



**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 28 April 2022, published by the Federal Ministry of Justice in the official section of the Federal Gazette on 27 June 2022, 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.4 of the Code: Effective from 1 January 2022, one of the members of the Supervisory Board who holds positions as non-executive director in four publicly listed companies (including, in one case outside of GFG, as the non-executive chairman of the board of directors) was appointed Chief Executive Officer of a publicly listed company. The Supervisory Board of GFG considers the case-by-case assessment of the compatibility of these roles and the necessary time commitment to be more appropriate and does therefore not intend to comply with the general incompatibilities and limitations recommended in C.4 of the Code.
- 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 to both the Management Board of GFG and the non-group listed company supervisory board Chairmanship were made before the Code that introduced this recommendation came into effect. 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.
- Principle 15 and Recommendation D.3 of the Code: Section 100(5) of the German Stock Corporation Act upon which Principle 15 and recommendation D.3. are based on does not apply to Luxembourg companies such as GFG. Nevertheless, the Chairman of the Audit Committee has expertise, specific knowledge and experience in accounting, internal controls and risk management systems and is familiar with audits of financial statements. The Supervisory Board is of the view that the Audit Committee has sufficient expertise in these fields represented by the Chairman of the Audit Committee.

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- 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 and 2021 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 not set a maximum total remuneration for the variable compensation. 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 to avoid an automatic upward trend 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.8 of the Code: GFG Remuneration Policy 2022 contains a special derogation procedure by which the Supervisory Board can in exceptional circumstances, as defined in the policy, subsequently change the performance targets of the Management Board. Such derogation requires a resolution of the Supervisory Board. The Supervisory Board has not used this special derogation procedure in deviation to recommendation G.8 to date.
- Recommendation G.10 of the Code: Due to taxation at vesting for one of the members of the Management Board, a portion of their vested shares will not be subject to a holding period of four years. Instead, such portion will be sold by our share plan operator upon the vesting and subsequent issuance of the shares (on behalf of the member of the Management Board but without his or the Company's involvement) to cover such tax liability. The sale will occur during the Company's open trading window.



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- 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 and 2021 LTIP give the Supervisory Board the discretion to accelerate vesting and/or the holding period of a portion of granted RSUs and PSUs in 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. 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 contracts of the Management Board provide for (i) payment in lieu of notice (at the discretion of the Supervisory Board); (ii) payment of pro rata short term incentive bonus; and (iii) vesting of granted RSU and PSUs (as applicable) that are scheduled to vest within the 12 months following the early termination by the Company in case of a good leaver event. The combined aforementioned payments are subject to the severance cap recommended by the Code, except in case of a change of control where the payment could in certain situations exceed the recommended cap mainly driven by the value of the Company's share price at the time of the early termination.
- Recommendation G.14 of the Code: The employment agreements of the Management Board Members provide for a partial acceleration of 75% of unvested equity in the event of a change of control, regardless of whether such change of control would lead to an early termination of their employment agreement.

Luxembourg, August 2022

Global Fashion Group S.A.

The Management Board

Christoph Barchewitz Patrick Schmidt Matthew Price

On behalf of the Supervisory Board

Cynthia Gordon