

CORPORATE GOVERNANCE REPORT

In this declaration, the Management Board and the Supervisory Board report in accordance with sections 289f and 315d of the Handelsgesetzbuch (HGB – German Commercial Code) on corporate governance at Villeroy & Boch.

RESPONSIBLE MANAGEMENT

Good corporate governance aimed at creating sustainable value through responsible corporate management is of fundamental importance for Villeroy & Boch. It is the basis for earning the trust of shareholders, employees, business partners, other stakeholders and the public at large. Accordingly, the recommendations and suggestions of the German Corporate Governance Code (“GCGC”) constitute the basis for the actions of the Management Board and Supervisory Board of Villeroy & Boch Aktiengesellschaft.

The Management Board of Villeroy & Boch Aktiengesellschaft is responsible for managing the Company as the governing body with the aim of creating short-term and long-term value. The workings of the Management Board are determined by corresponding Rules of Procedure. Resolutions are generally adopted at meetings of the Management Board, which take place twice a month if possible.

The Supervisory Board appoints, advises and monitors the Management Board. Its workings and allocations of responsibilities are established in corresponding Rules of Procedure. Ordinary meetings of the Supervisory Board are held at least four times a year. The Supervisory Board is provided with continuous, timely information in the form of written and oral reports by the Management Board and is involved in all decisions of material importance to the Company.

COMPOSITION OF THE MANAGEMENT BOARD

The Management Board of Villeroy & Boch Aktiengesellschaft currently consists of six members. The members of the Management Board are appointed and dismissed by the Supervisory Board. In appointing members to the Management Board, the Supervisory Board pays attention to the professional suitability, experience and management quality of the candidates. It also ensures the diversity of the Management Board as a whole. In making appointments to the Management Board, the Supervisory Board seeks to take adequate account of diversity, particularly with respect to age, cultural background and educational and professional background.

Together with the Management Board, the Supervisory Board ensures long-term succession planning for the Management Board. In particular, in addition to the requirements of the Aktiengesetz (AktG – German Stock Corporation Act)

and the German Corporate Governance Code (GCGC), long-term succession planning takes into account the ideal profiles developed by the Human Resources Committee and the Supervisory Board referred to above. The Supervisory Board is assisted by external consultants in developing the requirement profiles and throughout the extensive selection process. The Supervisory Board has set an age limit for members of the Management Board; hence members of the Management Board should leave the Company at the end of the calendar year in which they reach the age of 65.

COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board of Villeroy & Boch Aktiengesellschaft is composed of twelve members, six of whom are elected by the General Meeting of Shareholders (shareholder representatives) and six of whom are elected by the Company’s employees in accordance with the provisions of the German Co-determination Act (employee representatives). The term of office of members of the Supervisory Board is normally five years. The Supervisory Board is of the opinion that its composition is an important factor in successfully performing its diverse tasks to the optimal benefit of the Company.

In accordance with the recommendation of Section C.1, GCGC, it has therefore determined concrete objectives regarding its composition and prepared a profile of skills and expertise for the entire Supervisory Board.

The composition of the Supervisory Board of Villeroy & Boch Aktiengesellschaft should ensure that the Management Board is properly monitored and advised at all times. The candidates proposed for election to the Supervisory Board should be in a position, thanks to their knowledge, skills and professional experience, to perform the tasks of a Supervisory Board member in an internationally active company and to safeguard the reputation of the Villeroy & Boch Group with the public. In the process, special attention should be paid to the personality, integrity, commitment, professionalism and independence of the persons proposed for election. The individual knowledge, skills and experience of the individual members of the Supervisory Board should complement each other in such a way that there is sufficient professional expertise available for the work of the Supervisory Board as such and for the business activities of each division at all times to guarantee that the Management Board is monitored professionally and efficiently and provided with advice on a continuous basis. In view of the Company’s international focus, attention should be paid to the fact that, as has been the case to date, there is an adequate number of members with many years of international experience. The appropriate diversity should also be considered when selecting potential candidates

for vacancies arising on the Supervisory Board. In particular, this also means taking into account their gender, age, cultural origins and educational and professional background.

