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# REMUNERATION REPORT

This remuneration report provides explanatory information on the remuneration of the Management Board, Supervisory Board and executives of CECONOMY AG. The main features of the remuneration system for the Management Board and Supervisory Board are presented, as well as the structure and amount of the remuneration. For executives, the report provides information on their share-based remuneration.

The information on the Management Board and Supervisory Board follows the German Commercial Code [HGB] and the recommendations of the German Corporate Governance Code [DCGK].

## **Significant remuneration systems for the members of the Management Board of the former METRO AG and for the members of the Management Board of CECONOMY AG in financial year 2016/17**

The remuneration system for the members of the Management Board of the former METRO AG valid at the beginning of financial year 2016/17 was approved by 99.6 per cent of the votes cast at its Annual General Meeting on 20 February 2015. As a result, it was not yet able to account for the division of the former METRO GROUP into two independent, listed companies in the year under review. Against this backdrop, the Supervisory Board of former METRO AG had developed new Management Board remuneration systems for the two units resulting from the division, which it specifically focused on the respective business activities in consumer electronics and the wholesale and food retail segment.

Once the spin-off took effect, the remuneration was settled during the year in accordance with the remuneration system applicable at the beginning of the 2016/17 financial year. Since the beginning of financial year 2017/18, CECONOMY AG has been subject to the new remuneration

system, which was approved by the Annual General Meeting of former METRO AG on 6 February 2017 with 79.1 per cent of the votes cast and which the Supervisory Board of former METRO AG again adjusted in individual aspects at its meeting in March 2017.

The main characteristics, primarily of the remuneration of the Management Board of the former METRO AG in financial year 2016/17 for the period until the spin-off took effect (members of the Management Board active up to the time of the spin-off Olaf Koch, Pieter C. Boone, Mark Frese, Pieter Haas, Heiko Hutmacher), and the remuneration of the Management Board of CECONOMY AG in financial year 2016/17 after the date of the spin-off are presented below, as is the remuneration of the Management Board of CECONOMY AG (from this time the members of the Management Board in office were Pieter Haas, Mark Frese und Dr Dieter Haag Molkensteller) in financial year 2016/17.

### **GENERAL CHARACTERISTICS**

The remuneration system for the Management Board includes the general benchmarks for determining the individual remuneration of the members of the Management Board, as well as specific guidelines for the composition and structure of the individual remuneration components. In accordance with the provisions of the German Stock Corporation Act [AktG] and the German Corporate Governance Code [DCGK], the Supervisory Board of CECONOMY AG decides on the system for the remuneration of the Management Board. With a view to this determination, the Code of Procedure of the Supervisory Board of CECONOMY AG has assigned the task of preparing the Supervisory Board's resolution and, if necessary, of issuing a recommendation for a resolution to the Presidential Committee. The Supervisory Board of the former METRO AG had delegated this preparatory work to the Personnel Committee of the Supervisory Board of the former METRO AG until the spin-off took effect.

In principle, the total compensation of the Management Board consists of a fixed annual salary and two variable performance-related components. In order to create balanced incentives to increase the Company's success, the two variable components differ in their bases of assess-



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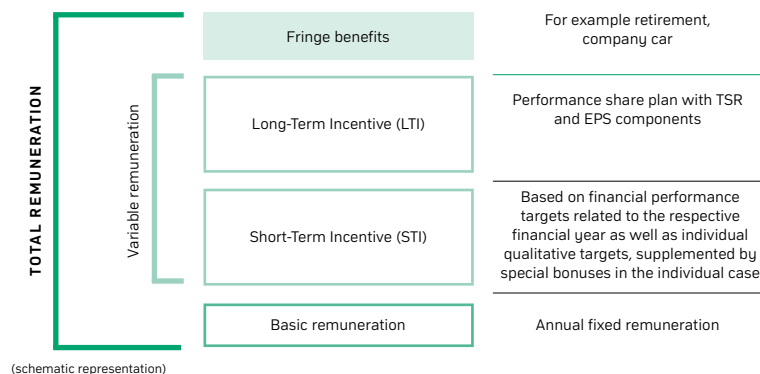
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ment, both with regard to the parameters on which they are based and the relevant observation periods.

In addition to the remuneration components in the narrower sense, the Company also offers post-employment benefit plans and other supplemental benefits.

Total compensation of the Management Board and the individual remuneration components are geared appropriately to the responsibilities of each individual member of the Board, his or her personal performance and the Company's economic situation, and fulfil legal stipulations regarding customary remuneration. New members of the Management Board may receive a reduced fixed salary and variable remuneration compared to members who have served longer on the Management Board. There is no provision for remuneration to increase as the time served on the Management Board increases.

**Remuneration system for the members of the Management Board**



**Fixed salary**

The fixed salary is agreed with the respective Management Board members as fixed remuneration and is paid out in monthly instalments.

**Performance-based compensation (short-term incentive)/special bonuses**

The short-term incentive (STI) rewards the Company's operating performance on the basis of financial performance targets for the respective financial year.

A target value in euros is set for each member of the Management Board. The payout amount is calculated by multiplying the target value by a certain factor. The respective factor is determined as the overall target achievement level of the target achievement levels of the relevant financial performance targets, which have been determined in advance.

Achievement of the financial performance targets defined in detail is measured by the development of predefined parameters or key Company figures in relation to the respective financial year.

To determine whether a target has been achieved, before the beginning of the relevant financial year, the Supervisory Board generally determines thresholds (entry barriers) and target values for the achievement of each performance target and a performance target value of 1.0 (equivalent to 100 per cent target achievement) for each parameter to be considered. In accordance with the regulations in the employment contracts of the members of the Management Board, the Supervisory Board takes into account the Company's annual budget submitted by the Management Board for approval by the Supervisory Board for the relevant financial year when determining the threshold values. After the end of the financial year, the degree to which targets have been achieved is measured for each of the performance targets and a target achievement factor is determined. The following sample calculation illustrates the range of possible target achievement levels:

- If 100 per cent of the target is met, the target achievement level is 1.0.
- If the level of target achieved is less than or equal to the threshold, the target achievement level is 0.0.



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42	Overall statement by the Management Board of CECONOMY AG on the business development and situation of CECONOMY	– The degree of target achievement is determined by linear interpolation in the event of target attainment between the threshold value and the target value, as well as in the event of a target attainment above 100 per cent.
43	Overview of financial year 2016/17 and forecast	To ensure the individual performance orientation of Management Board remuneration and to reward the performance of individual members of the Management Board, the Supervisory Board reserves the general right to reduce or increase the weight of the individual short-term incentive by up to 30 per cent at its discretion.
45	Group principles	In addition, the Supervisory Board may grant special bonuses to members of the Management Board for exceptional performance.
66	Economic report	<b>Long-term incentive</b> The long-term incentive (LTI) is designed to achieve sustainable growth in the Company's value and, accordingly, applies a multi-year assessment basis.
87	Report on events after the closing date and outlook	The long-term incentive is usually structured as a plan, from which the members of the Management Board are issued with individual tranches each financial year, and with a term of usually three to four years. Achievement of the target is determined over the term of the respective tranche on the basis of performance targets, which provide specific incentives for long-term and sustainable corporate development, taking into account the expectations of shareholders and other stakeholders.
90	Risk and opportunity report	As part of the long-term incentive, a target amount in euros is also initially set for each member of the Management Board. The payout amount is calculated by multiplying this target value by the factor of overall target achievement.
<b>98</b>	<b><u>Remuneration report</u></b>	Separate rules for the payout of the tranches have been agreed upon for the case of employment being terminated.
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**REMUNERATION SYSTEM FOR THE MEMBERS OF THE MANAGEMENT BOARD OF THE FORMER METRO AG UNTIL THE SPIN-OFF TOOK EFFECT**

In the past financial year, the spin-off made it necessary to adjust the performance targets and benchmarks during the year. This related to both the one-year variable remuneration and the multi-year variable remuneration. In this context, the previously issued tranches of the multi-year variable remuneration were also corrected, which required the declaration of a deviation from the recommendation in accordance with Section 4.2.3 (2) sentence 8 DCGK.

**Performance-based compensation (short-term incentive) / special bonuses**

The remuneration system, which was unchanged from the previous year at the beginning of the 2016/17 financial year, initially provided for rewarding the Company's operating performance through the short-term incentive, with the following three financial performance targets for the financial year having a relative weighting of one third each:

- EBIT before special items of the former METRO GROUP,
- METRO GROUP's return on capital employed (ROCE), and
- Like-for-like sales growth of the former METRO GROUP.

