

Declaration of conformity pursuant to section 161 AktG (German stock corporation act) of the Board of Management and the Supervisory Board of Leifheit AG

The Board of Management and Supervisory Board of Leifheit AG issue the following declaration of conformity pursuant to section 161 of the German stock corporation act (AktG) regarding the recommendations of the “Government Commission on the German Corporate Governance Code” and will ensure that it is published on the website of Leifheit AG. The following declaration refers to the recommendations of the German corporate governance code (code) in its version of 28 April 2022, published in the Federal Gazette on 27 June 2022.

The Board of Management and the Supervisory Board of Leifheit AG declare that the recommendations of the code – except for those listed below – are being complied with and were previously complied with in the past.

Appropriate consideration of ecological and social objectives in corporate strategy (Recommendation A.1 sentence 2)

In A.1 sentence 2, the code recommends that environmental and social objectives should be given appropriate consideration in the corporate strategy alongside long-term economic objectives.

This recommendation was only partially complied with in the 2022 financial year. The CSR strategy adopted in December 2022 was established in 2023, meaning that recommendation A.1 sentence 2 will be complied with from the 2023 financial year.

Sustainability-related objectives in the internal control system and risk management system (Recommendation A.3)

According to A.3 of the code, the internal control system and the risk management system should also cover sustainability-related objectives, unless already required by law. Furthermore, this should include the processes and systems for recording and processing sustainability-related data.

This recommendation was not yet complied with in the 2022 financial year. From the 2023 financial year, the internal control system and the risk management system will also cover sustainability-related targets.

Competency profile/objectives for the composition (Recommendation C.1 sentence 3)

In C.1 sentence 3, the code recommends that the competence profile of the Supervisory Board should also include expertise on important sustainability issues to the company.

This recommendation was only partially complied with in the 2022 financial year. Since the competency profile was adjusted accordingly in December 2022, the recommendations of the code have been complied with again.

Resolutions proposed by the Supervisory Board to the Annual General Meeting for the election of Supervisory Board members (Recommendation C.1 sentence 4)

In C.1 sentence 4, the code recommends that proposals by the Supervisory Board to the Annual General Meeting should consider the specific targets specified by the Supervisory Board for its composition and at the same time aim to fulfil the competency profile for the entire Board.

This recommendation was not complied with in part in the 2023 financial year. The Supervisory Board took the diversity concept/competency profile for the composition of the Supervisory Board – which, among other things, provides for the appropriate representation of both genders and refers to the target set for the proportion of women on the Supervisory Board – under consideration when adopting the proposed resolutions for the 2023 Annual General Meeting, but ultimately decided to propose a male candidate for election at the Annual General Meeting after weighing up all the relevant aspects. The Supervisory Board is convinced that the proposed candidate is the most suitable candidate in the interests of the company.

In future, the recommendation in C.1 sentence 4 is to be complied with again.

Ratio of short- and long-term variable compensation components (Recommendation G.6)

In G.6, the code recommends that the variable remuneration of the members of the Board of Management resulting from the achievement of long-term targets should exceed the proportion of short-term targets.

In the 2022 financial year, the service agreement concluded with Mr Keul except that the variable remuneration granted to him consisted exclusively of an annual short-term incentive (STI), which was based on the achievement of short-term targets. From the 2023 financial year, the service agreement with Mr Keul complies with the recommendations in G.6.

Determination of performance criteria for the upcoming fiscal year (Recommendation G.7 sentence 1)

According to recommendation G.7 sentence 1 of the code, the Supervisory Board shall determine the performance criteria for all variable compensation components for each member of the Board of Management for the upcoming fiscal year, which – in addition to operational – shall be based primarily on strategic objectives.

The financial target values for the STI and LTI for the 2022 financial year have been excluded from this recommendation to the extent that the target values for the variable remuneration 2022 of the Board of Management members were not set until March 2022. Recommendation G.7 sentence 1 will be complied with again from the 2023 financial year.

