

## CORPORATE GOVERNANCE STATEMENT

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### **Declaration of Conformity**

In accordance with section 161 AktG, the Supervisory Board and Management Board have issued a Declaration of Conformity with the German Corporate Governance Code and made it permanently available to shareholders on the preceding pages of this Annual Report as well as via the Group's website (Zealnetwork.de).

### **Composition and working practices of the Management Board and Supervisory Board**

As a German Societas Europaea (SE), ZEAL is subject to German corporate law and has a two-tier management system which currently consists of a Management Board (management organ) with two members and a Supervisory Board (supervisory organ) with six members.

The Supervisory Board appoints, monitors and advises the Management Board. The two bodies work closely together: the Management Board informs the Supervisory Board regularly, comprehensively and in due time about all issues relevant to strategy, planning, business development, risk position, risk management and compliance. The Supervisory Board is immediately informed about ZEAL's strategic alignment and ongoing development, as well as any deviations in the course of business from the defined plans and targets. The Supervisory Board regularly evaluates the work of the Management Board and adopts improvement measures as part of its regular self-assessment.

## THE MANAGEMENT BOARD

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### **ROLE**

The Management Board is responsible for running the day-to-day operations of the Group, setting the short-term and long-term strategic objectives and ensuring that these objectives are implemented and proposing investment decisions for ratification by the Supervisory Board. The Management Board's key objective is to create sustainable value for the Group's shareholders and other stakeholders. The Management Board manages ZEAL in accordance with the statutory provisions, the Company's Articles of Association, the Management Board's Rules of Procedure and the stipulations of the respective service agreements with the aim of achieving a sustainable added value.

### **COMPOSITION**

The Management Board currently comprises two members. Its members can only be appointed and removed by the Supervisory Board. The Supervisory Board is responsible for setting out the scope of the roles and responsibilities of each Management Board member together with items that must be authorised by all members of the Management Board (reserved matters). The Supervisory Board has set an age limit of 63 years for the Management Board.

### **MEMBERS OF THE MANAGEMENT BOARD**

#### **Dr. Helmut Becker – Managing Director (CEO)**

Dr. Helmut Becker is responsible for leading the Management Board, Corporate Strategy, External Communications, Legal Affairs and Regulation, Human Resources, Marketing, Sales, the Lottery Brokerage, Lottery Betting and Lottovote business units, and Technology.

#### **Jonas Mattsson – Managing Director (CFO)**

Jonas Mattsson is responsible for Finance, Accounts, Taxes, Controlling, Investor Relations, Risk Management, Asset Management, Banking Relations, External Auditing, Periodic Reporting to the Supervisory Board, and the Management of the Business Activities in Spain.

## THE SUPERVISORY BOARD

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### **ROLE**

The Supervisory Board is responsible for advising on and overseeing the work of the Management Board together with ratification of transactions that are of fundamental importance to the Group (as set out in the Company's Articles of Association).

### **COMPOSITION**

The Supervisory Board currently comprises six members. Its members are appointed and removed at the General Meeting of the Company by the shareholders. The Members of the Supervisory Board have the appropriate balance of skills, experience, independence and knowledge of the Company to enable the Supervisory Board to discharge its duties and responsibilities effectively. The Supervisory Board has concluded that it comprises an adequate number of independent members. All members of the Supervisory Board are to be regarded as independent. As a rule, the members of the Supervisory Board shall not hold office for longer than the end of the Annual General Meeting following their seventy-fourth birthday.

The Supervisory Board has adopted a skills profile for the Board as a whole. In its current composition, the Supervisory Board believes that it has the skills which are necessary with regard to the activities of ZEAL. In particular, these include the following knowledge and experience:

- Special knowledge and experience in the lottery business (market and competition);
- Extensive knowledge in the field of finance/accounting and controlling;
- Special knowledge in the field of IT in the e-commerce environment;
- Experience in managing and monitoring a group of companies, including corporate governance requirements.

To this end, at least one member of the Supervisory Board (the Vice-Chair, Peter Steiner) has recognised expertise in the field of accounting or auditing.

Andreas de Maizière was appointed as the Chairman of the Supervisory Board on 27 June 2019. Prior to this date Peter Steiner was the Chairman. Mr de Maizière is responsible for organising and coordinating the work of Supervisory Board, chairing its meetings and attending to the affairs of the Supervisory Board externally. He is also responsible for maintaining regular contact with the Management Board and informing the Supervisory Board of important events in relation to the management of the Group and, if required, convening extraordinary meetings of the Supervisory Board. The other Members of the Supervisory Board are: Peter Steiner, Thorsten Hehl, Oliver Jaster, Jens Schumann and Marc Peters (appointed 27 June 2019). The terms of Leslie-Ann Reed and Bernd Schiphorst as members of the Supervisory Board ended on 27 June 2019.