For the spin-off year 2016/17, however, the Supervisory Board decided to modify the STI in the event that the spin-off of the wholesale and food retail business from the former METRO AG became effective – as expected – before the end of financial year 2016/17. If the spin-off of the wholesale and food retail business became effective before the end of the 2016/17 financial year, the STI would be settled and paid out during the year. The ROCE performance target, which, due to the highly seasonal nature of the retail business, cannot be reasonably settled for during the course of the year, should be left out of the equation and settlement should be based solely on the two other performance targets, which in this case should be weighted at 50 per cent each. The settlement of the STI during the financial year should then be based on the achievement of



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targets at the immediately preceding quarterly closing date and the STI target values calculated pro rata.

The effective date of the spin-off, which was entered in the commercial register of the former METRO AG on 12 July 2017, resulted in the relevant dates for determining the achievement of the target achievement and for the pro rata calculation of the STI target values. Accordingly, the individual target values and payout caps shown in the following table were used as a basis for the interim financial statements.

€	Target value of the short-term incentive for financial year 2016/17 up to the time the spin-off took effect	Payout cap for financial year 2016/17 up to the time the spin-off took effect
Olaf Koch	938,710	1,877,420
Pieter C. Boone	569,032	1,138,064
Mark Frese	704,032	1,408,064
Pieter Haas	704,032	1,408,064
Heiko Hutmacher	704,032	1,408,064

**Long-term incentive**

At the beginning of financial year 2016/17, former METRO AG issued various tranches from the following plans to the members of the Management Board:

– Performance share plan – Tranche 2013

The last tranche of the performance share plan issued in the short financial year 2013 and not yet completed at the beginning of the financial year 2016/17 was based on the allocation of performance shares, which after a period of at least three years were entitled to a cash payment depending on the development of the price of the former METRO share in absolute and relative terms compared to the average value of the DAX 30 and Euro Stoxx Retail stock indices – total return. In order to support the incentive effect of the performance share plan, which is geared to sustainable corporate development, Share Ownership Guidelines were also introduced, which make the payment of the performance shares conditional on the members of the Management Board building and holding a self-financed investment in former METRO shares.

– Sustainable Performance Plan (2013/14)

The 2013/14 tranche of the Sustainable Performance Plan 2013/14 had a term of three years and was determined by the performance targets “Return on equity/total shareholder return (TSR)” and “Sustainability”.

– Sustainable Performance Plan Version 2014

The tranches 2014/15 and 2015/16 of the Sustainable Performance Plan Version 2014 were based on the three performance targets “Return on equity/total shareholder return (TSR)”, “Sustainability” and “Earnings per share (EPS)”. In addition to share-based key figures and internal growth, the target setting and the corresponding incentive effect also took into account qualitative aspects of business, environmental and social company management.

In November 2016, the Supervisory Board of former METRO AG resolved to settle the performance-based remuneration with long-term incentive effect during the year for those tranches of performance-based remuneration that had not actually been terminated at the time the spin-off became effective. Accordingly, the tranches of Sustainable Performance Plan 2013/14 that had not yet been terminated as planned at the time the spin-off became effective, were settled and paid out at fair value. For the tranches Sustainable Performance Plan 2014/15 and Sustainable Performance Plan 2015/16, the portions earned at the relevant point in time were settled and paid out at fair value, while the portions not yet earned at this point in time and their corresponding pro rata target values were transferred to a new long-term incentive plan for the unit resulting from the allocation. For the portion of the tranche Sustainable Performance Plan 2014/15 contributed to the new plans, the key figure established was “Return on Capital Employed (ROCE) before special items”. For the portion of the tranche Sustainable Performance Plan 2015/16 contributed to the new plans, the performance period was shortened to 40 exchange-trading days after the Annual General Meeting in 2019 and the key figure was set as “Earnings per share (EPS)”.



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**REMUNERATION SYSTEM FOR THE MEMBERS OF THE MANAGEMENT BOARD OF THE FORMER CECONOMY AG UNTIL THE SPIN-OFF TOOK EFFECT**

The remuneration system for the members of the Management Board of the former CECONOMY AG from the time the spin-off took effect include, in addition to a fixed salary, a short-term performance-based remuneration component and a performance-based remuneration component with a long-term incentive effect. In addition, the Company grants members of the Management Board post-employment benefits and other supplemental benefits.

**Short-term performance-based remuneration (short-term incentive)**

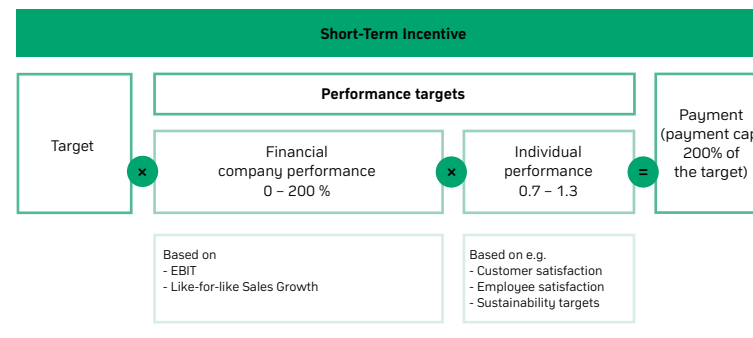
For the STI in financial year 2016/17, from the date on which the spin-off takes effect, the following equally weighted parameters apply:

- EBIT before special items
- Like-for-like sales growth

In accordance with the interim settlement in financial year 2016/17 at the time the spin-off took effect, the following pro rata target values and payout caps were used for the short-term incentive in financial year 2016/17 from the time the spin-off took effect, calculated pro rata:

	Target value of the short-term incentive for financial year 2016/17 from the time the spin-off took effect	Payout cap for financial year 2016/17 from the time the spin-off took effect
€		
Pieter Haas	231,677	463,355
Mark Frese	182,903	365,806
Dr Dieter Haag Molkenteller	87,097	174,194

**Short-term performance-related remuneration**



**Long-term incentive**

The LTI provides incentives to achieve sustainable and long-term corporate development, taking into account internal and external performance as well as the interests of shareholders and other stakeholders associated with the Company. For this reason, a multi-year assessment basis is used: the annual tranches of the performance share plan have a three-year performance period.

Conditional performance shares are allocated to each member of the Management Board, the number of which corresponds to the ratio of the individual target value and the average share price of the Company's ordinary share at the time of allocation. This is based on the average Xetra closing price of the Company's ordinary share over a period of 40 consecutive stock exchange trading days immediately following the Company's Annual General Meeting in the grant year. The performance period ends on the 40th stock exchange trading day after the Annual General Meeting of the third financial year following the issue of the tranche. After the performance period of a tranche has expired, the final number of performance shares is determined. This depends on the achievement of two performance targets, which are each weighted at half of the LTI's target amount:

- Earnings per share (hereinafter: EPS);



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– Return on equity/total shareholder return (hereinafter: TSR).

**EPS component:** As a rule, at the beginning of the financial year in which the tranche of the performance share plan is granted, the Supervisory Board decides on a lower threshold (entry barrier) for target achievement and an EPS target value for 100 per cent target achievement. A factor is allocated to the specific degree of target achievement: if the degree of target achievement is less than or equal to the entry barrier at the end of the performance period, the factor is zero; if the target achievement is 100 per cent, it is 1.0. The factor for all other values (including above factor 1.0) is determined linearly.

**TSR Component:** The target achievement factor of the TSR component is developed on the basis of the relative development of the return on the Company's ordinary shares in the performance period compared with a defined benchmark index or certain comparison groups.

At the beginning of the financial year in which the performance share plan is granted, the Supervisory Board also normally decides on a lower threshold (entry barrier) and a TSR target value for 100 per cent fulfilment of the target.

