Investment Committee deals with the supervision of accounting, the financial reporting process and the effectiveness of the auditing of financial statements. It also prepares the resolution proposal of the Supervisory Board to the Annual General Meeting on the election of the auditors. If there is the intention to rotate auditors, the Audit and Investment Committee is responsible for the selection process. Following election by the Annual General Meeting it issues the mandate for the audit of the consolidated and annual financial statements, agrees the fee and specifies the audit priorities. It continuously monitors the independence of the independent auditor and discusses with it the threats to its independence as well as the precautions taken to reduce those threats. In that connection the Audit and Investment Committee is also responsible for monitoring and approving the services provided by the auditors over and above the audit of the financial statements (non-audit services).

The Audit and Investment Committee discusses the audit services rendered by the independent auditor first as a committee and then together with the auditors, and takes this opportunity to evaluate the quality of the latter. In this connection the Audit and Investment Committee has, in close consultation with the independent auditor, implemented a more formal evaluation method in accordance with Section 43 of the German Public Accountants Code as well as the IDW policy papers, together with the Code, and adopted this for the first time for the auditing of the 2020 financial statements. Based on the positive findings of the quality evaluation of the financial statements audit presented at the meeting on 14 April 2021, the Audit and Investment Committee recommends that the annual financial statements be approved.

The Chair of the Audit and Investment Committee is Prof. Dr. iur. Dr. rer. pol. Dres. h.c. Franz Jürgen Säcker. The other members are Thomas R. Fischer and Dr. Jörg Haas. The function of financial expert according to Section 100 (5) AktG is performed by Thomas R. Fischer. All committee members are familiar with the finance and accounting area.

In accordance with the recommendation in Article D.4 of Code 2020, Prof. Dr. iur. Dr. rer. pol. Dres. h.c. Franz Jürgen Säcker as Chairman of the Audit and Investment Committee possesses particular knowledge and experience in the application of accounting policies and internal control procedures, and is familiar with the auditing of financial statements.

*2. Target for the proportion of women on the Supervisory Board*

On the basis of the requirements profile for the Supervisory Board (please refer to 3.), the Supervisory Board does not look solely at the professional and personal qualifications of the candidates, but also also takes diversity aspects into consideration when making its election proposals to the Annual General Meeting. By way of a target for the proportion of women on the Supervisory Board, it was specified that the board and the Personnel and Nominating Committee are to have at least one woman member by 30 June 2022. This target is currently achieved.

### 3. Requirements profile for the Supervisory Board

In respect of the various requirements and recommendations for the composition of the Supervisory Board, in April 2018 the Supervisory Board approved a requirements profile, which it reviewed again and confirmed in April 2020. This profile contains key statutory requirements and regulations of the Code on the composition of the Supervisory Board, as well as its objectives for its composition, the competency profile for the whole board within the meaning of Article C.1 of Code 2020 and the diversity concept for the Supervisory Board according to Section 289f (2) No. 6 HGB.

#### a) Objective

The Supervisory Board aims for a composition that means its members assure comprehensive qualified monitoring of and consultancy for the Board of Management at all times. The Supervisory Board holds the view that diversity aspects, alongside specialist and personal requirements, play an important role in the effective work of the Supervisory Board, and therefore in the sustainable development of the company. A variety of personalities, experience and knowledge avoids groupthink, provides for a rounded view and thus guarantees the quality of Supervisory Board's work. As such, the following objectives serve as a guideline for long-term succession planning and the selection of suitable candidates, and create transparency regarding the key criteria governing appointments.

#### b) Requirements of the individual members

##### (i) General requirements

Every Supervisory Board member is to be in a position to carry out the duties of a Supervisory Board member in an internationally active, listed enterprise on the strength of their personal and specialist competencies, and to uphold the public image of the *Hawesko Group*. With regard to that, every Supervisory Board member should meet the following requirements:

- Sufficient expertise, in other words the ability to carry out the duties that normally arise on the Supervisory Board
- Dedication, integrity and personality
- General understanding of the business of *Hawesko Holding AG*, including the market context and customer requirements
- Entrepreneurial or operational experience, ideally in the form of experience from working in corporate management, as a senior executive or in supervisory bodies
- Compliance with the limits on mandates according to Section 100 AktG and according to Article C.5 of Code 2020

##### (ii) Time availability

Every Supervisory Board member ensures that they can set aside the time required to carry out their Supervisory Board mandate properly. Above all it should be noted that there are at least four Supervisory Board meetings per year; these require appropriate preparation, especially the meeting at which documentation for the annual and consolidated financial statements is examined. Depending on membership of one or more committees, additional time will need to be set aside for preparing for and attending their meetings. Finally, extraordinary meetings of the Supervisory Board or of the committees may be necessary to deal with special topics.

c) *Requirements and goals for the whole board*

With regard to the composition of the whole board, including in the interests of diversity the Supervisory Board seeks a composition where the members complement each other in terms of their personal and professional background, experience and specialist knowledge, so that the whole board can draw on as wide as possible a range of experience and specialist knowledge.

