

Corporate Governance Declaration and Corporate Governance Report

CORPORATE GOVERNANCE

Hawesko Holding AG is committed to responsible corporate management and supervision directed towards increasing the value of the company. The transparency of the company's principles as well as the presentation of its ongoing development are to be assured in order to create, maintain and strengthen confidence in the company among customers, business partners and shareholders.

In this declaration, the Board of Management and Supervisory Board report on the principles of corporate management and on the modus operandi of the Board of Management and Supervisory Board pursuant to Article 3.10 of German Corporate Governance Code and Section 289a (1) of German Commercial Code.

DECLARATION OF COMPLIANCE PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

The Board of Management and Supervisory Board monitor compliance with the German Corporate Governance Code and each year submit a Declaration of Compliance, both current and former versions of which can be called up on the Internet.

Pursuant to Section 161 of the German Stock Corporation Act, the Board of Management and Supervisory Board of publicly quoted stock corporations shall declare each year that the recommendations of the Government Commission on the German Corporate Governance Code, published in the official section of the electronic Federal Official Gazette by the Federal Ministry of Justice, have been and are complied with, as well as declare which of these recommendations have not been or will not be complied with.

The Supervisory Board and Board of Management of Hawesko Holding AG, Hamburg, considered aspects of corporate governance on several occasions in the 2014 financial year and jointly declare that since 27 March 2014 (date of submission of last Declaration of Compliance) the recommendations of the German Corporate Governance Code ("Code" or "GCGC") in the version dated 13 May 2013, and from its introduction in the version of the Code dated 24 June 2014, have been and are complied with, except in the following respects:

- ▶ *Article 5.4.6 of the Code:* The remuneration of the Supervisory Board members includes a performance-related component that is based on the unappropriated profit for the year in question. The Board of Management and Supervisory Board are of the opinion that this year-specific remuneration component appropriately reflects the consultative and supervisory function of the Supervisory Board. In addition, time-based determination of the variable remuneration more closely reflects in-year changes in the composition of the Supervisory Board as a result of the exit or arrival of new Supervisory Board members.
- ▶ *Article 7.1.2 of the Code:* The consolidated financial statements of the company will be published not within 90 days of the end of the financial year, but within approximately 120 days. This longer period is advisable to facilitate the publication of the consolidated financial statements and annual report together with a report on the first quarter of the current financial year.

RELEVANT DISCLOSURES ON THE PRINCIPLES OF CORPORATE MANAGEMENT, THE MODUS OPERANDI OF THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD, AND THE COMPOSITION AND MODUS OPERANDI OF THE SUPERVISORY BOARD COMMITTEES

Organisation and management

The Hawesko Group is organised non-centrally: as far as possible, decisions concerning business operations are taken and implemented by the individual subsidiaries. This organisational structure is useful because the wine trade depends to a great extent on exploiting personal contacts with both producers and customers. The parent company Hawesko Holding AG normally holds 100% or a majority of the shares in the subsidiaries, which are active predominantly in the wine trade. The significant operationally active incorporated firms within the consolidated companies – above all *Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH* and *Jacques' Wein-Depot Wein-Einzelhandel GmbH* – are integrated into the group by means of profit transfer agreements with the holding company. In the case of the subsidiaries where the shareholding is not 100%, the respective directors hold a minority interest. The parent company Hawesko Holding AG and the majority of the subsidiaries are domiciled in the Federal Republic of Germany. The subsidiaries not based in Germany are all domiciled in other European Union countries or in Switzerland.

The Hawesko Group is essentially divided into three largely independent business segments (cf. “Goals and Strategies” section in the combined management report).

The Board of Management uses EBIT* and ROCE* as the basis for its management approach. The target minimum rates of return are presented in the “Management system” section of the combined management report. The targets and the development of the individual segments on the basis of these benchmarks form part of the regular strategy and reporting discussions with the managing directors of the individual group companies. By incorporating EBIT margins and the return on capital employed into the objectives and target attainment checks, responsibility is clearly apportioned to the managing directors below Board of Management level.

Shareholders and Shareholders' Meeting

The shareholders of Hawesko Holding AG exercise their right to have a say in the running and supervision of the company through the Shareholders' Meeting. All shares are no par value bearer shares equipped with identical rights and obligations. Every share in Hawesko Holding AG carries one vote. The principle of “one share, one vote” is taken to its logical conclusion, as there are no caps on the number of voting rights which may be held by one shareholder, nor any special voting rights. Every shareholder is entitled to take part in the Shareholders' Meeting, to comment there on the individual agenda items and to demand information on matters concerning the company, to the extent that this is needed for the correct assessment of a matter being brought before the Shareholders' Meeting. The Annual Shareholders' Meeting is held within the first eight months of each financial year. Chairing of the Shareholders' Meeting is the responsibility of the Supervisory Board Chairman or another member of the Supervisory Board nominated by the Chairman. The Shareholders' Meeting fulfils all the tasks assigned to it by law. A resolution shall normally be carried by a simple majority or, in certain cases (e.g. for resolutions on capital measures and amendments to the articles of incorporation) by a majority of at least three-quarters of the capital stock represented.

* EBIT = earnings before interest and taxes. It is an indicator of the company's operating profitability.

ROCE = return on capital employed. This is the ratio of EBIT to the average amount of capital employed and provides an indication of the return on the capital employed in the period under review.

The Supervisory Board member Detlev Meyer is the biggest shareholder of Hawesko Holding AG, holding 79.0% of the shares through Tocos Beteiligung GmbH. There then follows Michael Schiemann, with a 3.9% shareholding via Augendum Vermögensverwaltung GmbH. The remaining approx. 17% are held by institutional and private investors. There are no employee shares as defined in Sections 289 (4) No. 5 and 315 (4) No. 5 of German Commercial Code.