The Xetra closing prices of the Company's ordinary shares are calculated over a period of 40 consecutive stock exchange trading days immediately after the Company's Annual General Meeting in the grant year in order to determine the achievement of the target. This is used to calculate the mean, which is known as the starting share price. The performance period for this component begins on the 41st stock exchange trading day after the Annual General Meeting. Over a period of 40 consecutive stock exchange trading days immediately following the Annual General Meeting three years after determination of the initial price and issue of the respective tranche, the Xetra closing prices of the Company's ordinary shares are determined. This is used again to calculate the mean, which is known as the ending share price. The TSR percentage value will be determined on the basis of the change in the Company's ordinary or performance share price and the total amount of hypothetically reinvested

dividends throughout the performance period in relation to the starting and ending share prices in accordance with the following formula:

**TSR components**

$$TSR = \frac{\text{Final price}_3 \times \prod_{t=1}^3 \text{dividend adjustment}_t}{\text{Starting price}_0} - 1$$

$$\text{Dividend adjustment factor}_t = \frac{\text{Closing price before dividend distribution}_t}{\text{Closing price before dividend distribution}_t - \text{dividend distribution}_t}$$

The Company's TSR calculated in this way is compared with the TSR of a defined benchmark or a defined peer group (index TSR) in the performance period. The respective degree of target achievement is assigned a factor. If the degree of target achievement after the performance period has ended is smaller or equal to the entry hurdle, the factor is zero, for a target achievement of 100 per cent it is 1.0. The factor for all other values (including above a factor of 1.0) is determined in a linear fashion.

**Determination of the target number of the performance shares and payment amount:** From the target achievement factor of the EPS and TSR component, the arithmetic mean is formed, which forms the overall target achievement factor. With this total target achievement factor, the target number of the performance shares is determined by means of linear interpolation, which result in a cash payment in euros at the end of the performance period of the tranche. In this process, the number is limited to a maximum of 300 per cent of the conditionally assigned number of performance shares.

The payment amount, which is calculated per performance share, is thus determined as follows: once again, the Xetra closing prices of the Company's ordinary share are determined over a period of 40 consecutive trading days immediately following the Annual General Meeting three years after calculating the starting share price and issuing the applicable tranche. The average is again formed from this and all dividends paid



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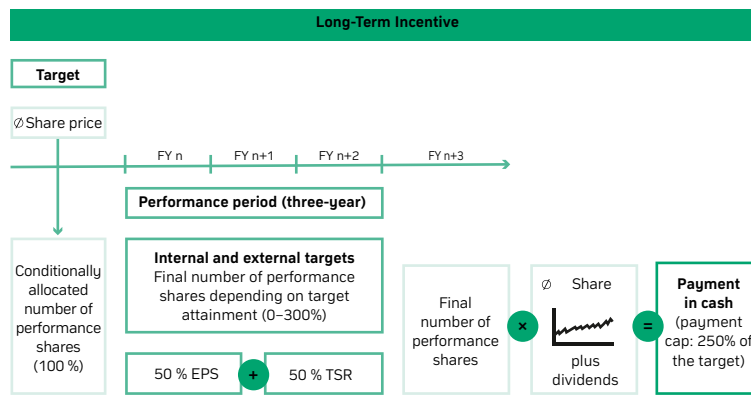
during the performance period for the ordinary share of the Company added to it. This equity factor is multiplied by the number of performance shares determined and then subsequently determines the payment amount.

The payment amount is limited to a maximum of 250 per cent of the agreed individual target amount (payment cap).

The payment of the LTI is made no later than four months after the ordinary Annual General Meeting, which decides on the appropriation of the balance sheet profit of the last financial year of the performance period, but not before approving all annual and consolidated financial statements for the financial years of the performance period.

**Share Ownership Guidelines:** The Performance Share Plan is linked to Share Ownership Guidelines. As a requirement for the payment of performance shares in cash, the members of the Management Board are obliged to establish for each tranche an independently financed investment in ordinary shares of the Company by the end of February in the third year of the performance period. In this process, the amount to be invested per tranche by the Chair of the Management Board is two thirds of his gross annual base salary, and for an ordinary member of the Management Board, 50 per cent of his or her gross annual base salary. The plan aims for the Chair of the Management Board to have invested 200 per cent, and an ordinary member of the Management Board 150 per cent of his or her gross annual base salary in ordinary shares of the Company within five years of service, with reference to the purchase price calculated for the relevant shares. The number of purchasable ordinary shares is guided by the average price of the Xetra closing prices of the ordinary share on the 40 directly consecutive trading days after the statement of financial position conference, which is held before the month of February in the third year of the performance period. It corresponds to the quotient of the amount to be invested from the gross annual base salary and the average price determined. If the independently financed investment in ordinary shares of the Company on the relevant necessary due date is not fulfilled or not fulfilled completely, the determined payment amount is initially paid out in cash, but with the obligation to invest in ordinary shares of the Company until the Share Ownership Guidelines have been fulfilled.

**Performance-based remuneration**





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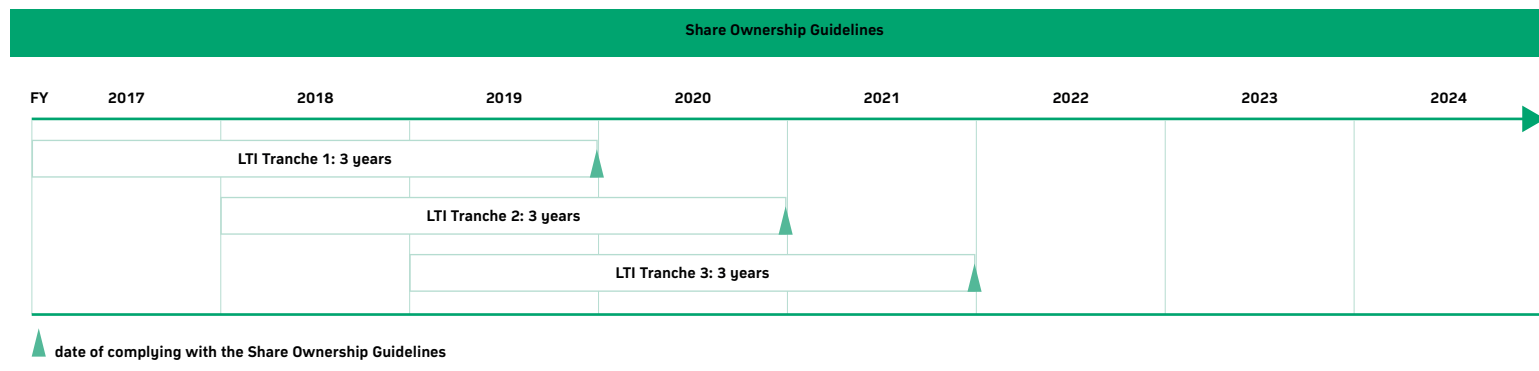
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**Share Ownership Guidelines**



**Regulations for the departure of a member of the Management Board:** If a member of the Management Board leaves the Company on expiry of his or her term in office, entitlements obtained during the term of the service agreement do not become due early, but under the conditions of the LTI at the regular end of the tranches in the same way as for the members of the Management Board who are still active for the Company.

Payments from the LTI are not made in the following cases:

- Release of a member of the Management Board for good cause
- Immediate removal of a member of the Management Board
- Cancellation of the service agreement by the Company for good cause
- Early termination of the service agreement or removal of the appointment to the Management Board or release by the Company on request of the relevant member of the Management Board. If the Supervisory Board has indications of well-founded exceptions, such as in cases of hardship, it may deviate from the above regulations at its discretion.

In the event of amicable revocation of the appointment and/or an amicable early termination of the service agreement of a member of the Management Board and if the wish of the relevant member of the Management Board is not authoritative for this, a pro rata calculation of the claims for the period in which the member of the Management Board was active on the board function until removal is carried out. Calendar months that were started are considered in full for this purpose. In doing so, tranches not yet granted are not included. LTI benefits are granted at the regular end of the tranches in the same way as for the members of the Management Board who are still active for the Company.

**Post-employment benefit plans**

In 2009, post-employment benefit plans were introduced for members of the Management Board in the form of a direct commitment with a contribution-based and a performance-based component.

The contribution-based component is financed jointly by the Management Board and the Company. Here, the apportionment of "7 + 14" applies. If the member of the Management Board contributes 7 per cent of their defined assessment base, the Company adds the double contribution. When a member of the Management Board leaves the Company before retirement age, the contributions retain the level they have





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reached. The performance-based component is congruently reinsured by Hamburger Pensionsrückdeckungskasse VVaG (HPR). The interest rate for the contributions is paid in accordance with the Articles of Association of the HPR with regard to profit participation, with a guarantee applying to the paid-in contribution.

There is an entitlement to pension provisions

– if the working relationship ends with or after the reaching of standard retirement age as applies to the German state pension scheme.