The Supervisory Board takes into account the targets for its composition and the requirements stipulated in the skills profile in conjunction with the selection process and the nomination of candidates for the Supervisory Board. The Nomination Committee considered these targets for its nominations for the three shareholder representatives to be elected by the 2023 General Meeting of Shareholders.

There is a 30 % minimum quota for women and men on the Supervisory Board of Villeroy & Boch Aktiengesellschaft in accordance with section 96(2) AktG. The minimum quota was fulfilled by both the shareholder representatives and the employee representatives in the 2022 financial year.

The Supervisory Board members should have sufficient time to perform their functions such that they can do so with the requisite regularity and diligence. No more than two former members of the Management Board of Villeroy & Boch Aktiengesellschaft should sit on the Supervisory Board. Candidates for the Supervisory Board are typically nominated only if they have not yet reached the age of 70 at the time of their election and have not exceeded the maximum membership period set by the Supervisory Board of 15 years or three terms in office. This rule should be deviated from only as a warranted exception.

The Supervisory Board is of the opinion that, on the whole, its current members have the necessary knowledge, skills and professional experience to properly perform their duties and that the goals for its composition and those of the skills profile have been fulfilled. As a whole, it is familiar with the sector in which it operates and also has expertise specific to the sector in the Audit Committee.

The Supervisory Board believes that all of the shareholder representatives on the Supervisory Board are independent, meaning that it has an appropriate number of independent members. They are Mr Schmid, Dr von Boch-Galhau, Ms Heckelsberger, Ms Rosenberg, Mr de Schorlemer and Mr Villeroy de Galhau. The Company does not have a

controlling shareholder as referred to by GCGC. However, it notes that, besides other representatives, the Supervisory Board also includes members of the founder families, von Boch and Villeroy. The Supervisory Board does not believe that these relationships constitute a legally relevant conflict of interests. Rather, the current composition guarantees monitoring aligned to the Company's interests without conflicting roles or loyalties.

According to the catalogue of criteria under C.7 GCGC, being a member of the Supervisory Board for more than 12 years is an indicator that the member in question is not independent. The Second Vice Chairman of the Supervisory Board, Dr von Boch-Galhau, has been a member of the Supervisory Board since 2008. The Supervisory Board believes that he has the necessary distance from the Management Board to ensure the proper and independent performance of his duties, both on the Supervisory Board as a whole and in its committees, and that the careful monitoring of the Management Board is ensured. In his case at least, the length of his membership of the Supervisory Board does not substantiate a lack of independence.

The status of implementation of the profile of skills and expertise is shown below in the form of a qualification matrix. The information is based on a self-assessment by the Supervisory Board. One point indicates a minimum of "advanced knowledge", meaning that the respective member has the ability to correctly evaluate the relevant matters and take informed decisions on the basis of their existing qualifications, the knowledge and experience acquired in the course of their activity as a Supervisory Board member (e.g. long-standing membership of the Audit Committee) or the regular training undertaken by all Supervisory Board members. Further information on the qualifications shown can be found in the profiles of the Supervisory Board members published on the Company's website.

MEMBERS OF THE SUPERVISORY BOARD

Name	Profession	Age	Gender	Nationality	Independence	Other mandates	Primary election	End of the election period
Andreas Schmid Chairman	Entrepreneur	65	m	CHE	√	5	2020	2025
Ralf Runge First Vice Chairman	Adviser of the Works Council	60	m	GER	√	–	2003	2023
Dr Alexander von Boch-Galhau Second Vice Chairman	Management Consultant	74	m	GER	√	1	2008	2023
Susanne Heckelsberger Chairwoman of the Audit Committee	Management Consultant	58	f	GER	√	1	2020	2025
Thomas Kannengießer Employee representative	Head of Product Management	59	m	GER	√	–	2018	2023
Christina Rosenberg Shareholder representative	Management Consultant	53	f	GER	√	2	2013	2023
Thomas Scherer Employee representative	Chairman of the Works Council	53	m	GER	√	–	2020	2023
Louis de Schorlemer Shareholder representative	Entrepreneur	50	m	LUX	√	1	2018	2023
Roland Strasser Employee representative	Regional Director of the IGBCE	47	m	GER	√	3	2021	2023
Anna Engfer Shareholder representative	Committee Secretary of the IGBCE	41	f	GER	√	–	2022	2023
Dominique Villeroy de Galhau Shareholder representative	Fund Manager	57	m	FRA	√	1	2015	2025
Bärbel Werwie Employee representative	Chairwoman of the Works Council	59	f	GER	√	–	2018	2023

