

**Corporate Governance Report of Vapiano SE along with the Corporate Governance Statement together with the Vapiano Group in accordance with Section 289f of the German Commercial Code (HGB) and Section 315d HGB for the financial year 2017**

Corporate governance stands for responsible corporate governance geared to long-term value creation. Efficient cooperation between the Management Board and the Supervisory Board as well as openness and transparency of corporate and financial communications are key aspects of corporate governance for the Vapiano Group and strengthen shareholders' confidence in the management and supervision of the company.

As a listed company, Vapiano SE issues the following corporate governance statement in relation to Vapiano SE and the Vapiano Group in accordance with Section 289f and Section 315d of the German Commercial Code (HGB) for the financial year 2017. In addition, the Management Board and the Supervisory Board of Vapiano SE report on corporate governance at Vapiano SE in accordance with Section 3.10 of the German Corporate Governance Code ("the Code").

In accordance with Section 289f Para. 1, 315 d HGB, the corporate governance statement is separately made publicly available on the internet. It comprises the Declaration of Compliance in accordance with Section 161 of the German Stock Corporation Act (AktG), relevant information on corporate governance practices, a description of the working methods of the Management Board and the Supervisory Board as well as the composition and working methods of the committees formed and the provisions for promoting the participation of women in management positions pursuant to Section 76 Para. 4 and Section 111 Para. 5 of the German Stock Corporation Act.

**A. Declaration of Compliance in accordance with Section 161 AktG**

Pursuant to Section 161 Para. 1 Sentence 1 AktG, the Management Board and Supervisory Board of Vapiano SE are obliged to make a declaration at least once a year on the extent to which the recommendations of the German Corporate Governance Code (GCGC) have been complied with in the past and how compliance is intended for the future, or which recommendations of the Code have not been applied and the reasons for this.

As the shares of Vapiano SE were first included in trading on the regulated market of the Frankfurt Stock Exchange on June 27, 2017, the Company has not yet issued a Declaration of Compliance.

The Management Board and Supervisory Board of Vapiano SE have made the following statement, which was published on the Company's website at <http://ir.vapiano.com/>:

**Statement by the Management Board and the Supervisory Board of Vapiano SE regarding the recommendations**

**of the "Government Commission on the German Corporate Governance Code"**

**in accordance with Section 161 AktG**

Vapiano SE complies with the recommendations published by the Federal Ministry of Justice in the official section of the German Federal Gazette (Bundesanzeiger) of April 24, 2017 of the German Corporate Governance Code in the version of February 7, 2017 with the exception of Sections 4.2.5

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Para. 2 and 3 and Section 5.3.2 Para. 3 and will continue to comply with the recommendations together with the mentioned deviations.

**Supplementary disclosures regarding the remuneration of individual Management Board members (Section 4.2.5 Para. 2 and 3)**

Management Board remuneration is disclosed in accordance with statutory provisions, taking into account the “opt-out” resolution of the Annual General Meeting of the Company on May 30, 2017. Accordingly, in accordance with Section 286 Para. 5 Sentence 1, Section 314 Para. 2 Sentence 2 HGB, disclosure of the individualized remuneration of the Management Board in the annual and consolidated financial statements of the Company is required for the financial years 2017 to 2021 (inclusive). Providing that a corresponding “opt-out” resolution of the Annual General Meeting has been passed, the Company will not include the statements recommended in accordance with Section 4.2.5 Para. 2 and 3 GCGC in the remuneration report.

**Independence of the Chairman of the Audit Committee (Section 5.3.2 Para. 3)**

The Chairman of the Audit Committee is not independent, as he has close links to a major shareholder. This represents a deviation to Section 5.3.2 Para. 3 GCGC.

**Formation of a nomination committee (Section 5.3.3)**

The Supervisory Board has not formed a nomination committee that determines suitable candidates for the Supervisory Board to propose at the Annual General Meeting for election as Supervisory Board members. As all Supervisory Board members are appointed until May 2022, there is currently no nomination requirement. If it were required, this task would be taken over by the Supervisory Board.