– as early retirement benefits, if the working relationship ends at the age of 60 or after the age of 62 for pension benefits that were granted after 31 December 2011, as well as ends before reaching standard retirement age.

– in the case of disability or death insofar as the relevant conditions for entitlement have been met.

Payment can be made in the form of capital, instalments or a life-long pension. A minimum benefit is granted in the case of invalidity or death. In such instances, the total amount of contributions that would have been credited to the member of the Management Board for every calendar year up to a credit period of ten years, but limited to the point when the individual turns 60, will be added to the benefits balance. This performance-based component is not reinsured, but will be provided directly by the Company when the benefit case occurs.

Furthermore, since 2015, members of the Management Board have been offered the option of converting future compensation components in the fixed salary as well as in the variable remuneration into Company pension entitlements with Hamburger Pensionsrückdeckungskasse VVaG as part of a tax-privileged compensation conversion scheme.

**Further supplemental benefits**

The supplemental benefits granted to members of the Management Board, in addition to occupational pension provisions, include non-cash

benefits and expense allowances (for example, company cars). A cap exists for the cash value benefits associated with the private use of company cars and for the amount of supplemental benefits overall.

**Benefits in the event of the employment relationship ending**

In the event of an early end to their activity, the active members of the Management Board are paid out the contractual claims existing for the remaining period of their employment contracts in principle in the form of one-off remuneration, while the severance payment including supplemental benefits will in any event not exceed the value of two annual salaries (severance payment cap). Benefits in the event of an end to their activities are granted to the active members of the Management Board in addition to the provisions for pensions as described, in connection with a change in control or in the form of a waiting allowance for the period of a non-compete clause following contract termination. Pensions for non-activity are not granted.

In the event of the death of a member of the Management Board during active service, his or her surviving dependants will be paid the fixed salary for the month in which the death occurred as well as for an additional six months.

**Payment caps**

The remuneration should under Item 4.2.3 of the DCGK overall and as regards its variable remuneration components have maximum limits in terms of the amount. The variable remuneration components are limited in their amount by the payment caps of the STI (200 per cent of the target amount) and LTI (250 per cent of the target amount), and the post-employment benefit plans on the basis of the percentage contribution on the basis of the measurement basis. The cap for the supplemental benefits is defined as a total of €150,000. In addition, the remuneration for each member of the Management Board is individually limited to a total of an absolute maximum figure (total payment cap). As such, for each member of the Management Board, the remuneration has maximum thresholds overall and as regards the individual remuneration components.



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**Remuneration of the Management Board in financial year 2016/17<sup>1</sup>**

€ thousand	Financial year	Fixed salary	Supplemental benefits	STI total	LTI	
					Value of granted tranche <sup>2</sup>	Total <sup>3</sup>
Olaf Koch <sup>5</sup>	2015/16	1,200	41	1,277	2,624	5,142
	<b>2016/17</b>	<b>939</b>	<b>12</b>	<b>614</b>	<b>-</b>	<b>1,565</b>
Pieter Haas	2015/16	900	146	958	1,968	3,972
	<b>2016/17</b>	<b>1,140</b>	<b>26</b>	<b>1,049</b>	<b>1,139</b>	<b>3,354</b>
Pieter C. Boone <sup>5</sup>	2015/16	720	18	702	1,575	3,015
	<b>2016/17</b>	<b>569</b>	<b>14</b>	<b>310</b>	<b>-</b>	<b>893</b>
Mark Frese	2015/16	900	79	878	1,968	3,825
	<b>2016/17</b>	<b>900</b>	<b>71</b>	<b>828</b>	<b>899</b>	<b>2,698</b>
Dr Dieter Haag Molkensteller <sup>4</sup>	2015/16	-	-	-	-	-
	<b>2016/17</b>	<b>152</b>	<b>5</b>	<b>175</b>	<b>131</b>	<b>463</b>
Heiko Hutmacher <sup>5</sup>	2015/16	900	56	878	1,968	3,802
	<b>2016/17</b>	<b>704</b>	<b>14</b>	<b>384</b>	<b>-</b>	<b>1,102</b>
Total	2015/16	4,620	340	4,693	10,103	19,756
	<b>2016/17</b>	<b>4,404</b>	<b>142</b>	<b>3,360</b>	<b>2,169</b>	<b>10,075</b>

<sup>1</sup> Statements pursuant to Section 285 Sentence 1 No. 9 a and Section 314 (1) No. 6 a of the German Commercial Code (HGB) (excluding provisions for post-employment benefit plans)

<sup>2</sup> Shown here is the fair value at the time of granting the tranche.

<sup>3</sup> Total of the columns fixed salary, supplemental benefits, short-term incentive and value of the granted tranche of the long-term incentive

<sup>4</sup> Member of the Management Board since 13 July 2017

<sup>5</sup> Member of the Management Board until 13 July 2017



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**Benefits granted**

	Olaf Koch				Pieter Haas				Pieter C. Boone			
	Chair of the Management Board: 01/01/2012–12/07/2017 Member of the Management Board: 14/09/2009–12/07/2017				Chair of the Management Board: since 13/07/2017 Labour Director: since 13/07/2017 Member of the Management Board: since 01/04/2013				Member of the Management Board: 01/07/2015–12/07/2017			
	2015/16	2016/17	2016/17	2016/17	2015/16	2016/17	2016/17	2016/17	2015/16	2016/17	2016/17	2016/17
€ thousand	Minimum value		Maximum value		Minimum value		Maximum value		Minimum value		Maximum value	
Fixed salary	1,200	939	939	939	900	1,140	1,140	1,140	720	569	569	569
Supplemental benefits	41	12	12	12	146	26	26	26	18	14	14	14
<b>Total</b>	<b>1,241</b>	<b>951</b>	<b>951</b>	<b>951</b>	<b>1,046</b>	<b>1,166</b>	<b>1,166</b>	<b>1,166</b>	<b>738</b>	<b>583</b>	<b>583</b>	<b>583</b>
One-year variable remuneration <sup>1</sup>	1,200	939	0	1,877	900	936	0	1,872	720	569	0	1,138
Multi-year variable remuneration <sup>2</sup>												
Roll-over of the 2014/15 tranche of the Sustainable Performance Plan (version 2014) into a new LTI plan depending on ROCE; granted on 29/08/2017, end of performance period: 40 trading days after the ordinary Annual General Meeting of CECONOMY AG in 2018 (the actual granting of the new plan without taking into account the reduction of the former granting in accordance with the old plan is stated)	-	-	-	-	-	310	0	775	-	-	-	-
Roll-over of the 2015/16 tranche of the Sustainable Performance Plan (version 2014) into a new LTI plan depending on EPS; granted on 29/08/2017, end of performance period: 40 trading days after the ordinary Annual General Meeting of CECONOMY AG in 2019 (the actual granting of the new plan without taking into account the reduction of the former granting in accordance with the old plan is stated)	2,624	-	-	-	1,968	831	0	2,078	1,575	-	-	-
Performance Share Plan 2016/17 tranche	-	-	-	-	-	1,139	0	2,848	-	-	-	-
<b>Total</b>	<b>5,065</b>	<b>1,890</b>	<b>951</b>	<b>2,828</b>	<b>3,914</b>	<b>4,382</b>	<b>1,166</b>	<b>8,739</b>	<b>3,033</b>	<b>1,152</b>	<b>583</b>	<b>1,721</b>
Pension expenditure	169	263	263	263	129	320	320	320	135	203	203	203
<b>Total remuneration</b>	<b>5,234</b>	<b>2,153</b>	<b>1,214</b>	<b>3,091</b>	<b>4,043</b>	<b>4,702</b>	<b>1,486</b>	<b>9,059</b>	<b>3,168</b>	<b>1,355</b>	<b>786</b>	<b>1,924</b>

<sup>1</sup>The figures shown here relate to the short-term incentive excluding any potential additional special bonuses.

<sup>2</sup>Shown here is the fair value at the time of granting the tranche.