PROFILE OF SKILLS AND EXPERTISE OF THE SUPERVISORY BOARD MEMBERS

Name	Supervision, Control & Corporate Governance	Strategy	Human Resources	Sustainability [ESG/CSR]	Finance	International Experience	Innovation, Digitalization	Sector Expertise
Andreas Schmid Chairman	•	•	•		•	•		•
Ralf Runge First Vice Chairman	•	•	•	•	•	•	•	•
Dr Alexander von Boch-Galhau Second Vice Chairman	•	•	•	•		•	•	•
Susanne Heckelsberger Chairwoman of the Audit Com- mittee	•	•	•	•	•	•		
Thomas Kannengießer Employee representative	•	•		•	•	•	•	•
Christina Rosenberg Shareholder representative	•	•	•			•	•	
Thomas Scherer Employee representative	•	•	•	•		•	•	•
Louis de Schorlemer Shareholder representative	•	•	•			•	•	•
Roland Strasser Employee representative	•	•	•	•			•	•
Anna Engfer Shareholder representative	•	•	•	•			•	•
Dominique Villeroy de Galhau Shareholder representative	•	•		•	•	•		
Bärbel Werwie Employee representative	•	•	•	•	•		•	•

FINDINGS ON THE PROMOTION OF WOMEN IN MANAGEMENT POSITIONS IN ACCORDANCE WITH SECTIONS 76 (4) AND 111 (5) OF THE GERMAN STOCK CORPORATION ACT

Since 2011, the Management Board and Supervisory Board have adopted a Group-wide policy for promoting diversity and an appropriate proportion of women in management positions. Furthermore, in accordance with the provisions of stock corporation law, Villeroy & Boch Aktiengesellschaft has set targets for the proportion of female members of the Management Board and the next two levels of management as well as a deadline by which these proportions must be achieved. In 2022, the Management Board resolved a target of 35 % for the first and second levels of management below the Management Board for the next five years. At Villeroy & Boch Aktiengesellschaft, the proportion of women at the two management levels below the Management Board was 31.1 % as at 31 December 2022. Women accounted for 36.4 % of the workforce at the reporting date. The long-term target remains for women to occupy 40 % of the positions in both levels of management.

The Management Board is currently composed of four men and two women, meaning that it meets the requirements of section 76 (3a) AktG.

TRUST-BASED COOPERATION BETWEEN THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

The cooperation between the Management Board and Supervisory Board was again characterised by open, trust-based communication in 2022. This was seen in the meetings of the Supervisory Board and in the discussions between members of the Management Board and the Chairman of the Supervisory Board and the Chairwoman of the Audit Committee. In the reporting year, the reports by the Management Board to the Supervisory Board focused in particular on the orientation and implementation of the corporate strategy including current projects, the digital transformation within the Group, the IT architecture, sustainability and the implementation of sustainability projects, the Company's business development and the Group's position – particularly in an environment dominated by the war in Ukraine and its economic and political side effects, such as inflation and the energy crisis – and questions relating to the risk situation, risk management, the internal control system, the recording and measurement of non-financial performance indicators, and compliance management.

The rights of the Supervisory Board to reserve approval are set out in the Rules of Procedure of the Supervisory Board and the Management Board. In particular, they apply to material transactions or activities with a significant impact on the financial position and the financial performance of

Villeroy & Boch Aktiengesellschaft. Certain transactions with related parties also require the approval of the Supervisory Board for this purpose in accordance with sections 111a et seq. AktG.