(i) General requirements

The Supervisory Board of *Hawesko Holding AG* must at all times be composed such that its members as a whole possess the necessary knowledge, skills and specialist experience to be able to perform the duties of the Supervisory Board properly. In addition, the members of the Supervisory Board must as a whole be familiar with the wine trade. At least one member of the Supervisory Board must possess know-how in financial reporting or auditing of financial statements.

(ii) Specific knowledge and experience

The Supervisory Board of *Hawesko Holding AG* as a whole is to cover all competency areas that are necessary for it to carry out its duties effectively. Above all – in keeping with the business model of the company – this includes more extensive knowledge and experience in the following areas:

- Accounts, finance, controlling
- The procurement end of the market, for example from running a winery
- The online area from taking active responsibility for the restructuring of print-based marketing activities into IT-led marketing and sales activities
- Traditional corporate culture from the perspective of a comparable family firm (corporate identity, corporate culture)
- Legal, corporate governance and compliance

The Supervisory Board strives for a composition where at least one member is available as a source of expertise on each of the above aspects.

(iii) Independence and conflicts of interest

Taking account of the company-specific situation of *Hawesko Holding AG* and the ownership structure, the Supervisory Board is to have at least four independent members in accordance with Articles C.6 to C.9 of Code 2020. In addition, no persons who serve on corporate bodies or provide consultancy for key competitors of the company are to serve on the Supervisory Board. Where conflicts of interest arise in individual cases – particularly as a result of a consultative or board function at suppliers, customers, lenders or other third parties – the Supervisory Board member in question is obliged to disclose this to the person in charge of the Supervisory Board. The Supervisory Board provides information on conflicts of interest arising and how they have been handled in its yearly report to the Annual General Meeting. Members are to surrender their mandate in the event of material conflicts of interest of a Supervisory Board member that are more than merely temporary.

(iv) Diversity

For the quota of women on the Supervisory Board, the Supervisory Board of *Hawesko Holding AG* has specified that it is to include at least one woman, with a deadline for attainment of the target of 30 June 2022. Diversity for the Supervisory Board is also reflected in such aspects as individual career background and area of activity, as well as in the horizon of experience of its members (for example, industry experience). To that extent, in the interests of diversity the Supervisory Board seeks a composition where the members complement each other in terms of background, experience and specialist expertise. In this regard it is also desirable for some of the members to possess an international horizon of experience.

#### *d) Implementation status*

In the current composition of the Supervisory Board, the above targets are met. The Supervisory Board comprises individuals with a variety of career backgrounds, horizons of experience and expertise. The proportion of at least one woman is met. In Dr. Jörg Haas, Prof. Dr. iur. Dr. rer. pol. Dres. h. c. Franz Jürgen Säcker, Wilhelm Weil and Kim-Eva Wempe, the Supervisory Board has four independent members.

The Personnel and Nominating Committee and the Supervisory Board will take account of the above requirements and targets in succession planning, the search for suitable candidates and their proposals for the election of Supervisory Board members to the Annual General Meeting, while at the same time seeking to meet the competency profile for the whole board.

#### *e) Length of service*

The Chair of the Supervisory Board, Detlev Meyer, has belonged to the Supervisory Board of the company since 28 September 2010. Thomas R. Fischer, the Deputy Chair of the Supervisory Board, has served on the Supervisory Board since 15 June 2009. The remaining members of the Supervisory Board have served for a variety of periods: Prof. Dr. iur. Dr. rer. pol. Dres. h. c. Franz Jürgen Säcker since 26 March 2015, Dr. Jörg Haas since 1 December 2017, Wilhelm Weil since 19 June 2017 and Kim-Eva Wempe since 20 June 2011.

#### *f) Self-assessment*

The Supervisory Board, the Personnel and Nominating Committee as well as the Audit and Investment Committee each assessed the efficiency of their activities and members at their meeting on 14 April 2021, with a view to assuring effective control of the Board of Management of *Hawesko Holding AG*. Among other aspects the profiles and experience contributed by the individual members were discussed and critically evaluated in light of the prevailing needs of the company.

Further information on the activities of the Supervisory Board and its committees as well as on its work alongside the Board of Management in the period

under review is provided in the report of the Supervisory Board. For further information on the composition of the Supervisory Board and its committees, please refer to the summary “Board of Management and Supervisory Board” at the end of the Annual Report. The curricula vitae of the current members of the Supervisory Board, updated annually, can be found on the website of the company.