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**Benefits granted  
(continued)**

	Mark Frese				Dr Dieter Haag Molkensteller				Heiko Hutmacher			
	Member of the Management Board: since 01/01/2012				Member of the Management Board: since 13/07/2017				Chief Human Resources Officer: 01/10/2011–12/07/2017 Member of the Management Board: 01/10/2011–12/07/2017			
	2015/16	2016/17	2016/17	2016/17	2015/16	2016/17	2016/17	2016/17	2015/16	2016/17	2016/17	2016/17
€ thousand	Minimum value		Maximum value		Minimum value		Maximum value		Minimum value		Maximum value	
Fixed salary	900	900	900	900	-	152	152	152	900	704	704	704
Supplemental benefits	79	71	71	71	-	5	5	5	56	14	14	14
<b>Total</b>	<b>979</b>	<b>971</b>	<b>971</b>	<b>971</b>	<b>-</b>	<b>157</b>	<b>157</b>	<b>157</b>	<b>956</b>	<b>718</b>	<b>718</b>	<b>718</b>
One-year variable remuneration <sup>1</sup>	900	887	0	1,774	-	87	0	174	900	704	0	1,408
Multi-year variable remuneration <sup>2</sup>												
Roll-over tranche 2014/15 of the Sustainable Performance Plan (version 2014) into a new LTI plan depending on ROCE; granted on 29/08/2017, end of performance period: 40 trading days after the ordinary Annual General Meeting of CECONOMY AG in 2018	-	310	0	775	-	43	0	107	-	-	-	-
Roll-over tranche 2015/16 of the Sustainable Performance Plan (version 2014) into a new LTI plan depending on EPS; granted on 29/08/2017, end of performance period: 40 trading days after the ordinary Annual General Meeting of CECONOMY AG in 2019	1,968	831	0	2,078	-	114	0	286	1,968	-	-	-
Performance Share Plan tranche 2016/17	-	899	0	2,248	-	131	0	328	-	-	-	-
<b>Total</b>	<b>3,847</b>	<b>3,898</b>	<b>971</b>	<b>7,846</b>	<b>-</b>	<b>532</b>	<b>157</b>	<b>1,052</b>	<b>3,824</b>	<b>1,422</b>	<b>718</b>	<b>2,126</b>
Pension expenditure	127	250	250	250	-	34	34	34	127	197	197	197
<b>Total remuneration</b>	<b>3,974</b>	<b>4,148</b>	<b>1,221</b>	<b>8,096</b>	<b>-</b>	<b>566</b>	<b>191</b>	<b>1,086</b>	<b>3,951</b>	<b>1,619</b>	<b>915</b>	<b>2,323</b>

<sup>1</sup>The figures shown here relate to the short-term incentive excluding any potential additional special bonuses.

<sup>2</sup>Shown here is the fair value at the time of granting the tranche



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**Accruals**

	Olaf Koch		Pieter Haas		Pieter C. Boone		Mark Frese		Dr Dieter Haag Molkenteller		Heiko Hutmacher	
	Chair of the Management Board: 01/01/2012– 12/07/2017 Member of the Management Board: 14/09/2009– 12/07/2017		Chair of the Management Board: since 13/07/2017 Labour Director: since 13/07/2017 Member of the Management Board: since 01/04/2013		Member of the Management Board: 01/07/2015– 12/07/2017		Member of the Management Board: since 01/01/2012		Member of the Management Board: since 13/07/2017		Chief Human Resources Officer: 01/10/2011– 12/07/2017 Member of the Management Board: 01/10/2011– 12/07/2017	
€ thousand	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
Fixed salary	1,200	939	900	1,140	720	569	900	900	-	152	900	704
Supplemental benefits	41	12	146	26	18	14	79	71	-	5	56	14
<b>Total</b>	<b>1,241</b>	<b>951</b>	<b>1,046</b>	<b>1,166</b>	<b>738</b>	<b>583</b>	<b>979</b>	<b>971</b>	<b>-</b>	<b>157</b>	<b>956</b>	<b>718</b>
One-year variable remuneration	1,277	614	958	1,142	702	310	878	902	-	210	878	384
Multi-year variable remuneration												
Payment 2013 tranche Performance Share Plan	-	1,631	-	979	-	102	-	0	-	0	-	0
Payment of 2013/14 tranche of the Sustainable Performance Plan	-	2,131	-	1,279	-	0	-	1,598	-	0	-	1,598
Payment of the share of the 2014/15 tranche of the Sustainable Performance Plan (version 2014) earned at the time of the spin-off	-	2,043	-	1,532	-	211	-	1,532	-	0	-	1,532
Payment of the share of the 2015/16 tranche of the Sustainable Performance Plan (version 2014) earned at the time of the spin-off	-	824	-	618	-	494	-	618	-	0	-	618
Other	0	0	0	0	0	0	0	0	-	0	0	0
<b>Total</b>	<b>2,518</b>	<b>8,194</b>	<b>2,004</b>	<b>6,716</b>	<b>1,440</b>	<b>1,700</b>	<b>1,857</b>	<b>5,621</b>	<b>-</b>	<b>367</b>	<b>1,834</b>	<b>4,850</b>
Pension expenditure	169	263	129	320	135	203	127	250	-	34	127	197
<b>Total remuneration</b>	<b>2,687</b>	<b>8,457</b>	<b>2,133</b>	<b>7,036</b>	<b>1,575</b>	<b>1,903</b>	<b>1,984</b>	<b>5,871</b>	<b>-</b>	<b>401</b>	<b>1,961</b>	<b>5,047</b>



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**Services after the end of employment in financial year 2016/17 (including provisions for post-employment benefit plans)**

In financial year 2016/17, a total of €1.267 million according to International Financial Reporting Standards (IFRS) and €1.312 million according to the German Commercial Code (HGB) was used for the remuneration of the members of the Management Board of CECONOMY AG (formerly METRO AG) active in this financial year for benefits to be provided after the end of their employment (2015/16: €0.69 million determined according to IFRS and €0.62 million determined according to the German Commercial Code (HGB)). Thereof, according to IFRS, the pensions provisions of Mr Koch made up about €0.263 million, of Mr Haas about €0.320 million, of Mr Boone about €0.203 million, of Mr Frese about €0.250 million, of Dr Haag Molktenteller about €0.034 million, and of Mr Hutmacher about €0.197 million. The corresponding figures in accordance with HGB for the pensions provisions of Mr Koch made up about €0.264 million, of Mr Haas about €0.344 million, of Mr Boone about €0.224 million, of Mr Frese about €0.255 million, of Dr Haag Molktenteller about €0.034 million, and of Mr Hutmacher about €0.191 million.

The provisions amount in accordance with IFRS and HGB as at 30 September 2017 is for Mr Haas about €0.086 million (IFRS)/about €0.082 million (HGB), for Mr Frese about €0.012 million (IFRS)/about €0.011 million (HGB) and for Dr Haag Molktenteller about €0.006 million (IFRS)/about €0.006 million (HGB). The cash amount of the obligation volume in accordance with IFRS and HGB is for Mr Haas about €1.507 million (IFRS)/about €1.504 million (HGB), for Mr Frese about €1.836 million (IFRS)/about €1.835 million (HGB), and for Dr Haag Molktenteller about €0.564 million (IFRS)/about €0.564 million (HGB). With the exception of the provisions listed in the last paragraph, the cash value of the commitment volume is offset by assets.

**Total compensation of members of the Management Board in the 2016/17 financial year**

Former members of the Management Boards of CECONOMY AG (formerly METRO AG) and the companies that were merged into CECONOMY AG (formerly METRO AG) as well as their surviving dependants received benefits in the amount of €3.4 million in the 2016/17 financial year

(2015/16: €3.4 million). The present value of provisions for current pensions and pension entitlements made in accordance with IFRS amounts to €47.6 million (30/09/2016: €53.2 million). The corresponding cash value of provisions for current pensions and pension entitlements according to the German Commercial Code (HGB) amounts to €38.8 million (30/09/2016: €40.4 million).

**Long-term incentive for executives**

**LONG-TERM INCENTIVE AT CECONOMY AG**

**Sustainable Performance Plan Version 2014 (2014/15–2016/17)**

After the first tranche of the Sustainable Performance Plan (hereinafter: SPP) was issued in financial year 2013/14, an adjustment to the SPP from the 2014/15 financial year was decided: the SPP Version 2014 with an original plan period of four tranches until the following financial year 2017/18. For the 2014/15 tranche of the SPP Version 2014, a three-year performance period applied; from tranche 2015/16 a four-year performance period. With the demerger on 12 July 2017, however, the SPP ends early with the 2016/17 financial year.

