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German Corporate Governance Code

Checklist for Management Board, Supervisory Board and Corporation

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A. Introduction

The "Government Commission for the German Corporate Governance Code", appointed by the federal government reviews as a rule once a year the "German Corporate Governance Code" adopted by it for the first time on 26 February 2002 (subsequently also referred to as "Code" or "GCGC") and modifies it, if required. On 7 February 2017 the Government Commission adopted the 13th amendment to the Code.

The Code presents essential statutory regulations for the management and supervision (governance) of German listed corporations and contains internationally and nationally recognised standards for good and responsible governance. Together with a description of statutory provisions and explanations the Code also contains **recommendations** which are aimed at improving the corporate governance of listed corporations. These recommendations are marked in the Code with the use of the word "**shall**". The corporations may depart from these recommendations but are then obliged to disclose this on an annual basis and to explain why ("comply or explain").

The Code also contains **suggestions**, i.e. proposals on corporate governance, which can be departed from without disclosure. The Code marks such suggestions with the use of the word "**should**".

The Code, which does not itself have the force of law, is supported by the binding provisions in the Stock Corporation Act (Aktiengesetz) and the Commercial Code (Handelsgesetzbuch). In this respect listed corporations should observe the following:

- The Management Board and the Supervisory Board of listed corporations must declare annually pursuant to § 161 of the Stock Corporation Act whether the recommendations published by the Commission of the German Corporate Governance Code in the Federal Gazette have been complied with, or which recommendations were not or are not being followed and, if not, why not. This also applies to the Management Board or Supervisory Board of a corporations which only issued securities other than shares for trading on an organised market within the meaning of § 2 (5) Securities Trading Act (Wertpapierhandelsgesetz) and whose issued shares are traded on a multilateral trading system within the meaning of § 2 (3) sentence 1 no. 8 Securities Trading Act at their own request.
- The declaration regarding the Code must be permanently accessible on the Internet page of the company pursuant to § 161 (2) Stock Corporation Act.
- If there are any departures from the declaration of conformity last made within the last 12 months which can be attributed to a change in the actual practice of the corporation the declaration has to be corrected immediately in accordance with case law of the Federal Court of Justice. If this does not happen or if some essential aspect of the declaration does not correspond to the actual practice of the corporation this constitutes a breach of law according to case law which renders resolutions to discharge the corporation bodies contestable. On the other hand, the likely prevailing opinion is that there is in principle

no obligation to update a declaration previously given owing to an amendment to the Code or statute. If the declaration is based on a specific version of the Code then it is in any case sufficient if an amendment to the Code is taken into account in the next annual declaration. However, listed corporation should review whether the declaration currently published is misleading for the capital market and should therefore be updated. If there is a duty to update before the next 12 months have expired this shall take place without undue delay and shall not trigger a new annual deadline. Indeed, the next declaration of conformity has again to be submitted and made accessible on the regular date.

- The declaration prescribed under § 161 Stock Corporation Act has to be included in the “Corporate Governance Statement” pursuant to § 289f (2) no. 1 Commercial Code.
- We have developed this checklist in order to assist the Management Board and Supervisory Board in implementing the German Corporate Governance Code. This checklist is subdivided into sections dealing with the recommendations (see the following Section B) and the suggestions (see the following Section C) in the Code, directed at the Management Board, the Supervisory Board and the corporation. If a recommendation or suggestion applies both to the Management Board and the Supervisory Board, it has, for the sake of clarity and completeness, been dealt with in relation to both bodies, i.e. twice. The relevant source reference from the Code has been given after each individual recommendation and suggestion so that the reader can easily find the reference in the Code. The version of the Code adopted by the Commission on 7 February 2017 and published in the Federal Gazette on 24 April 2017 is reproduced in full in the following Section D. Section E contains a version of the Code in which the amendments have been marked up compared with the version of 5 May 2015 which was published in the Federal Gazette on 12 June 2015.
- § 285 no. 16 Commercial Code provides that it must be stated in the notes to the annual financial statement that the declaration required pursuant to § 161 Stock Corporation Act has been made and where it can be accessed by the public. Under § 314 (1) no. 8 Commercial Code a corresponding addition to the Group Notes relating to the listed corporations included in the consolidated financial statement must be made.
- Pursuant to § 325 (1) sentence 1 no. 2 Commercial Code the declaration required pursuant to § 161 Stock Corporation Act has to be electronically filed with the operator of the Federal Gazette.