This Declaration of Compliance is publicly accessible on a permanent basis on the company's website [www.vapiano.com](http://www.vapiano.com).

**B. Relevant disclosures regarding corporate governance practices**

The governing bodies of Vapiano SE are the Management Board, the Supervisory Board, and the Annual General Meeting. The Company has a dual Management and Supervisory Board system. The Management Board and the Supervisory Board work independently of each other. A Supervisory Board member of the Company cannot, in principle, also be a member of the Management Board of the Company at the same time.

Good corporate governance is a key building block of corporate governance and forms the basis for decision-making for responsible and sustainable corporate success. The Management Board members and the members of the Supervisory Board are obligated to undertake their duties in the interests of the company. No member of the Management Board or the Supervisory Board may pursue personal interests in their decision-making.

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**Principles of corporate governance and Code of Conduct**

Integrity, ethical behavior and social responsibility are indispensable prerequisites of Vapiano's business activities. These are based on the Code of Conduct agreed by the Management Board on February 3, 2016. It provides a standard that commits all the employees in all the Group companies to uphold the statutory regulations and internal guidelines. The Management Board and managers act as important role models and actively promote compliance by the staff with company principles. Vapiano also ensures that business and cooperation partners comply with the law, statutes and the principles of the Code of Conduct.

Beyond legal requirements, compliance with human rights and the protection of minorities is of particular concern to Vapiano. The diversity of our employees is actively promoted and any discrimination is decidedly rejected, whether on grounds of nationality, ethnic origin, gender, marital status, age, disability, religion, or sexual orientation. Furthermore, cooperation, open communication, and feedback are further cornerstones of our corporate governance.

Finally, Vapiano strives to meet the highest quality standards globally and to occupy a leading role in the field of system catering. For this purpose, the Company continuously questions the status quo and improves its processes on an ongoing basis. Vapiano takes all product complaints seriously and follows up on them resolutely.

**Directors' dealings and other publications**

Persons with managerial responsibilities, in particular members of the Management Board and Supervisory Board of Vapiano SE, as well as persons closely related to them, are required in accordance with Section 15 Para. 2 of the German Securities Trading Act (WpHG) in conjunction with Article 19 of the EU Market Abuse Regulation to disclose certain transactions in shares or debt securities of Vapiano SE, related derivatives or other related financial instruments (directors' dealings). Notifications of such transactions in 2017 are published online at [www.vapiano.com](http://www.vapiano.com).

The Management Board and Supervisory Board place a high value on transparency in corporate governance. The shareholders of Vapiano SE, all participants on the capital market, financial analysts, shareholders' associations, and the media are regularly informed and updated on the position of the Company and any significant changes to its business. Comprehensive, equal and up-to-date information is mainly used on the website where financial statements, ad-hoc announcements, and voting announcements are published.

**C. Description of the working method of the Management Board and Supervisory Board as well as the composition and working method of its committees**

**Management Board**

The Management Board comprises

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- Jochen Halfmann, Chief Executive Officer (CEO) and
- Lutz Scharpe, Chief Financial Officer (CFO)

Information regarding the individual members of the Management Board can be found online at [www.vapiano.com](http://www.vapiano.com).

The Management Board of Vapiano SE manages the Company under its own responsibility in accordance with the law and under the provisions of the Articles of Association (which have been published on the Company's website), the rules of procedure for the Management Board and the Supervisory Board, and taking into account the resolutions of the Annual General Meeting. The allocation of responsibilities within the Management Board is set out in a schedule of responsibilities. Without prejudice to the overall management, each member of the Management Board acts independently and responsibly for their department; they must put the general interests of the Company ahead of their own personal interests. The Members of the Management Board inform each other of all significant events and the course of business in their departments.

The main objectives of the Management Board include the development of the basic strategic direction, the determination of the corporate policy and the Group's organization, the enforcement and compliance with laws and internal principles of conduct, as well as appropriate risk management and risk controlling. The Management Board fills the leadership positions of the Group, thereby ensuring diversity as well as appropriate consideration of both women and men.