A target value in euros was set for the eligible managers. The payout amount was calculated by multiplying the target value by the factor of overall target achievement. This, in turn, was calculated by determining the target achievement factors, each of which is rounded to two decimal points, for each of the three performance targets. The arithmetic mean of the factors, also rounded to two decimal points, gave the overall target achievement factor. The payout amount was limited to a maximum of 250 per cent of the target value (payout cap). Separate rules for the payout of the tranches were agreed upon for the case of employment termination.

The SPP Version 2014 was based on the following three performance targets:

- Total shareholder return (TSR),



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– Sustainability, and

– Earnings per share (EPS).

The relative development of the total shareholder return of the former METRO share, compared to a defined comparative index in the performance period, determined the target attainment of the TSR components. To calculate the target achievement factor of the TSR component, the Xetra closing prices of the former METRO ordinary share were determined over a period of 40 trading days directly after the ordinary Annual General Meeting of the former METRO AG in the year of granting. This was used to calculate the arithmetic mean, which is known as the starting share price.

The performance period for the respective tranche began on the 41st trading day following the Annual General Meeting. Once again, the Xetra closing prices of the METRO ordinary share are determined over a period of 40 consecutive trading days immediately following the Annual General Meeting after calculating the starting share price and issuing the applicable tranche. This was used again to calculate the arithmetic mean, which is known as the ending share price. The TSR percentage value was determined on the basis of the change in the METRO share price and the total amount of hypothetically reinvested dividends throughout the performance period in relation to the starting and ending share prices.

The METRO TSR calculated in this manner was compared with the TSR of the Stoxx Europe 600 Retail index (index TSR) during the performance period, and the factor for computing the TSR component determined in this way:

- If the former METRO’s TSR was identical to the index TSR, the factor for the TSR component was 1.0;
- If the former METRO’s TSR was 30 percentage points or more below the index TSR, the factor for the TSR component was 0.0;

- If the former METRO’s TSR was 30 percentage points above the index TSR, the factor for the TSR component was 2.0.

In the case of target achievement with intermediate values and more than 30 percentage points, the TSR factor for the SSP Version 2014 is calculated using linear interpolation to two decimal points.

For the determination of the target achievement factor of the sustainability component, CECONOMY AG – at the time still operating as METRO AG in its function as a holding of the former METRO GROUP – participated every year in the Corporate Sustainability Assessment, which was conducted by the external service provider RobecoSam AG. RobecoSAM AG used this assessment to determine the ranking of the former METRO AG within the industry group Food and Staples Retailing defined in accordance with the Global Industry Classification Standard (GICS). S&P Dow Jones Indices uses this ranking as the basis for decisions regarding a company’s inclusion in the Dow Jones Sustainability Indices (DJSI). The former METRO AG is informed each year by RobecoSam AG about its new ranking. The Company’s average ranking per tranche – rounded to whole numbers – was determined on the basis of the rankings communicated by RobecoSam AG. The factor for the sustainability component was determined on the basis of the average ranking during the performance period.

The target achievement factor for the EPS component, which was introduced for the first time in the SPP Version 2014, was calculated as follows: Generally, an EPS target value (before special items) for the third or fourth year of the EPS performance period, a lower threshold/entry barrier as well as an upper threshold for 200 per cent target achievement were decided upon at the beginning of the financial year. The EPS value actually achieved during the performance period was compared to the approved values and the factor for calculating the EPS component is determined as follows:

- If the EPS target value was achieved, the factor for the EPS component was 1.0;



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– If only the lower entry barrier or a value lower than it was achieved, the factor for the EPS component was 0.0;

– In the event of 200 per cent target achievement, the factor for the EPS component was 2.0.

– In the case of target achievement with intermediate values and more than 200 per cent, the EPS factor for the SPP Version 2014 was calculated using linear interpolation to two decimal points.

The demerger on 12 July 2017 makes the final performance measurement of the SPP Version 2014 impossible based on the pre-determined performance targets. An external expert therefore determined the cash value of the relevant tranches in accordance with a recognised actuarial method on the day of the demerger and paid them out accordingly to those eligible. Those parts of the target values that had not yet vested were transferred to an “LTI-Roll over”. A ROCE performance target was set for the 2014/15 tranche; this portion will mature at the end of the original performance period in April 2019. An EPS performance target was set for the 2015/16 tranche and the performance period was reduced by one year to April 2019 when it will mature.

The total payout amount for both tranches in financial year 2016/17 for the seven eligible people at CECONOMY AG was €409,818.25.

Tranche	Payment in 2016/17	Roll-over target amount
2014/15	€255,323.50	€51,642.35
2015/16	€154,494.75	€207,802.87

The current tranches of share-based payment programmes resulted in expenses of €6 million (2015/16: €28 million) in the financial year, made up nearly exclusively of discontinued operations.

The provisions relating to the programmes as at 30 September 2017 amount to €0.05 million (30/09/2016: €0.34 million). Thereof €0.02 million relates to the 2014/15 tranche (30/09/2016:

€0.26 million) and €0.03 million the 2015/16 tranche (30/09/2016: €0.08 million).

**LONG-TERM INCENTIVE FOR THE DISCONTINUED OPERATIONS**

The explanations below relate to the long-term incentives for the discontinued operations for the period from the start of the 2016/17 financial year until the demerger came into effect on 12 July 2017.

**Entitlement for the wholesale business (MCC LTI)**

The long-term incentive developed in past financial year for the then sales line METRO Cash & Carry (MCC LTI) was designed specifically for the operating model. It was issued for the first time in the 2015/16 financial year to the senior executives and the management bodies of the METRO Cash & Carry (MCC) companies. This is a cyclical plan that is issued every three years. The respective performance targets focus primarily on value creation in the individual national subsidiaries or for the wholesale segment overall, as well as their sustained development and prospects to measure their success. The performance period of the MCC LTI runs from 1 April 2016 to 31 March 2019. Over this period, the individual target amounts are designed proportionately. The final target amount accumulated at the end of the performance period is based on the period of eligibility for the MCC LTI as well as on the individual’s position. According to the terms of the plan, senior managers can be included pro rata in the group of eligible persons or can leave the plan.

**Entitlement for the food retail segment (Real LTI)**

The Real long-term incentive (Real LTI) was developed during this financial year for the food retail segment. Top management and management bodies of the food retail business area were eligible. Its performance period started on 1 April 2017 and ends on 31 March 2020. It also replaces the further eligibility for the SPP 2.0. The way it works is based on MCC LTI, and is described below.

**How MCC and Real LTI work**

After the end of the relevant performance period, the payout amount is determined by multiplying the respectively accumulated individual target amount by a total target achievement factor. The target achievement





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rate of this factor for the past performance and future value components accounts for 45 per cent each; the remaining 10 per cent is accounted for by the target achievement rate of the sustainability component. The payout amount is capped and the total target achievement factor cannot drop below zero.

The relevant measure for the past performance and future value components for eligible executives at the MCC national subsidiaries is the performance/value creation of the relevant MCC national subsidiary. The relevant measure for the other eligible executives is the overall performance of the relevant former MCC or Real sales line.

The past performance component rewards the achievement of internal commercial target values and is determined on the basis of the internal metric EBITDA after special items, generated cumulatively over financial years 2015/16 to 2017/18 for MCC and 2016/17 to 2018/19 for Real. Separate target values have been defined for target achievement factors of 1.0 and 0.0, respectively. In the case of intermediate values and values above 1.0, the factor for target achievement is calculated using linear interpolation to two decimal points. The target achievement factor for the past performance component cannot drop below zero and is capped.

The future value component reflects the external valuation of MCC and Real, respectively, in relation to the expected future performance of the respective national subsidiary and the respective former sales line as a whole from an analyst's perspective. To set the targets, the enterprise value of the respective sales line was determined on the basis of analyst valuations before the start of the performance period. It is determined again at the end of each performance period. The enterprise value of the MCC national subsidiaries is derived from the enterprise values of the former MCC sales line. Separate target values have been defined for target achievement factors of 1.0 and 0.0, respectively. In the case of intermediate values and values above 1.0, the factor for target achievement is calculated using linear interpolation to two decimal points. The target achievement factor for the future value component cannot drop below zero and is capped.

The performance target achievement for the sustainability component is determined by the average ranking achieved by CECONOMY AG (still trading as METRO AG acting as the holding company of the former METRO GROUP) during the respective performance period in an externally conducted Corporate Sustainability Assessment. The former METRO AG participated in each year of the performance periods in the Corporate Sustainability Assessment conducted by the independent service provider RobecoSam AG every year of the performance periods. RobecoSam AG used these assessments to determine the ranking of the former METRO AG within the industry group "Food & Staples Retailing", defined in accordance with the Global Industry Classification Standard (GICS). RobecoSam AG will inform the former METRO AG of any changes in its sector classification. In the case of material changes in the composition of the companies or ranking method, RobecoSam AG can determine adequate comparable values.