In June 2017

B. Recommendations of the German Corporate Governance Code

I. Recommendations to the Management Board

No.	Recommendation	Observed	Deviated from	Explained
	Shareholders and General Meeting			
1.	The Management Board <u>shall</u> be responsible for the appointment of a proxy to exercise shareholders' voting rights – <i>at the General Meeting*</i> – in accordance with their instructions (2.3.2 sentence 2, 1 st half sentence GCGC).			
	Cooperation between Management Board and Supervisory Board			
2.	The Management Board and Supervisory Board <u>shall</u> report annually on Corporate Governance (Corporate Governance Report), and <u>shall</u> publish this report in connection with the Corporate Governance Statement – <i>pursuant to § 289f Commercial Code*</i> – (3.10 sentence 1 GCGC).			
	Management Board			
3.	– <i>The Management Board*</i> – <u>shall</u> also institute appropriate measures reflecting the company's risk situation (Compliance Management System) and disclose the main features of those measures (4.1.3 sentence 2 GCGC).			
4.	Employees <u>shall</u> be given the opportunity to report, in a protected manner, suspected breaches of the law within the company (4.1.3 sentence 3, 1 st half sentence GCGC).			
5.	When appointing the company's executives, the Management Board <u>shall</u> consider the principle of diversity, and in particular endeavour to achieve the appropriate consideration of women for such positions (4.1.5 sentence 1 GCGC).			
6.	The Management Board <u>shall</u> consist of several members and <u>shall</u> have a Chair or Spokesperson (4.2.1 sentence 1 GCGC).			
7.	Rules of procedure <u>shall</u> govern the work of the Management Board, in particular the allocation of duties among individual Management Board members, matters reserved for the Management Board as a whole and the required majority for Management Board resolutions (unanimity or resolution by majority vote) (4.2.1 sentence 2 GCGC).			
8.	Every Management Board member <u>shall</u> disclose conflicts of interest to the Supervisory Board without undue delay and inform the other Management Board members (4.3.3 sentence 1 GCGC).			

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No.	Recommendation	Observed	Deviated from	Explained
	Management Board			
9.	Members of the Management Board <u>shall</u> only assume sideline activities, especially Supervisory Board mandates outside the company, with the approval of the Supervisory Board (4.3.4 GCGC).			
10.	The Supervisory Board appoints and dismisses the members of the Management Board. Together with the Management Board, it <u>shall</u> ensure that there is long-term succession planning (5.1.2 (1) sentences 1 and 4 GCGC).			
	Supervisory Board			
11.	Management Board members may not become a member of the corporation's Supervisory Board before two years have lapsed since the end of their appointment, unless they were elected on the proposal of shareholders holding more than 25% of the corporation's voting rights. In the latter case, appointment as Chair of the Supervisory Board <u>shall</u> be an exception that has to be justified to the General Meeting (5.4.4 GCGC).			
12.	Members of the Management Board of a listed corporation <u>shall</u> not accept more than a total of three Supervisory Board mandates in non-group listed corporations or on supervisory bodies of non-group entities that make similar requirements (5.4.5 (1) sentence 2 GCGC).			

II. Recommendations to the Supervisory Board

No.	Recommendation	Observed	Deviated from	Explained
	Cooperation between Management Board and Supervisory Board			
13.	The Management Board is responsible for keeping the Supervisory Board informed. Nevertheless, the Supervisory Board must itself ensure that it obtains sufficient information. The Supervisory Board <u>shall</u> therefore specify the Management Board's information and reporting duties in greater detail (3.4 (1) sentence 3 GCGC).			
14.	If necessary, the Supervisory Board <u>shall</u> meet without the Management Board (3.6 (2) GCGC).			
15.	The Management Board and Supervisory Board <u>shall</u> report annually on Corporate Governance (Corporate Governance Report), and <u>shall</u> publish this report in connection with the Corporate Governance Statement – <i>pursuant to § 289f Commercial Code*</i> – (3.10 sentence 1 GCGC).			
16.	Between meetings, the Supervisory Board Chair <u>shall</u> be in regular contact with the Management Board, in particular the Management Board Chair or Spokesperson, in order to discuss with them issues of strategy, planning, business development, the risk situation, risk management and compliance of the company (5.2 (3) sentence 1 GCGC).			