### *IV. Board of Management*

#### *1. Modus operandi of the Board of Management*

The Board of Management is independently responsible for the running of the company and represents it in transactions with third parties. It coordinates the strategic direction of the group with the Supervisory Board and, in accordance with the legal requirements, informs the Supervisory Board regularly, promptly and comprehensively of all plans, business developments and risks that are of relevance to the company. The work of the Board of Management is set out in more detail in rules of procedure for the Board of Management.

The Board of Management has comprised three members since 1 April 2019. The Supervisory Board and Board of Management have established that a redistribution of portfolios for the *Hawesko Group* allows a better allocation of duties for today’s market requirements. Board of Management members no longer simultaneously hold the role of managing director of a subsidiary or sub-subsidiary, unless exceptionally they also act as managing director of a group company for control and representation purposes (dual control principle). The managing directors of subsidiaries and sub-subsidiaries thus assume greater operational responsibility, which entails more detailed reporting obligations to the Board of Management. The Board of Management reaches its decisions by a simple voting majority. The Board of Management members are responsible for their defined portfolio and area of work according to the allocation of duties schedule, independently of their collective responsibility for the management of the group. At the same time, the Board of Management members work together collegially and continually inform each other of important measures and events in their areas of work.

When filling management functions in the company, the Board of Management strives for diversity, in particular through the suitable involvement of women. The defined target remained unchanged at 25 percent women among the group's management by 30 July 2022. This quota is already achieved.

Conflicts of interest of Board of Management members are to be disclosed without delay to the person acting as Chair of the Supervisory Board. The remaining Board of Management members are to be informed of the matter. Board of Management members may only take up secondary occupations, and specifically non-executive directorships of companies outside the group, with the consent of the Supervisory Board. Material transactions between the group companies on the one hand and the Board of Management members as well as parties related to them on the other require the consent of the Supervisory Board. These transactions must meet arm's-length requirements. No such contracts existed in the period under review. Nor did conflicts of interest arise in the year under review.

## *2. Diversity concept for the Board of Management*

According to Article 5 of the articles of incorporation, the Board of Management of *Hawesko Holding AG* comprises at least two persons. There are currently three members of the Board of Management. The members of the Board of Management are appointed by the Supervisory Board. The latter attends to long-term succession planning together with the Board of Management and pays heed to diversity in the composition of the Board of Management. In the interests of tailoring diversity aspects more accurately, in April 2018 the Supervisory Board approved a diversity concept for the Board of Management and in April 2020, in light of the provisions of Code 2020, again classified this diversity concept as appropriate and confirmed it.

### *a) Objective of the diversity concept*

The Board of Management performs the pivotal role in the further development of *Hawesko Holding AG* and of the group. The Supervisory Board considers that diversity aspects, alongside the specialist skills

and experience of the Board of Management members, play an important role in the sustainable development of the company. A variety of personalities, experience and knowledge avoids groupthink, allows a rounded view and thus enriches the work of the Board of Management. The following diversity aspects serve as guidelines for long-term succession planning and the selection of suitable candidates.

### *b) Diversity aspects*

The Supervisory Board seeks a composition of the Board of Management where the members complement each other in terms of their personal and professional background, experience and specialist knowledge, so that the Board of Management as a whole can draw on as wide as possible a range of experience, knowledge and skills. Notwithstanding the following diversity aspects, the Supervisory Board is convinced that ultimately an all-round appraisal of each individual is the only basis for appointment to the Board of Management of *Hawesko Holding AG*.

(i) Proportion of women on the Board of Management  
The Supervisory Board takes the equal participation of women and men as its basis for the composition of the Board of Management and actively promotes that goal, including by specifically searching for female candidates to join the Board of Management. In view of the modest size of the Board of Management and the generally limited pool of suitable candidates, it is nevertheless not always possible to assure equal numbers of women and men. The legislator also plans not to oblige an enterprise with a three-member Board of Management to appoint a woman to it. Against this backdrop, the Supervisory Board has set a proportion of 0 to 35 percent as the target level for women on the Board of Management of *Hawesko Holding AG*, to be achieved by 30 June 2022.

(ii) Educational and professional background

Diversity on the Board of Management is also reflected in the individual horizons of training and experience as well as in the variety of career backgrounds of its members (for example, industry experience).

