

## **Declaration of Compliance of BREMER LAGERHAUS-GESELLSCHAFT –Aktiengesellschaft von 1877– with the German Corporate Governance Code in the version dated 7 February 2017**

On 20 August 2019, the Managing Board, and on 12 September 2019, the Supervisory Board of BREMER LAGERHAUS-GESELLSCHAFT –Aktiengesellschaft von 1877– (BLG AG) issued the 19th Declaration of Compliance with the German Corporate Governance Code (DCGK) in the version dated 7 February 2017.

BLG AG complies with the recommendations of the Government Commission with the following exceptions, and will comply with these recommendations during the declaration period with the following exceptions:

### **1. No. 2.3.3**

*"The company shall enable shareholders to follow the General Shareholders Meeting via modern communication media (e.g. the internet)."*

Normally more than 85% of our shareholders (as measured by the voting rights) attend the Annual Shareholders Meetings.

The expected benefits and/or the rate of use of these media by the shareholders are in no relation to the costs. Therefore, the use of further communication media is rejected.

### **2. No. 4.2.3, Paragraph 2, Sentence 2**

*"Variable remuneration components shall be based in principle on assessment covering several years. This shall essentially be future-oriented."*

The DCGK recommends that variable remuneration components are based in principle on assessment covering several years, and that this is essentially future-oriented. The Managing Board and the Supervisory Board consider the current remuneration system with a combination of variable remuneration from three-year EBT profit-sharing, which is assessed on the basis of achieved results, plus future-oriented sustainability components to be appropriate.

### **3. No. 5.3.3**

*"The Supervisory Board shall form a Nomination Committee exclusively made up of shareholder representatives which nominates suitable candidates for the Supervisory Board's proposals to the General Shareholders Meeting for the election of members of the Supervisory Board."*

The Supervisory Board has transferred the authorities of the Nomination Committee to the Personnel Committee. The Personnel Committee is made up of shareholder and employee representatives.

**4. No. 5.4.1, Paragraph 2, Sentences 1 and 2, Paragraph 4**

*"Furthermore, the Supervisory Board shall state concrete goals for its composition and draw up a competency profile for the overall body. The composition of the Supervisory Board shall, within the framework of the company-specific situation, appropriately take into account the international activities of the company, potential conflicts of interest, and the number of independent Supervisory Board members. An age limit for members of the Supervisory Board and a limit to the period of membership of the Supervisory Board shall be fixed, and suitable attention shall be paid to diversity (...)*

*Proposals by the Supervisory Board to the General Shareholders Meeting shall take these goals into account and simultaneously aim to meet the competency profile for the body as a whole. The status of implementation shall be published in the Corporate Governance Report. This shall also state the number of independent shareholder members considered appropriate by the Supervisory Board, and the names of these members.*

The Supervisory Board has defined an age limit for its members in the Corporate Regulations.

When proposing candidates to the responsible electoral bodies, the Supervisory Board takes account of the fixed age limit and the current age of the candidates. Candidates are not selected rigidly according to their age and the age limit. A candidate's current age is balanced against factors such as specialist and personal suitability as well as further requirements regarding diversity. When making appointments to functions, the Managing Board and the Supervisory Board take account of diversity and independence.

Furthermore, the DCGK recommends defining a limit to the period of membership of the Supervisory Board. In the view of the Managing Board and the Supervisory Board, an upper limit to the duration of membership of the Supervisory Board is not an appropriate criterion for the composition of the Supervisory Board. The Managing Board and the Supervisory Board are dedicated to achieving a mix of experienced and newly elected members of the Supervisory Board. Furthermore, the diversity required in the Code must also apply with regard to different periods of membership of the body as well as the associated company-specific expertise and experience of the members.

**5. No. 5.4.2, Sentence 1**

*"The Supervisory Board shall include the number of independent members that the Supervisory Board considers appropriate. The Supervisory Board shall hereby take account of the ownership structure."*

Currently, a high proportion of the significant large shareholders is represented on the Supervisory Board. They account for the majority of voting rights (>60%). Furthermore, there is an appropriate number of independent members. Therefore, the membership of the Supervisory Board is correct and no further consideration of the ownership structure is necessary.

**6. No. 7.1.1**

*"Shareholders and third parties are informed by means of the Group Financial Statement and the Group Management Report as well as through financial information provided during the year. Should the company not be obliged to publish quarterly reports, it shall inform the shareholders not only in the Half-Year Financial Report but also during the year in a suitable form about business development, in particular about significant changes in business prospects and the risk situation."*

As, according to the current International Financial Reporting Standards (IFRS), BLG AG does not have any subsidiaries that must be consolidated, a quarterly report would only be necessary at the company level. Due to the company's activities, which mainly meet the criteria of a liability and management function, no significant changes in business development or risk situation can be expected. Therefore, the costs to the company of issuing a quarterly report are in no reasonable relationship to the added value of this information.

**7. No. 7.1.2, final sentence**

*"The Group Financial Statement and the Group Management Report shall be available publicly within 90 days after the end of the business year. The obligatory financial information during the year shall be available publicly within 45 days after the end of the business year."*

Currently, BLG AG is not able to comply with all the recommended deadlines. However, full compliance with this recommendation is planned in the medium term. The Group Financial Statement will be published within four months after the end of the business year.

Bremen, September 12, 2019

BREMER LAGERHAUS-GESELLSCHAFT  
–Aktiengesellschaft von 1877–

The Managing Board and the Supervisory Board