The Management Board is appointed by the Supervisory Board and reports to same. The term of office of the Management Board is determined by the Supervisory Board on appointment. The Supervisory Board appoints the Management Board members for a maximum of five years. Members may be reappointed or have their term of office extended (in each case for five years).

Resolutions are regularly passed by the whole board during weekly meetings. The scheduling, convening and the agenda for meetings of the Management Board, the conduct of these meetings and the preparation of the minutes of the meeting are the responsibility of the Chairman. In principle, the Management Board may pass resolutions with a simple majority. In the event of a tie, the CEO has the casting vote. The rules of procedure for the Management Board stipulate transactions that require the approval of the Supervisory Board. Resolutions passed by the Supervisory Board regarding the granting of such approval, to the extent legally admissible, are passed with a simple majority.

The Management Board works closely with the Supervisory Board and informs it regularly, in a timely fashion, and comprehensively of any fundamental issues relating to the corporate planning, the Company's net assets, the financial position and results of operations, the Group's business performance, the implementation of the strategy, and key staff changes. The Management Board is obliged to submit a report to the Supervisory Board regarding the reportable items relating to the Company as stated in Section 90 AktG as well as reports regarding the Group on a quarterly basis. It also sends additional reports to the Supervisory Board on a monthly basis.

## **Supervisory Board**

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The Supervisory Board consists of six members elected by the Annual General Meeting:

- Dr. Thomas Tochtermann (Chairman of the Supervisory Board)
- Hinrich Stahl (Vice Chairman)
- Helen Jones
- Gregor Gerlach
- Dr. Rigbert Fischer
- Kristian Wettling

Information regarding individual members of the Supervisory Board can be found online at [www.vapiano.com](http://www.vapiano.com).

The members of the Supervisory Board participate in various training courses. The costs are borne by the company.

The Supervisory Board of Vapiano SE appoints, monitors and advises the Management Board, and is directly involved in decisions that are of fundamental importance to the Company. The Chair of the Supervisory Board coordinates the work done by the Supervisory Board.

Supervisory Board members are elected for the period until the end of the Annual General Meeting that decides on the discharge for the fourth year after the start of the members' term of office. The Annual General Meeting may determine a shorter term of office.

The Supervisory Board has set rules of procedure for itself which set out the tasks and responsibilities of the Supervisory Board within the legal boundaries. In addition, the rules of procedure in particular regulate the convening and preparation of Supervisory Board meetings as well as the decision-making process.

The Supervisory Board elects a chairman and a deputy from among its members. The Supervisory Board may elect to remove the chairman or deputy with a two-thirds majority.

The composition of the Supervisory Board is such that its members overall have the required knowledge, skills and subject matter expertise required to properly carry out the required tasks. Each Supervisory Board member ensures that they have sufficient time available to perform their mandate. The members of the Supervisory Board are responsible for ensuring that they engage in the further education and training required to carry out their tasks. The Supervisory Board should not contain more than two former Management Board members.

Each Supervisory Board member is obliged to disclose to the Supervisory Board any conflict of interest, in particular those that may arise due to a consulting or executive body role at a customer, supplier, credit provider or other third party. The Supervisory Board shall notify the Annual General Meeting of any conflicts of interests arising and how they have been dealt with in its report to the Annual General Meeting. Any significant conflicts of interest of a non-temporary nature on the part of a Supervisory Board member will lead to their mandate being terminated.

The Supervisory Board passes its resolutions on a regular basis in meetings. It meets at least every three months and holds at least four meetings per calendar year. The Management Board may participate in these meetings unless the Supervisory Board decides to meet without the participation of

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the Management Board. In addition, third parties may also be called in for advice regarding individual items. In principle, the Supervisory Board may pass resolutions with a simple majority. In the event of a tie, another vote will be held in which the Chair of the Supervisory Board will have two votes.

The Annual General Meeting decides on the remuneration of the Supervisory Board. The remuneration also includes the costs of liability insurance (D&O insurance) that is taken out by the Company for the Supervisory Board members. The insurance may provide for a deductible to be borne by the members of the Supervisory Board to the value of 10% of the respective loss, which is limited to one-and-a-half times the fixed annual compensation of the respective member for all loss events occurring within one insurance year.