A variety of backgrounds in education, profession and experience is therefore expressly desired. Every Board of Management member must however be in a position to carry out the duties of a Board of Management member in an internationally active, listed enterprise on the strength of their personal and specialist competencies, and to uphold the public image of the *Hawesko Group*. The members of the Board of Management should moreover possess an in-depth understanding of the business of the *Hawesko Group* and generally possess several years of leadership experience. In addition, with regard to the group's business model at least one member should possess particular expertise in each of the following areas, bearing in mind that this expertise need not necessarily have been acquired through university studies or another form of training; it may also have been acquired by other means or within the *Hawesko Group*:

- Strategy and strategic leadership
- Logistics business including the relevant markets and customer requirements
- Sales, preferably in e-commerce
- Operations and technology including IT and digitalisation
- Legal, corporate governance and compliance
- Personnel, specifically human resources management and development, as well as experience with codetermination
- Finance, including financing, accounts, controlling, risk management and internal control procedures

(iii) Age

According to Article B.5 of Code 2020, an age limit is to be specified for Board of Management members and stated in the Corporate Governance Declaration. Neither a minimum nor a maximum age has been specified for Board of Management members. However Board of Management members should generally possess several years of leadership experience at the time of their appointment, and that presupposes a degree of professional experience. For reasons of diversity and in the interests of long-term succession planning, a heterogeneous age structure within the Board of Management is sought, though age is not considered to be of pivotal importance compared to the other criteria.

*c) Implementation status*

In the current composition of the Board of Management, the above targets are met. The Board of Management comprises individuals with a variety of career backgrounds and horizons of experience, and possesses expertise in the areas stated. The defined target for the proportion of women is met. The Supervisory Board as well as its Personnel and Nominating Committee will take account of the above diversity aspects as part of their long-term succession planning and in their search for suitable candidates for the Board of Management of *Hawesko Holding AG*.

*d) Succession planning*

According to Article B.2 of Code 2020, the Supervisory Board is to attend to long-term succession planning jointly with the Board of Management. For this reason, it is envisaged that on personnel matters the Personnel and Nominating Committee must approve the appointment or dismissal of senior executives on the first tier below Board of Management or of the managing directors of group companies. In addition, either the Supervisory Board or one of its committees regularly invites prominent, key people from the *Hawesko Group* to attend its meetings as guests, and to discuss with them current business developments that affect their specific area. This approach enables the Supervisory Board to regularly form its own, direct impression of especially important management functions, incorporating both personal and professional perspectives.

## D. FINANCIAL REPORTING AND AUDITING OF FINANCIAL STATEMENTS

The separate financial statements of *Hawesko Holding AG* are prepared in accordance with the accounting standards of the German Commercial Code (HGB). Since 2000, the consolidated financial statements have been prepared in accordance with the IFRS rules as adopted by the European Union, and the additional HGB requirements according to Section 315e (1) HGB. Further explanatory notes of the IFRS are provided in this Annual Report in the notes to the consolidated financial statements. Following their compilation by the Board of Management, the consolidated financial statements are examined by the independent auditor, then examined and approved by the Supervisory Board. The consolidated financial statements are made available to the public within 120 days of the end of the financial year. The separate financial statements of *Hawesko Holding AG* are the sole basis for the appropriation of earnings.

The selection of the independent auditor, their mandate, monitoring of its independence and of the additional services it provides are handled in accordance with the statutory requirements. The following was agreed with the independent auditor:

1. The person chairing the Audit and Investment Committee shall be informed without delay if potential reasons for exclusion or conflicts of interest that cannot be rectified without delay come to light during the audit.
2. The independent auditor shall report on all findings and occurrences identified while conducting the audit of the financial statements that are of material significance for the work of the Supervisory Board.
3. If the independent auditor should, while conducting the audit of the financial statements, identify facts that have led to a misstatement in the Declaration of Compliance issued by the Board of Management and Supervisory Board in respect of the Corporate Governance Code (Section 161 AktG), it shall note this in the audit report and inform the person chairing the Supervisory Board of this.

## E. TRANSPARENCY

*Hawesko Holding AG* attaches high priority to the policy of providing uniform, comprehensive and timely information. The trading position and the results of the company are reported on through the Annual Report, the Annual Press Conference, in the Quarterly Financial Reports at 31 March and 30 September, and in the Interim Financial Report. Further information is published in the form of press releases and ad hoc announcements in accordance with Article 17 of the Market Abuse Regulation. One constantly used, up-to-date communications medium is the website [www.hawesko-holding.com](http://www.hawesko-holding.com), which makes all relevant information available in German and English. In addition to providing comprehensive information about the *Hawesko Group* and *Hawesko* shares, it includes the financial calendar, which gives an overview of all important events. The Investor Relations department is moreover the point of contact for enquiries from shareholders, investors and analysts. Shareholders and the public can also access the current Corporate Governance Declaration on the website of *Hawesko Holding AG* at [www.hawesko-holding.com/en/corporate-governance/](http://www.hawesko-holding.com/en/corporate-governance/).

## F. REMUNERATION REPORT

Particulars of the remuneration of the Board of Management and Supervisory Board are to be found in a separate section of the combined management report for the group and the parent company for 2020, as well as in the notes to the consolidated financial statements and notes to the separate financial statements. No stock option schemes or similar securities-based incentive systems are used.

Hamburg, 14 April 2021

**The Supervisory Board**

**The Board of Management**