SUPERVISORY BOARD COMMITTEES

To allow it to perform its tasks efficiently and deal with complex issues more intensively, the Supervisory Board has formed four expert committees in addition to the Conciliation Committee prescribed by section 27 (3) of the German Co-determination Act. The activities of the committees are governed by the Rules of Procedure for the respective committees.

The Audit Committee addresses the topics of accounting, risk management, the internal control and audit system, reporting of non-financial information, compliance and issues relating to the audit of the annual financial statements. It is composed of the Chair, who shall not also be the Chair of the Supervisory Board, and one representative each for the shareholders and the employees. The members of the Audit Committee are currently Ms Heckelsberger (Chairwoman), Mr Villeroy de Galhau and Ms Werwie. The Chairwoman of the Audit Committee is independent and has passed tax consultant and certified public auditor exams. She is a financial expert in the area of audits of financial statements within the meaning of section 100 (5) AktG and also has particular knowledge and experience of accounting and auditing on account of her professional work, in which she has been entrusted with various duties in the fields of finance and controlling over several decades. In her role as a management consultant and chair of two audit committees, she has been actively involved in sustainability reporting and auditing and closely followed developments in this area from an early stage. As a portfolio and asset manager with a diploma from the French society for financial analysis and thanks to his many years of experience as a securities broker and fund manager, Dominique Villeroy de Galhau also has expertise in the area of accounting. On account of his work, he is familiar with auditing sustainability reports and evaluating financial and non-financial key performance indicators. Accordingly, his expertise has been available to the Audit Committee for the past five years as an additional financial expert within the meaning of section 100 (5) AktG.

The Human Resources Committee primarily deals with the conclusion as well as the amendment and termination of the employment contracts of Management Board members, Management Board remuneration, and long-term succession planning. It prepares the appointment and dismissal of members of the Management Board, the remuneration system for the Management Board and the total remuneration for the individual members of the Management Board, including contractual bonus provisions, pension provisions and other

contractual benefits, for resolution by the full Supervisory Board and performs a preliminary examination of the remuneration report. It is chaired by the Chair of the Supervisory Board and its members include two employee representatives and two shareholder representatives. The current members are Mr Schmid (Chairman), Dr von Boch-Galhau, Mr Runge and Ms Rosenberg. Mr Strasser is Ms Süpke's successor as a member of the Human Resources Committee. The tasks of the Investment Committee include advising on corporate and investment planning in advance and preparing investment decisions. The Investment Committee is chaired by the Chair of the Supervisory Board and includes one shareholder representative and one employee representative. The current members are Mr Schmid (Chairman), Mr Scherer and Mr de Schorlemer.

The Supervisory Board has established a Nomination Committee. In particular, its tasks include drawing up requirements profiles for specific Supervisory Board positions on the basis of the targets resolved by the Supervisory Board for the composition of the Supervisory Board (skills profile), identifying candidates and preparing the proposals to the General Meeting of Shareholders for the election of Supervisory Board members, as well as making recommendations in the case of court appointments. It is also responsible for regularly reviewing the skills profile for the Supervisory Board. The Nomination Committee is composed of all of the shareholder representatives on the Supervisory Board. The Chairman is Mr de Schorlemer and the Vice Chairman is Mr Schmid. The other members of the Nomination Committee are Dr von Boch-Galhau, Mr Villeroy de Galhau, Ms Heckelsberger and Ms Rosenberg. By law, the Conciliation Committee prescribed by section 27 (3) of the German Co-determination Act must be established in order to perform the task set out in section 31 (3) sentence 1 of the German Co-determination Act. It submits proposals for the appointment or the revocation of the appointment of Management Board members to the Supervisory Board if the requisite majority of two-thirds of the votes of Supervisory Board members is not reached in the first ballot. The Conciliation Committee consists of the Chair and First Vice Chair of the Supervisory Board, one shareholder representative and one employee representative. The current members are Mr Schmid (Chairman) and Mr Runge (Vice Chairman). The other members are Mr Schorlemer and Mr Strasser.