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No.	Recommendation	Observed	Deviated from	Explained
	Cooperation between Management Board and Supervisory Board			
17.	The Management Board Chair or Spokesperson informs the Supervisory Board Chair without undue delay of major events that are of material importance for the assessment of the company's status and performance, and for the management of the company. The Supervisory Board Chair subsequently informs the Supervisory Board and, if required, <u>shall</u> convene an extraordinary Supervisory Board meeting (5.2 (3) sentences 2 and 3 GCGC).			
	Management Board			
18.	The Management Board <u>shall</u> consist of several members and <u>shall</u> have a Chair or Spokesperson (4.2.1 sentence 1 GCGC).			
19.	Rules of procedure <u>shall</u> govern the work of the Management Board, in particular the allocation of duties among individual Management Board members, matters reserved for the Management Board as a whole and the required majority for Management Board resolutions (unanimity or resolution by majority vote) (4.2.1 sentence 2 GCGC).			
20.	– <i>When determining the total remuneration of the individual members of the Management Board*</i> – The Supervisory Board <u>shall</u> consider the ratio of Management Board remuneration to the remuneration paid to the senior management and entire staff, including its development over time, whereby the Supervisory Board determines how senior managers and other relevant staff are to be differentiated for the comparison (4.2.2 (2) sentence 3 GCGC).			
21.	If the Supervisory Board calls upon an external remuneration expert to evaluate the appropriateness of the remuneration, it <u>shall</u> ensure that the expert is independent from the Management Board and the company (4.2.2 (3) GCGC).			
22.	Monetary remuneration – <i>as an element of the remuneration structure for members of the Management Board which must be focussed on the sustainable growth of the company*</i> – <u>shall</u> comprise fixed and variable components (4.2.3 (2) sentence 2 GCGC).			
23.	Variable remuneration components generally have a multiple-year assessment basis that <u>shall</u> have essentially forward-looking characteristics (4.2.3 (2) sentence 3 GCGC).			
24.	Both positive and negative developments <u>shall</u> be taken into account when determining variable remuneration components (4.2.3. (2) sentence 4 GCGC).			
25.	The amount of remuneration <u>shall</u> be capped with maximum levels, both as regards variable components and in the aggregate (4.2.3 (2) sentence 6 GCGC).			
26.	Variable remuneration components <u>shall</u> be based on demanding and relevant comparison parameters (4.2.3 (2) sentence 7 GCGC).			

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No.	Recommendation	Observed	Deviated from	Explained
	Management Board			
27.	Subsequent amendments to the performance targets or comparison parameters – <i>in relation to the variable remuneration for the members of the Management Board*</i> – <u>shall</u> be excluded (4.2.3. (2) sentence 8 GCGC).			
28.	The Supervisory Board <u>shall</u> establish the target level of pension benefits for every pension commitment – including based on the duration of membership of the Management Board – and <u>shall</u> consider the resulting annual and long-term expense incurred by the company (4.2.3 (3) GCGC).			
29.	When contracts are entered into with Management Board members, it <u>shall</u> be ensured that payments, including fringe benefits, made to a Management Board member due to early termination of their contract do not exceed twice the annual remuneration (Severance Cap) and do not constitute remuneration for more than the remaining term of the employment contract (4.2.3 (4) sentence 1 GCGC).			
30.	The severance cap <u>shall</u> be calculated on the basis of the total remuneration paid for the previous financial year and, if appropriate, <u>shall</u> take into account the expected total remuneration for the current financial year (4.2.3 (4) sentence 3 GCGC).			
31.	Benefit commitments made in connection with the early termination of a Management Board member's activity due to a change of control (Change of Control) <u>shall</u> not exceed 150% of the severance cap (4.2.3 (5) GCGC).			
32.	The Chair of the Supervisory Board <u>shall</u> outline to one General Meeting the salient points of the remuneration system – <i>for the Management Board*</i> – and <u>shall</u> inform subsequent General Meetings about any amendments (4.2.3 (6) GCGC).			
33.	<i>Management Board remuneration – i.e. the overall remuneration of each member of the Management Board divided up pursuant to § 285 no. 9 a) Commercial Code into performance-related and non-performance-related components and components with long-term motivational effect, giving names, and the promise of payments given to the member of the Management Board in case of premature or regular termination of his activities as a member of the Management Board or which have changed during the financial year*</i> – is disclosed in the notes to the financial statements or the management report – <i>unless the General Meeting has adopted an opt-out resolution as to the individualised disclosure of the remuneration of each Management Board member*</i> –. The remuneration report, which is part of the management report, describes the principal features of the Management Board remuneration system. The description <u>shall</u> be made in a generally comprehensible way (4.2.5 (1) GCGC).			