The Company's average ranking, rounded up to whole numbers, was determined on the basis of the rankings communicated during the respective performance period. The factor for the sustainability component was determined in the following manner on the basis of the average over the performance period:

Average ranking (rounded)	Sustainability factor
1	3.00
2	2.50
3	2.00
4	1.50
5	1.25
6	1.00
7	0.75
8	0.50
9	0.25
Below 9	0.00

As at the closing date, none of the managers of CECONOMY AG qualified for payments from MCC LTI or Real LTI.



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### Sustainable Performance Plan (2013/14)

After the last tranche of the Performance Share Plan was paid in the short financial year 2013, the first tranche of the Sustainable Performance Plan (hereinafter: SPP) was issued in financial year 2013/14.

A target value in euros was set for the eligible managers. This depends for 75 per cent on the TSR component and for 25 per cent on the sustainability component.

The calculation of the TSR component follows the method described for the SPP Version 2014; however, the factor for the TSR component is a maximum of 3.0 (cap). Furthermore, the following additional condition applies assuming the TSR factor is positive: a payment of 75 per cent of the target amount multiplied by the TSR factor will be made only if the calculated final price of the former METRO share does not fall below the initial share price. Should this condition not be met, the calculated amount will not initially be paid. In this case, an entitlement to payment will exist only if the Xetra closing price of the former METRO ordinary share is higher than or equal to the initial share price for 40 consecutive trading days within a three-year period from the end of the performance period. Should this condition not be met within three years after the performance period ends, no payment will be made of the TSR component of the tranche.

Similarly, the method described for the SPP Version 2014 also applies to the calculation of the factor for the sustainability component, with the factor for the sustainability component depending on the average ranking during the performance period.

The following additional condition will also apply: A payment of 25 per cent of the target amount multiplied by the sustainability factor will be made only if the ranking of the former METRO AG does not fall by more than two places below the last published ranking before the issuance of the tranche in any year of the performance period. Otherwise, the factor for the sustainability component will be zero. The payment cap for the sustainability component amounts to three times the target amount.

The sustainability component was paid as normal to those eligible under the plan conditions following the end of the performance period on 3 April 2017. As the additional payout condition for the TSR component was not achieved, this part was not yet due for payment. Due to the demerger on 12 July 2017, however, no final measurement of achievement of the TSR components based on the defined criteria was now possible. An external assessor applied a recognised financial process to calculate the cash value of the TSR components on the date of the demerger, and it was paid out to those eligible on this basis.

In financial year 2016/17, none of the CECONOMY AG management team was eligible for payments under the SPP.

### Performance Share Plan (2009–2013)

In 2009, the former METRO AG introduced a Performance Share Plan for a period of five years, for which the last tranche was issued in the short financial year 2013. Under this scheme, eligible managers were given an individual target amount for the Performance Share Plan (target value) reflecting with the significance of their responsibilities. The target number of performance shares was calculated by dividing this target value by the share price upon grant, based on the average price of the METRO share during the three months up to the granting date. The key metric in this calculation was the three-month average price of the former METRO share before the grant date. A performance share entitles its holder to a cash payment in euros equivalent to the price of the former METRO share on the payment date. The key metric in this calculation is also the three-month average price of the former METRO share before the payment date.

Based on the relative performance of the former METRO share compared with the median of the DAX 30 and Euro Stoxx Retail indices – total return – the final number of performance shares payable is determined after the end of a performance period of at least three and at most 4.25 years. It corresponds to the target number of shares when an equal performance with these stock indices is achieved. Up to an outperformance of 60 per cent, the number increases linearly to a maximum of 200 per cent of the target amount. Up to an underperformance of 30 per



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cent, this is accordingly reduced to a minimum of 50 per cent. In the case of an underperformance of more than 30 per cent, the number is reduced to zero.

Payment can be made at six possible times, which are set in advance. The earliest payment date is three years after granting of the performance shares. From this time, payment can be made every three months. The eligible managers can choose the date upon which they wish to exercise performance shares. Distribution over several payment dates is not permitted. The payment cap amounts to five times the target value.

METRO GROUP introduced Share Ownership Guidelines along with its Performance Share Plan: as a prerequisite for payments of performance shares, eligible executives are obliged to undertake continuous self-financed investment in former METRO shares up to the end of the three-year vesting period. This ensures that, as shareholders, they will directly participate in share price gains as well as potential losses of the former METRO share. The required investment volume generally amounts to approximately 50 per cent of the individual target value.

The exercise period for the 2013 tranche ended in July 2017. None of the senior managers at CECONOMY AG was entitled to payments under the Performance Share Plan in financial year 2016/17. The Performance Share Plan duly ended on 1 July 2017 and there are no further claims under the plan.

**Compensation of members of the Supervisory Board**

In accordance with Art. 13 of the Articles of Association of CECONOMY AG and what is, in this respect, similar wording in Art. 13 of the Articles of Association of the former METRO AG, the Supervisory Board members receive fixed annual remuneration payable at the end of the respective financial year. An individual member's remuneration is generally €80,000.

The individual amount of Supervisory Board remuneration takes into account the duties and responsibilities of the individual members of the Supervisory Board based on their oversight remit. Due to their special responsibilities, the Chair of the Supervisory Board receives three times, his Vice-Chair and the committee Chairs double, and the members of the Supervisory Board committees one and a half times, the compensation of an ordinary Supervisory Board member, but not the chair and members of the Mediation Committee pursuant to Section 27 (3) MitbestG. In addition, the increased remuneration for a committee member or chair only applies if during the financial year in question the said committee has held at least two meetings or adopted other resolutions on at least two occasions.

A Supervisory Board member who holds several offices at the same time receives compensation for only one office; if levels of remuneration are different, the member is compensated for the most highly paid office.

The remuneration factors that potentially apply to the fixed annual remuneration for individual Supervisory Board members are shown in the summary below:

**Remuneration factors**

Chair of the Supervisory Board	●●●
Vice-Chair	●●
Committee chairs <sup>1</sup>	●●
Committee members <sup>1</sup>	●●
Members of the Supervisory Board	●

<sup>1</sup> For at least two meetings/resolutions of the committee in the relevant financial year

Supervisory Board members who have been members of the Supervisory Board for only part of the financial year receive a twelfth of the remuneration for each new month of their activity. This correspondingly applies to members of a committee, the Chair or Vice-Chair of the Supervisory Board, or the chair of a committee.



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The figures given in the summary below apply to financial year 2016/17. The circumstances that increase the remuneration for an individual member of the Supervisory Board and the underlying periods for the members of the Supervisory Board or members of the committees are noted for the individuals concerned.

**Remuneration of Supervisory Board members for financial year 2016/17 pursuant to Art. 13 of the Articles of Association of the former METRO AG and Art. 13 of the Articles of Association of CECONOMY AG<sup>1</sup>**

€	Financial year	Fixed salary
<b>Jürgen B. Steinemann</b> (01/10/2016–12/07/2017, including as Chair of the Supervisory Board, Chair of the Supervisory Board Presidential Committee, Chair of the Personnel Committee, chair of the Nomination Committee, and Chair of the Mediation Committee: 01/10/2016–12/07/2017)		
	2015/16	186,667
	<b>2016/17</b>	<b>200,000</b>
<b>Jürgen Fitschen</b> (01/10/2016–30/09/2017, including as Chair of the Supervisory Board, Chair of the Supervisory Board Presidential Committee, Chair of the Nomination Committee, and Chair of the Mediation Committee: 25/07/2017–30/09/2017 and as member of the Supervisory Board Presidential Committee, Personnel Committee and Nomination Committee: 01/10/2016–25/07/2017)		
	2015/16	120,000
	<b>2016/17</b>	<b>150,000</b>
<b>Werner Klockhaus</b> (01/10/2016–12/07/2017, including 01/10/2016–12/07/2017 as Vice-Chair of the Supervisory Board and Vice-Chair of the Supervisory Board Presidential Committee, Vice-Chair of the Personnel Committee, Vice-Chair of the Accounting and Audit Committee, and Vice-Chair of the Mediation Committee)		
	2015/16	160,000
	<b>2016/17</b>	<b>133,333</b>
<b>Jürgen Schulz</b> (01/10/2016–30/09/2017, including as Vice-Chair of the Supervisory Board, member of the Supervisory Board Presidential Committee, Vice-Chair of the Audit Committee, and member of the Mediation Committee: 25/07/2017–30/09/2017)		
	2015/16	66,667
	<b>2016/17</b>	<b>100,000</b>
<b>Prof. Dr oec. Dr iur. Ann-Kristin Achleitner</b> (01/10/2016–06/02/2017)		
	2015/16	80,000
	<b>2016/17</b>	<b>33,333</b>
<b>Gwyn Burr</b> (01/10/2016–12/07/2017)		
	2015/16	80,000
	<b>2016/17</b>	<b>66,667</b>