Supervisory Board

The Supervisory Board advises and oversees the Board of Management. On matters of importance and fundamental significance, the Board of Management requires the prior consent of the Supervisory Board by a two-thirds majority, in particular for carrying out individual investments of a value of more than € 2.5 million and for the acquisition of other companies or the disposal of investments in companies of a value of more than € 0.5 million. A reporting system informs the Supervisory Board members monthly of key financial data compared with the target and prior-year figures, and explains them. At least four ordinary meetings of the Supervisory Board as well as meetings of its committees take place each year.

According to the articles of incorporation the Supervisory Board comprises six members, elected by the Shareholders' Meeting. It elects a Chairman and a Deputy from among its members. Declarations of intent by the Supervisory Board are issued by the Chairman or, if the Chairman is prevented from attending, by his Deputy. The Supervisory Board has a quorum if all members have been invited and at least half of the members take part in the vote. Resolutions of the Supervisory Board are carried by a simple voting majority, unless otherwise specified by law or in the articles of incorporation; in the event of a tied vote, a majority may resolve to conduct a fresh debate; otherwise a new vote must be held without delay. When voting anew on the same matter, the Chairman has two votes if the result is once again a tie.

The Supervisory Board has formed two committees that perform the functions assigned to them on behalf of the whole Supervisory Board. The committees are convened by their respective chairs and meet as often as is deemed necessary. There is currently a Personnel and Nominating Committee, and also an Audit and Investment Committee, each comprising three members. In proposing candidates to the Shareholders' Meeting for election, the Supervisory Board endeavours to consider not just the specialist and personal qualifications of the candidates, but also diversity aspects and in particular the appropriate representation of women in the work of the Supervisory Board, and will report on this.

Board of Management

The Board of Management is independently responsible for the running of the company and represents it in transactions with third parties. It coordinates the strategic direction of the group with the Supervisory Board and, in accordance with the legal requirements, informs the Supervisory Board regularly, promptly and comprehensively of all plans, business developments and risks that are of relevance to the company.

The Board of Management comprises five members and reaches its decisions by majority vote. Each member is in charge of individual areas of responsibility, irrespective of their collective responsibility for the management of the group. The Board of Management members work together collegially and continually inform each other of important measures and events in their divisions. There are no sub-committees within the Board of Management.

Each business segment of Hawesko Holding AG is headed by a member of the Board of Management, who is responsible for the attainment of the segment targets and possesses authority to issue instructions within the segment.

When filling management functions in the company, the Board of Management strives for diversity, in particular through the suitable involvement of women.

Since 1 January 2011 a Compliance Code passed by the Board of Management and Supervisory Board has been in place for all Hawesko companies.

Financial reporting and auditing of financial statements

The consolidated financial statements have been prepared under IFRS since the 2000 financial year. Following their compilation by the Board of Management, the consolidated financial statements are examined by the independent auditors, and examined and approved by the Supervisory Board. The consolidated financial statements are made available to the public within 120 days of the end of the financial year.

The following was agreed with the independent auditors:

1. The Chairman of the Audit and Investment Committee shall be informed without delay if potential reasons for exclusion or conflicts of interest that cannot be rectified without delay come to light during the audit.
2. The independent auditor shall report on all findings and occurrences identified while conducting the audit of the financial statements that are of material significance for the work of the Supervisory Board.
3. If the independent auditor should, while conducting the audit of the financial statements, identify facts that have led to a misstatement in the Declaration of Compliance issued by the Board of Management and Supervisory Board in respect of the Corporate Governance Code (Section 161 of the German Stock Corporation Act), it shall note this in the audit report and inform the Chairman of the Supervisory Board of this.

Transparency

Hawesko Holding AG attaches high priority to the policy of providing uniform, comprehensive and timely information. The trading position and the results of the company are reported on through the annual report, the Annual Press Conference, in the Quarterly Financial Reports at 31 March and 30 September, and in the Interim Financial Report.

Further information is published in the form of press releases and ad hoc announcements in accordance with Section 15 of the German Securities Trading Act (WpHG). All such notices are available on the Internet.

Hawesko Holding AG has set up an insider register in accordance with Section 15b of the German Securities Trading Act. The individuals concerned have been informed of the statutory obligations and sanctions.

REMUNERATION REPORT

Particulars of the remuneration of the Board of Management and Supervisory Board are to be found in a separate section of the combined management report for the group and the parent company for 2014, as well as in the Notes to the consolidated financial statements and Notes to the individual financial statements. No stock option schemes or similar securities-based incentive systems exist.

SHARES OF HAWESKO HOLDING AG IN THE OWNERSHIP OF MEMBERS OF THE SUPERVISORY BOARD AND MANAGEMENT BOARD

At 31 December 2014, the Supervisory Board held 2,650,278 (previous year: 2,650,495) and the Board of Management 2,781,420 (previous year: 2,876,901) shares – directly and indirectly – in Hawesko Holding AG, of which the Chairman of the Board of Management held 2,700,000 (previous year: 2,698,000) shares directly and indirectly.

After completion of the tender offer of Tocos Beteiligung GmbH on 2 March 2015, the Supervisory Board member Detlev Meyer indirectly holds 7,092,876 shares in Hawesko Holding AG. The remaining members of the Supervisory Board and of the Board of Management do not hold any shares in Hawesko Holding AG.

Hamburg, 26 March 2015

The Supervisory Board

The Board of Management