



Villeroy & Boch

1748

**Declaration of conformity of Villeroy & Boch AG
pursuant to Section 161 of the German Stock Corporation Act**

(Version dated 15.12.2023)

In accordance with section 161 of the German Stock Corporation Act (AktG), the Management Board and Supervisory Board of Villeroy & Boch AG hereby declare that, with the exception of the recommendations listed below, Villeroy & Boch AG has complied with the recommendations of the Government Commission of the German Corporate Governance Code (GCGC, the "Code") in the version dated 28 April 2022 (GCGC 2022) since the last declaration of conformity was issued on 30 December 2022 and will comply with them in the future.

Section G.I. Remuneration of the Management Board GCGC 2022

The Code 2022 contains in section G.I. recommendations on the remuneration of the Management Board from which there are still exceptions in this respect in particular points within the framework of individual employment contracts (namely concerning G.1, G.3. G.7, G.8 - G.11, G.13 - 14).

The Supervisory Board has developed and resolved a system for Management Board remuneration. This system has been approved by the Annual General Meeting on 26 March 2021 and adjusted by resolution of the Annual General Meeting on 21 April 2023. The new remuneration system applies to all new Management Board employment contracts to be concluded or extended. Since the resolution of the Supervisory Board on the new Management Board remuneration system, a system has been in place which reflects the contents of Section 87a AktG and which complies with the recommendations of Section G.I. of the GCGC 2022 with the following exceptions:

Recommendation G.1 GCGC 2022

According to Recommendation G.1, 2nd indent of the Code 2022, the maximum remuneration for individual Management Board members is to be determined.

In the Management Board remuneration system, the maximum remuneration is not set individually for each Management Board member, but for the Management Board as a whole. The Supervisory Board is of the opinion that setting the maximum remuneration for the entire Board provides the necessary flexibility to be able to decide individually on the maximum remuneration of the individual Management Board members during the four-year period of validity of the remuneration system. However, in the view of the Supervisory Board, this is also sufficient to ensure an effective cap on Management Board remuneration.

Recommendation G.6 GCGC 2022

According to Recommendation G.6 of the Code 2022, the variable remuneration resulting from the achievement of long-term targets shall exceed the share resulting from short-term targets.

In the 2024 financial year, the company will probably deviate from this recommendation with regard to specific components of remuneration. The reason is that the Supervisory Board wants to incentivize members of the Management Board in extraordinary special situations in an appropriate and targeted manner taking into account the economic opportunity and risk situation. However, the overall Management Board remuneration is oriented towards the sustainable and long-term development of the Company.

Recommendation G.8 GCGC 2022

According to Recommendation G.8 of the Code 2022, subsequent changes to the target values or the comparison parameters should be excluded.

The Management Board remuneration system provides for the possibility of a subsequent adjustment of target values or comparison parameters in the event of a significant change in the economic environment, insofar this may be required in the interests of the Company. A future adjustment is therefore not fundamentally ruled out.

Recommendation G.11 sentence 2 GCGC 2022

According to Recommendation G.11 sentence 2 of the Code 2022, the Supervisory Board shall be entitled to withhold or reclaim a variable remuneration of the Management Board shall in justified cases.

In the 2024 financial year, the Company will deviate from this recommendation with regard to a special bonus in connection with the acquisition of the Ideal Standard Group by the Company. The Supervisory Board is of the opinion that - other than for regular variable remuneration - malus and clawback regulations are not appropriate for this (specific) remuneration component and are therefore not necessary.

D-66693 Mettlach, in December 2023

The Management Board

The Supervisory Board