PREVENTION OF CONFLICTS OF INTEREST

The members of the Management Board and the Supervisory Board have a duty to uphold the interests of the Company and not to pursue any personal interests that could clash with those of the Company in fulfilling their duties. All members of the Management Board and the Supervisory Board are obliged to disclose any potential conflicts of interest to the

Supervisory Board. There are no significant personal or business relationships with governing bodies, shareholders or affiliated companies. Roles in other statutory supervisory boards and comparable domestic and foreign controlling bodies of commercial enterprises held by members of the Management Board and the Supervisory Board can be found in this report as well. Links with related parties are shown in the notes to the consolidated financial statements. The Company will disclose pursuant to the applicable statutory provisions any transactions with related parties that require the approval of the Supervisory Board or a Supervisory Board committee in accordance with section 111b (1) AktG.

SELF-ASSESSMENT

The Supervisory Board of Villeroy & Boch Aktiengesellschaft regularly conducts a self-assessment of its work, most recently at its meeting on 24 November 2021. This takes the form of a questionnaire-based assessment of the workings of the Supervisory Board and its committees by its members. The self-assessment focused on an efficiency review that covered the provision of information to the Supervisory Board, the conduct of the meetings of the Supervisory Board and its committees, and the composition and structure of the Supervisory Board and its committees in particular.

MANAGERS' TRANSACTIONS

In accordance with Article 19 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation), members of the Management Board and Supervisory Board are obliged to disclose transactions in shares or debt instruments of Villeroy & Boch Aktiengesellschaft or derivatives or other financial instruments linked thereto if the total amount of the transactions conducted by the member or related party within a calendar year is equal to or in excess of € 20,000. The managers' transactions reported to Villeroy & Boch Aktiengesellschaft in the past financial year are duly published and can be viewed at the following website: <https://www.villeroyboch-group.com/en/investor-relations/financial-news/managers-transactions.html>.

COMPREHENSIVE INFORMATION CREATES TRANSPARENCY AND TRUST

Villeroy & Boch Aktiengesellschaft seeks to inform all target groups of the Company's position equally and in good time and to ensure optimal transparency with regard to its management and controlling mechanisms by way of comprehensive reporting. This includes the annual publication of the consolidated financial statements and quarterly reports, which are prepared in accordance with the principles of the International Financial Reporting Standards (IFRSs). The consolidated financial statements and the Group

management report were published on 20 February 2023, and therefore within the 90-day period recommended by item E.2 of the GCGC. The annual financial statements of Villeroy & Boch Aktiengesellschaft are prepared in accordance with the German Commercial Code (HGB).

The website www.villeroyboch-group.com contains the latest news in the form of press releases, ad hoc disclosures and other publications. Annual and interim reports, the sustainability report and the separate combined non-financial report of the Group and Villeroy & Boch Aktiengesellschaft contained therein, the remuneration report on the last financial year and the auditor's report in accordance with section 162 AktG, the applicable remuneration system in accordance with section 87a (1) and (2) sentence 1 AktG, the most recent resolution by the General Meeting of Shareholders on the remuneration system for the members of the Supervisory Board in accordance with section 113 (3) AktG and other publications are also available to download in German and English from the Investor Relations section. The publications comply with the transparency requirements of the European Market Abuse Regulation and the German Securities Trading Act.

To allow us to maintain a dialogue with analysts and shareholders, the financial and analysts' press conference and the General Meeting of Shareholders are held once a year.

Publication dates and recurring events are published in the financial calendar on the website, in this annual report and in the interim reports.

ERNST & YOUNG CONFIRMED AS AUDITOR

The Supervisory Board again commissioned Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Germany, to audit the annual and consolidated financial statements for the 2022 financial year as the auditor appointed by the General Meeting of Shareholders. The Audit Committee and the Supervisory Board had previously satisfied themselves as to the independence of the auditor. Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft has been the auditor of the annual and consolidated financial statements of Villeroy & Boch Aktiengesellschaft since the 2009 financial year. The responsible auditor is Mr Heller. The statutory provisions regarding the rotation of the auditor and the responsible auditors in accordance with Article 17 of EU Regulation No. 537/2014 of the European Parliament and of the Council of 14 July 2014 and the grounds for exclusion in accordance with sections 319 and 319a HGB have been observed.