The Supervisory Board may form committees from its members to whom decision-making powers can be delegated from the Supervisory Board. The tasks, powers and procedures of the committees are determined by the Supervisory Board. Committees consist of at least three members of the Supervisory Board. The Supervisory Board has formed the following committees with the tasks described below:

**Personnel Committee**

The Personnel Committee consists of the following members:

- Hinrich Stahl (Chairman)
- Gregor Gerlach
- Dr. Rigbert Fischer
- Dr. Thomas Tochtermann

The Personnel Committee meets twice per year as well as when required. The Supervisory Board and each member of the Personnel Committee may submit a request to the Chair of the Personnel Committee for an extraordinary committee meeting.

The Personnel Committee advises on key topics, prepares resolutions of the Supervisory Board, and makes decisions if and to the extent that the Supervisory Board has delegated the passing of resolutions on certain matters to it.

In particular, the Personnel Committee prepares resolutions for the Supervisory Board regarding the appointment and dismissal of Supervisory Board members, Supervisory Board remuneration, and the decision of the Supervisory Board regarding the approval of employment contracts with annual remuneration of EUR 180,000.00 and above. Furthermore, it regularly advises on long-term succession planning for the Management Board. In doing so, it takes into account the Company's management personnel planning and also ensures diversity.

Instead of the Supervisory Board, but subject to the mandatory responsibilities of the Supervisory Board, the Personnel Committee also decides on other matters relating to executives, such as consenting to other activities of a member of the Management Board pursuant to Section 88 AktG and approving other ancillary activities.

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The Personnel Committee oversees the Management Board with regard to the remuneration systems, organizational development and succession planning of the Management Board as well as corporate social responsibility, corporate culture, and employee satisfaction.

**Audit Committee**

The Audit Committee consists of the following members:

- Kristian Wettling (Chairman)
- Dr. Thomas Tochtermann
- Helen Jones

The Audit Committee deals in particular with monitoring financial reporting, the financial reporting process, the effectiveness of the internal control system, the risk management system, compliance and the internal audit system, monthly business performance, the budget, the medium-term corporate plan, as well as the annual audit. The Audit Committee provides the Supervisory Board with a justified recommendation for the election of the annual auditor. If the audit mandate is put out to tender, the recommendation comprises at least two candidates. The Audit Committee monitors the independence of the auditor and, in addition, deals with the additional services provided by the auditor, the issuing of the audit mandate, the determination of audit issues, and the agreed fee.

On behalf of the Supervisory Board, the Audit Committee decides on the approval of agreements with auditors regarding additional advisory services, as well as the cumulative fees for these services that exceed, or are expected to exceed, 50% of the remuneration for the annual audit.

**D. Target figures for the proportion of women**

With the IPO on June 27, 2017, for the first time, Vapiano SE is obliged to set targets for the proportion of women on the Supervisory Board, the Management Board and in the two management levels below the Management Board in accordance with the German Act on Equal Participation of Women and Men in Executive Positions in the Private and Public Sector. This was approved by the resolutions of December 7, 2017 and December 11, 2017. Other Group companies of the Vapiano Group are not subject to this obligation.

There is currently one woman on the six-member Supervisory Board. A gender quota of 17% was set as a target for the Supervisory Board, in accordance with the status quo existing at the time the resolution was passed. Vapiano SE has stipulated that the proportion of women will be kept at the status quo and will thus continue to be 17%.

Furthermore, taking into account the applicable status quo, a target quota of zero percent for the proportion of women on the Management Board of Vapiano SE was agreed. For the two management levels at Vapiano SE below the Management Board, taking into account the current proportions, a target figure for the proportion of women of at least 5% for first management level and at least 35% for the second management level was formulated.

As the target figures were set taking into account the status quo, the previous targets had been reached. Vapiano SE has set a target of keeping the proportion of women on the Management Board

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and in the two management levels below the Management Board at the current level. In the long term, the company intends to increase the percentage of women on the two management levels below the Management Board.

Bonn, 27.03.2018

Vapiano SE

The Management Board

The Supervisory Board