



**Villeroy & Boch**

1748

**Declaration of Conformity of Villeroy & Boch AG  
pursuant to § 161 German Stock Corporation Act**

(Supplement dated 24.02.2021)

On 16 December 2020, the Management Board and Supervisory Board of Villeroy & Boch AG had declared in accordance with Section 161 of the German Stock Corporation Act (AktG) that, with the exception of the recommendations listed therein, Villeroy & Boch AG had complied with the recommendations of the Government Commission of the German Corporate Governance Code (DCGK, the "Code") in the version dated 7 February 2017 (Code 2017) since the last declaration of conformity was issued on 19 December 2019 with the supplements dated 4 February 2020 and 30 April 2020, and had complied with the recommendations of the Code in the version dated 16 December 2019 (Code 2020) since its entry into force by publication in the Federal Gazette on 20 March 2020. This declaration is supplemented as follows:

### **Section G.I. Remuneration of the Management Board (Code 2020)**

The Code 2020 contains in Section G.I. new recommendations on the remuneration of the Management Board which have no equivalent in the Code 2017 and from which the current practice still deviates in parts (namely regarding G.1, G.3, G.7, G.8 - G.11, G.13 - 14).

### **Section G.I. Management Board Remuneration**

The Supervisory Board has developed and approved a new system for Management Board remuneration adapted to the changes introduced by the law on the implementation of the second shareholders' directive (ARUG II) and the principles and recommendations of the Code 2020. This will be submitted to the Annual General Meeting to be held on 26 March 2021 for approval. This new system for Management Board remuneration will apply to all new Management Board contracts to be concluded or extended in the future. With the resolution of the Supervisory Board on the new system for Management Board remuneration, a system is in place which reflects the contents of section 87a AktG and which complies with the recommendations of section G.I. of the Code 2020 with the following exceptions:

#### **Recommendation G.1 Code 2020**

According to recommendation G.1, 2nd bullet Code 2020, the amount that the total remuneration of each Management Board member must not exceed, is to be determined.

In the new system for Management Board remuneration, the maximum remuneration is not set individually for each Management Board member but for the entire body. 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 in principle, but is also sufficient to ensure an effective cap on Management Board remuneration.

#### **Recommendation G.8 Code 2020**

According to recommendation G.8 Code 2020, subsequent changes to the target values or comparison parameters shall be excluded.

The Supervisory Board is of the opinion that in the event of a significant change in the economic environment, a subsequent adjustment of target values or comparison parameters is appropriate and may be required in the interests of the Company. It therefore does not rule out a future adjustment in principle.

D-66693 Mettlach, February 2021

The Board of Directors

The Supervisory Board

Frank Göring  
Chairman of the Management Board

Dr. Alexander von Boch-Galhau  
Chairman of the Supervisory Board