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**Remuneration of Supervisory Board members for financial year 2016/17 pursuant to Art. 13 of the Articles of Association of the former METRO AG and Art. 13 of the Articles of Association of CECONOMY AG<sup>1</sup>**

€	Financial year	Fixed salary
<b>Ulrich Dalibor</b> (01/10/2016–30/09/2017, including as member of the Audit Committee: 25/07/2017–30/09/2017)		
	2015/16	80,000
	<b>2016/17</b>	<b>90,000</b>
<b>Karin Dohm</b> (01/10/2016–30/09/2017, including as member of the Audit Committee: 25/07/2017–30/09/2017)		
	2015/16	53,333
	<b>2016/17</b>	<b>90,000</b>
<b>Thomas Dommel</b> (01/10/2016–12/07/2017)		
	2015/16	66,667
	<b>2016/17</b>	<b>66,667</b>
<b>Dr Bernhard Düttmann</b> (12/07/2017–30/09/2017, including as member of the Nomination Committee, and as member of the Mediation Committee: 25/07/2017–30/09/2017)		
	2015/16	
	<b>2016/17</b>	<b>20,000</b>
<b>Daniela Eckardt</b> (13/07/2017–30/09/2017)		
	2015/16	
	<b>2016/17</b>	<b>20,000</b>
<b>Stefanie Friedrich</b> (13/07/2017–30/09/2017)		
	2015/16	
	<b>2016/17</b>	<b>20,000</b>
<b>Dr Florian Funck</b> (01/10/2016–30/09/2017, including as member of the Accounting and Audit Committee: 01/10/2016–25/07/2017, and as member of the Audit Committee: 25/07/2017–30/09/2017)		
	2015/16	120,000
	<b>2016/17</b>	<b>120,000</b>
<b>Ludwig Glosser</b> (13/07/2017–30/09/2017, including as member of the Mediation Committee: 25/07/2017–30/09/2017)		
	2015/16	
	<b>2016/17</b>	<b>20,000</b>
<b>Julia Goldin</b> (12/07/2017–30/09/2017)		
	2015/16	
	<b>2016/17</b>	<b>20,000</b>
<b>Jo Harlow</b> (12/07/2017–30/09/2017)		
	2015/16	

**Remuneration of Supervisory Board members for financial year 2016/17 pursuant to Art. 13 of the Articles of Association of the former METRO AG and Art. 13 of the Articles of Association of CECONOMY AG<sup>1</sup>**

€	Financial year	Fixed salary
	<b>2016/17</b>	<b>20,000</b>
<b>Andreas Herwarth</b> (01/10/2016–12/07/2017, including as member of the Accounting and Audit Committee: 01/10/2016–12/07/2017)		
	2015/16	113,333
	<b>2016/17</b>	<b>100,000</b>
<b>Peter Küpfer</b> (01/10/2016–30/09/2017, including as member of the Audit Committee: 25/07/2017–30/09/2017)		
	2015/16	80,000
	<b>2016/17</b>	<b>90,000</b>
<b>Rainer Kuschewski</b> (01/10/2016–30/09/2017, including as member of the Accounting and Audit Committee: 01/10/2016–25/07/2017, and as member of the Audit Committee: 25/07/2017–30/09/2017)		
	2015/16	120,000
	<b>2016/17</b>	<b>120,000</b>
<b>Susanne Meister</b> (01/10/2016–12/07/2017)		
	2015/16	80,000
	<b>2016/17</b>	<b>66,667</b>
<b>Dr Angela Pilkmann</b> (01/10/2016–12/07/2017)		
	2015/16	6,667
	<b>2016/17</b>	<b>66,667</b>
<b>Birgit Popp</b> (13/07/2017–30/09/2017)		
	2015/16	
	<b>2016/17</b>	<b>20,000</b>
<b>Matthaus P. M. (Theo) de Raad</b> (01/10/2016–12/07/2017)		
	2015/16	80,000
	<b>2016/17</b>	<b>66,667</b>
<b>Dr Fredy Raas</b> (01/10/2016–30/09/2017, including as member of the Accounting and Audit Committee: 01/10/2017–25/07/2017)		
	2015/16	120,000
	<b>2016/17</b>	<b>113,333</b>
<b>Xaver Schiller</b> (01/10/2016–12/07/2017, including as member of the Supervisory Board Presidential Committee, as member of the Personnel Committee, and member of the Mediation Committee: 01/10/2016–12/07/2017)		
	2015/16	120,000
	<b>2016/17</b>	<b>100,000</b>



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€	Financial year	Fixed salary
<b>Dr jur. Hans-Jürgen Schinzler</b> (01/10/2016–30/09/2017, including as Chair of the Accounting and Audit Committee: 01/10/2016–25/07/2017, and as Chair of the Audit Committee: 25/07/2017–30/09/2017, as member of the Nomination Committee: 01/10/2016–25/07/2017, and member of the Nomination Committee: 25/07/2017–30/09/2017)		
	2015/16	160,000
	<b>2016/17</b>	<b>160,000</b>
<b>Regine Stachelhaus</b> (06/02/2017–30/09/2017, including as member of the Supervisory Board Presidential Committee, and member of the Nomination Committee: 25/07/2017–30/09/2017)		
	2015/16	
	<b>2016/17</b>	<b>63,333</b>
<b>Vinko Vrabec</b> (13/07/2017–30/09/2017, including as member of the Supervisory Board Presidential Committee: 25/07/2017–30/09/2017)		
	2015/16	
	<b>2016/17</b>	<b>30,000</b>
<b>Angelika Will</b> (01/10/2016–30/09/2017)		
	2015/16	80,000
	<b>2016/17</b>	<b>80,000</b>
<b>Sylvia Woelke</b> (13/07/2017–30/09/2017, including as member of the Audit Committee: 25/07/2017–30/09/2017)		
	2015/16	
	<b>2016/17</b>	<b>30,000</b>
	<b>Total<sup>2</sup></b>	<b>1,973,334</b>
	<b>2016/17</b>	<b>2,276,667</b>

<sup>1</sup> Plus any applicable value added tax in each case in accordance with Art. 13 (5) of the Articles of Association

<sup>2</sup> Reported figures for 2015/16 relate to active members of the Supervisory Board in financial year 2016/17.

In accordance with the provisions of the Articles of Association, the Company also reimburses members of the Supervisory Board for expenses they incur in the exercise of their office. Any value added tax payable on the remuneration and reimbursement of expenses will also be reimbursed to the members of the Supervisory Board.

In financial year 2016/2017, individual members of the Supervisory Board of CECONOMY AG (former METRO AG) also received compensation from the relevant Group companies of the former METRO GROUP and CECONOMY for Supervisory Board mandates at Group companies.

**Other intra-Group compensation of members of the Supervisory Board for financial year 2016/17<sup>1</sup>**

€	Financial year	
Werner Klockhaus	2015/16	9,300
	<b>2016/17</b>	<b>9,300</b>
Thomas Dommel	2015/16	4,500
	<b>2016/17</b>	<b>4,500</b>
Rainer Kuschewski	2015/16	6,200
	<b>2016/17</b>	<b>1,550</b>
Xaver Schiller	2015/16	9,000
	<b>2016/17</b>	<b>9,000</b>
Total	2015/16	29,000
	<b>2016/17</b>	<b>24,350</b>

<sup>1</sup> Plus any applicable value added tax in each case

Beyond this, the members of the Supervisory Board were not granted any remuneration or benefits for work they performed personally, in particular, consulting and brokerage services, on behalf of companies of the former METRO GROUP as defined in section 5.4.6 of the German Corporate Governance Code.