Determination of the amount of the variable remuneration components for the interim Management Board service agreement (Recommendation G.6 and thus simultaneously recommendations G.7 and G.9)

In section G.6, the code recommends that the variable remuneration of the Board of Management members resulting from the achievement of long-term targets shall exceed the portion resulting from short-term targets. Furthermore, the code recommends in G.7 that the Supervisory Board shall determine performance criteria for the upcoming financial year for each member of the Board of Management for all variable remuneration components, whereby the extent to which individual targets of the individual members of the Board of Management or targets for all members of the Board of Management together are decisive shall also be determined. Finally, the code recommends in G.9 that the Supervisory Board shall determine the amount of the remuneration components to be granted after the end of the financial year depending on target achievement.

The above recommendations were excepted from when the interim Management Board service agreement with Mr De Loecker was concluded on 29 July 2023. At the request of the Supervisory Board, Mr De Loecker has committed to serve as chairman of the Board of Management for a transitional period of a maximum of six months until a permanent successor to the previous chairman of the Board of Management can be appointed. In view of the short transitional period, the Supervisory Board did not consider it appropriate to grant Mr De Loecker variable remuneration components as interim Chairman of the Board of Management and Mr De Loecker has thankfully waived this.

Investment of variable compensation amounts in shares of the Company or corresponding share-based granting (recommendation G.10 sentence 1)

In G.10 sentence 1, the code recommends that the variable remuneration amounts granted to the member of the Board of Management should be mainly invested in shares of the Company or granted on a corresponding share-based basis, considering the respective tax burden.

In the 2022 financial year, the service agreement concluded with Mr Keul except that the respective STI amounts were paid out to him in cash after the respective due date. From the 2023 financial year, the service agreement with Mr Keul complies with the recommendations in G.10 sentence 1.

Availability of granted long-term variable remuneration components (recommendation G.10 sentence 2)

In G.10 sentence 2, the German corporate governance code recommends that granted long-term variable remuneration components shall be accessible to Board of Management members only after a period of four years.

The in 2022 amended remuneration system excepts from above recommendation regarding the long-term incentive (LTI). In accordance with the remuneration system, LTI tranches will be granted from 2023 with a term of three (previously: four) years. The reason for shortening the performance period is that the performance criteria relevant for determining the LTI are set with priority given to the respective medium-term plan, which also covers a period of three years. The amended remuneration system ensures that medium-term planning and LTI targets are synchronised. The Supervisory Board believes that a three-year performance period also provides a sustainable incentive for Board of Management members to orientate their performance in office towards promoting the business strategy and long-term development of Leifheit AG.

**Claw-back clause for variable Board of Management remuneration components
(Recommendation G.11)**

The code recommends in G.11 that variable remuneration may be withheld or reclaimed in justified cases.

As a precautionary measure, a deviation from this recommendation, which probably also concerns the remuneration system for Board of Management members, is declared. The legal admissibility of so-called claw-back clauses, which are referred to in recommendation G.11, has still not been conclusively clarified and, in particular, has not yet been decided by the highest courts. The Supervisory Board has therefore decided not to include a claw-back clause in the Board of Management service agreements and in the remuneration system.

Payments on termination of agreement (Recommendation G.12)

In G.12, the code recommends that, in the event of the termination of a Board of Management agreement, the payment of outstanding variable remuneration components attributable to the period up to the termination of agreement shall be made in accordance with the originally set targets and comparison parameters and in accordance with the due dates or holding periods specified in the agreement.

On 29 July 2023, when the termination agreement was concluded with the previous CEO Henner Rinsche, this recommendation was excepted, as Mr Rinsche was paid the variable remuneration components attributable to the period up to the termination of agreement before the originally agreed due date. The Supervisory Board believes that it makes sense to draw a line under the termination agreement and to finalise the remuneration issues in a timely manner.

Nassau/Lahn, December 2023