#### MEMBERS OF THE SUPERVISORY BOARD

Name	Appointment Date	End of term	Positions in the Supervisory Board and Committees
Andreas de Maizière	27 June 2019	–	Chairman of the Supervisory Board, Chair of Chairman's Committee, Member of the Audit Committee
Peter Steiner	28 June 2013	–	Vice-Chair of the Supervisory Board and Chairman of the Audit Committee – appointed to these committee roles on 27 June 2019
Leslie-Ann Reed	14 July 2017	27 June 2019	Vice-Chair of the Supervisory Board and Chair of the Audit Committee
Thorsten Hehl	28 June 2013	–	Member of the Audit Committee
Oliver Jaster	28 June 2013	–	Member of the Chairman's Committee
Jens Schumann	28 June 2013	–	Member of the Chairman's Committee
Marc Peters	27 June 2019	–	
Bernd Schiphorst	28 June 2013	27 June 2019	

In addition to the Management Board and Supervisory Board, the General Meeting acts as the third corporate body. The Company's shareholders exercise their rights at the General Meeting and are involved in fundamental decisions concerning ZEAL. The Management Board, Supervisory Board and General Meeting are jointly committed to acting in the best interests of shareholders and to the benefit of the Company. ZEAL's Annual General Meeting is held within the first six months of the fiscal year. In accordance with the Articles, the General Meeting is presided over by the Chairman of the Supervisory Board. The General Meeting resolves on all matters that are reserved for it by law (including the election of Supervisory Board members, amendments to the Articles, the appropriation of net profit and capital measures). ZEAL's aim is to make it easy for our shareholders to participate in the General Meeting: we publish all necessary documents on the Internet in advance and nominate a proxy for shareholders who is obliged to following their voting instructions.

#### Transparency

ZEAL attaches great importance to providing information uniformly, comprehensively and promptly. The business situation and results of ZEAL are disclosed via regular reporting in the form of the Annual Report, half-yearly financial report and quarterly statements. The Company provides full and swift information on specific events by means of press releases and publication of inside information in accordance with statutory regulations. All publications, press releases and announcements are available on our website (Zealnetwork.de) in the Investor Relations section. Moreover, we are available for discussions at analyst, investor and telephone conferences as well as international roadshows. ZEAL also keeps insider lists as required and informs the persons concerned about their statutory duties and penalties.

#### Audit

Ernst & Young LLP was reappointed as auditors by the ZEAL Annual General Meeting on 27 June 2019. Following the relocation of the corporate seat to Hamburg, Ernst & Young LLP resigned. Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft was appointed as auditor for the Annual Financial Statements and Consolidated Financial Statements for the fiscal year 2019 by the local court of Hamburg. As of fiscal year 2019, the audit partner in charge of the audit has been Carl-Heinz Klimmer.

**Definition of target figures for the proportion of women on the Supervisory Board, Management Board and management levels; diversity**

In 2020, the Supervisory Board has set a target percentage of women for its composition of 0% until 28 February 2025.

The Supervisory Board has set the same target percentage for the Management Board, also until 28 February 2025.

Both target percentages correspond to the status quo.

The Management Board has set targets of 30% for the percentage of women at the two management levels below the Management Board in 2020, also by 28 February 2025. Currently, the percentage of women is 29% in the case of the first management level and 67% in the case of the second management level.

According to recommendation C.1 of the Code, the Supervisory Board shall specify concrete objectives for its composition and, within this framework, take diversity into account. The Supervisory Board has not resolved on the determination of specific objectives for its composition. While the Management Board and Supervisory Board are of the opinion that the current composition of the Supervisory Board fulfils the criteria set out in recommendation C.1 of the Code, all proposals for appointments to a corporate body of ZEAL Network SE are always made with a view to selecting candidates with the best qualifications and personal experience, thus complementing the composition of the committee as a whole. The Management Board and Supervisory Board are therefore of the opinion that determining objectives for the composition of the Supervisory Board are not suitable for achieving an efficient and qualified Supervisory Board. Accordingly, the Supervisory Board has also refrained from setting a minimum percentage of women above 0%.

According to recommendation B.1 of the Code, the Supervisory Board shall take diversity into account with regard to the composition of the Management Board. The Management Board and Supervisory Board are of the opinion that the current composition of the Management Board fulfils this recommendation. The above considerations regarding the composition of the Supervisory Board apply accordingly to the Management Board, for which the Supervisory Board has therefore also refrained from setting a minimum percentage of women above 0%.

According to recommendation A.1 of the Code, the Management Board should take diversity into account when filling management positions in the Company. The Management Board supports the diversity already existing in the workforce as a whole and being reflected in the composition of the two management levels below the Management Board.