In accordance with the recommendations of the GCGC, the Supervisory Board agreed with the auditor that the Chairwoman of the Audit Committee would be informed immediately of any potential grounds for disqualification or partiality and any facts and events of importance for the proper

performance of the tasks of the Supervisory Board arising during the performance of the audit. If the audit gives rise to facts that show a misstatement in the declaration of conformity issued by the Management Board and the Supervisory Board in accordance with section 161 of the German Stock Corporation Act (AktG), the auditor must inform the Supervisory Board or make a corresponding note in the audit report.

DECLARATION OF CONFORMITY IN ACCORDANCE WITH SECTION 161 AKTG

The Management Board and the Supervisory Board are obliged to issue a Declaration of Conformity regarding the adoption of the recommendations of the German Corporate Governance Code once a year in accordance with section 161 AktG. Following discussions at the meeting of the Supervisory Board in December 2022, the Management Board and the Supervisory Board issued the annual declaration of conformity stating that the Company had complied with and continues to comply with all the recommendations of the Government Commission of the German Corporate Governance Code with the exceptions noted.

The declaration of conformity published by the Company on 30 December 2022 reads as follows:

"In accordance with section 161 of the German Stock Corporation Act (AktG), the Management Board and Supervisory Board of Villeroy & Boch Aktiengesellschaft hereby declare that Villeroy & Boch Aktiengesellschaft has complied with the recommendations of the German Corporate Governance Code (GCGC) in the version dated 16 December 2019 (GCGC 2020) since the last declaration of conformity was issued on 29 December 2021 with the addendum dated 6 May 2022 and with the recommendations of the GCGC in the version dated 28 April 2022 (GCGC 2022) since it came into force upon being published in the Bundesanzeiger (German Federal Gazette) on 27 June 2022 and that it will continue to do so in future, with the exception of the recommendations listed below:

Recommendations C.6 sentence 1, C.7 (1) of the GCGC 2022

In its opinion, the shareholder representatives on the Supervisory Board are composed exclusively of independent members.

The Company does not have a controlling shareholder within the meaning of the GCGC 2022, but notes that the Supervisory Board includes members of the founding families von Boch and Villeroy as well as other representatives. However, in the opinion of the Supervisory Board, these relationships do not constitute a legally relevant conflict of interest. The current composition of the Supervisory Board ensures

that monitoring is geared to the interests of the Company without any conflicts of loyalty or role.

Section G.I. Management Board remuneration in the GCGC 2022

Section G.I. of the GCGC 2022 contains recommendations on Management Board remuneration from which there are still isolated exceptions within 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 new remuneration system that was approved by the General Meeting of Shareholders on 26 March 2021. The new remuneration system applies to all new contracts of employment and extensions to contracts of employment for members of the Management Board. Since the resolution of the Supervisory Board on the new Management Board remuneration system, a system has been in place that reflects the contents of section 87a AktG and complies with the recommendations of section G.I. of the GCGC 2022 with the following exceptions:

Recommendation G.1 of the GCGC 2022

According to recommendation G.1, sub-paragraph 2 of the GCGC 2022, the maximum remuneration must be defined for the individual Management Board members.

In the new Management Board remuneration system, the maximum remuneration is not defined individually for each member, but for the Management Board as a whole. The Supervisory Board is of the opinion that setting the maximum remuneration for the Management Board as a whole 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 covered by 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.8 of the GCGC 2022

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

The Company's remuneration system provides for a subsequent adjustment of the target values or comparison parameters in response to unusual events or developments where this is appropriate and may be required in the interests of the Company, meaning that a future adjustment is not ruled out.

Recommendation G.18 sentence 2 of the GCGC 2022

The 2022 General Meeting of Shareholders on 1 April 2022 adopted a new remuneration system for the members of the Supervisory Board of Villeroy & Boch Aktiengesellschaft with effect from 1 January 2022 and resolved the corresponding amendment to the Articles of Association. Under this system, Supervisory Board remuneration consists solely of a fixed component, meaning that the recommendation has been complied with since this date.

