



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 comply with the respective 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 7 February 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 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.
- No. 4.2.4, 4.2.5 and 5.4.6 of the Code: We will carry out our annual reporting the first time as a listed company for the fiscal year 2019. Any disclosure on remuneration will be made in full compliance with laws and regulations applicable to the Company at that point in time. Such requirements may deviate from current requirements due to the outstanding implementation of the Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement (the “**Shareholder Rights Directive II**” or “**SRD II**”) in various member states of the European Union, including Luxembourg. Against this background, we have not yet decided on the details of the disclosure and may in certain parts deviate from the recommendations of the Code.
- 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.

The German Government Commission German Corporate Governance Code (*Regierungskommission Deutscher Corporate Governance Kodex*) adopted a new fully revised version of the Code on May 9, 2019. The new Code is planned to become effective later this year after the implementation of the SRD II in Germany and potentially with amendments in adjustment of such implementation. The Management Board and Supervisory Board will assess the implementation of new and/or revised recommendations as well as potential deviations in due course.

Luxembourg, August 2019

Global Fashion Group S.A.

The Management Board

Christoph Barchewitz Patrick Schmidt Matthew Price

On behalf of the Supervisory Board

Cynthia Gordon