COMPLIANCE AT THE VILLEROY & BOCH GROUP

The establishment of an effective compliance organisation is a vital element of good corporate governance. Villeroy & Boch can only achieve long-term business success by complying with the relevant statutory provisions, internal guidelines and corporate values.

The objective of Villeroy & Boch's compliance management system is to minimise compliance risks (prevention), identify and investigate potential compliance breaches (detection) and initiate appropriate countermeasures (response).

The compliance organisation begins directly with the Management Board of Villeroy & Boch Aktiengesellschaft and is present at every level of the Group. CEO Mr Göring is the member of the Management Board with responsibility for compliance. The Chief Compliance Officer of the Villeroy & Boch Group reports to him. The Chief Compliance Officer is supported by functional compliance officers at the head office and in the divisions as well as local compliance officers at the Group companies.

The compliance programme primarily covers the action areas of business ethics, antitrust law, data protection, combating corruption, supply chain due diligence obligations, and preventing fraud and money laundering. The central compliance department also supports the specialist departments on overarching topics such as ensuring compliance in the context of product responsibility (product compliance) and foreign trade issues (trade compliance). Compliance with statutory provisions in other specific action areas, such as the environment, occupational safety, capital market law and sanction list screening, is addressed directly by compliance officers or the responsible specialist departments. The Group-wide ethical principles, the Code of Conduct and other guidelines are binding for all employees, providing them with orientation for responsible behaviour in day-to-day business, protecting them against incorrect decisions and hence safeguarding the basis of success as a Company.

Villeroy & Boch use classroom-based training, online training, software-based e-learning and internally developed training videos to communicate a common understanding of compliance to all employees and make them aware of the risks and consequences of compliance violations. This also ensures that the transfer of knowledge is tailored to the respective function. A plan of action to ensure compliance with the requirements arising from the new German Supply Chain Due Diligence Act (LkSG) was drawn up in the 2022 financial year. This involved recording the existing processes in a structured format in order to implement the new processes required in accordance with the LkSG within a risk management system. This enabled the early planning and implementation of the measures required under the LkSG well in advance of

1 January 2024, the date on which the legislation will begin applying to Villeroy & Boch directly. An internal guideline was adopted in order to establish the existing risk management system based on the processes developed and the corresponding assignment of tasks. The newly appointed human rights officer is responsible for organizing and operating this risk management system.

Risks relating to compliance are analysed continuously and systematically throughout the Group in order to determine the scope and intensity of the necessary preventive measures and countermeasures. In the 2022 financial year, work was also carried out on the continuous enhancement of process-oriented compliance as well as adjustments to reflect changes in processes and the statutory framework. The focus was also on the further digitalization of the process-oriented compliance rules and the resulting safeguards and control mechanisms.

To identify compliance violations, Villeroy & Boch Aktiengesellschaft has adopted a Group-wide whistle-blowing policy and established a whistle-blower system allowing potential compliance violations to be reported anonymously, among other things. Where required by local law, dedicated local whistle-blowing systems have also been established at individual subsidiaries on the basis of the Group-wide whistle-blowing policy as well as the Villeroy & Boch whistle-blowing policy, which also applies. In addition, a whistle-blowing officer has been appointed at each of these subsidiaries. These officers are connected to the whistle-blowing system and are responsible for ensuring that reported cases are dealt with correctly. The aim is to encourage the reporting of violations by making the process as transparent as possible and ensuring that whistle-blowers are protected. Suppliers, customers and other third parties can also provide tip-offs and inform us of potential violations directly. There is also an external ombudsperson who serves as an independent confidant and mediator. The compliance organisation carefully investigates all reports. It is guided in investigations by the principle of legality enshrined in the law. Five internal investigations were conducted in the 2022 financial year, one of which resulted in disciplinary action.

The compliance management system is subject to permanent development. You can find out more about compliance at Villeroy & Boch on the Company's website at <http://www.villeroyboch-group.com/en/investor-relations/corporate-governance/compliance.html>.