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No.	Recommendation	Observed	Deviated from	Explained
	Management Board			
34.	The remuneration report <u>shall</u> also include information on the nature of the fringe benefits provided by the corporation (4.2.5 (2) GCGC).			
35.	In addition, the remuneration report <u>shall</u> present the following information for every Management Board member: <ul style="list-style-type: none"> — the benefits granted for the reporting period, including fringe benefits, supplemented in the case of variable remuneration components by the maximum and minimum remuneration achievable, — the benefits received for the reporting period, consisting of fixed remuneration, short-term variable remuneration and long-term variable remuneration, broken down by the relevant reference years, — the service cost incurred in/for the reporting period for pension benefits and other commitments (4.2.5 (3) GCGC). 			
36.	The Model tables provided as appendices to this document <u>shall</u> be used to disclose this information – <i>the information required under 4.2.5 (3)* – (4.2.5 (4) (GCGC)</i> .			
37.	Significant transactions – <i>of the company*</i> – with a Management Board member's related parties <u>shall</u> be subject to Supervisory Board approval (4.3.3 sentence 4 GCGC).			
38.	The Supervisory Board appoints and dismisses the members of the Management Board. When appointing Management Board members, the Supervisory Board <u>shall</u> take diversity into account (5.1.2 (1) sentences 1 and 2 GCGC).			
39.	Together with the Management Board – <i>the Supervisory Board*</i> – <u>shall</u> ensure that there is a long-term succession planning – <i>for the Management Board*</i> – (5.1.2 (1) sentence 4 GCGC).			
40.	Any re-appointment – <i>of a member of the Management Board*</i> – prior to one year before the end of an appointment period at the same time as termination of the current appointment <u>shall</u> only happen if special circumstances apply (5.1.2 (2) sentence 2 GCGC).			
41.	The Supervisory Board <u>shall</u> specify an age limit for the members of the Management Board (5.1.2 (2) sentence 3 GCGC).			
	Supervisory Board			
42.	The Supervisory Board <u>shall</u> adopt its own rules of procedure (5.1.3 GCGC).			
43.	Depending on the specific circumstances of the company and the number of Supervisory Board members, the Supervisory Board <u>shall</u> form committees of members with relevant specialist expertise (5.3.1 sentence 1 GCGC).			

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No.	Recommendation	Observed	Deviated from	Explained
	Supervisory Board			
44.	The Supervisory Board <u>shall</u> establish an Audit Committee that – <i>provided no other committee has been entrusted with this work*</i> – addresses in particular the monitoring of the accounting, the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system, the audit and compliance (5.3.2 (1) GCGC).			
45.	The Chair of the Audit Committee <u>shall</u> have specific knowledge and experience in applying accounting principles and internal control procedures (5.3.2 (3) sentence 1 GCGC).			
46.	The Chair – <i>of the Audit Committee*</i> – <u>shall</u> be independent and <u>shall</u> not be a former member of the Management Board of the corporation whose term of office ended less than two years ago (5.3.2 (3) sentence 2 GCGC).			
47.	The Chair of the Supervisory Board <u>shall</u> not chair the audit committee (5.3.2 (3) sentence 3 GCGC).			
48.	The Supervisory Board <u>shall</u> form a Nomination Committee, composed exclusively of shareholder representatives, which proposes suitable candidates to the Supervisory Board for its recommendations to the General Meeting (5.3.3 GCGC).			
49.	The Supervisory Board <u>shall</u> determine concrete objectives regarding its composition, and <u>shall</u> prepare a profile of skills and expertise for the entire Board (5.4.1 (2) sentence 1 GCGC).			
50.	Within the company-specific situation the composition of the Supervisory Board <u>shall</u> reflect appropriately the international activities of the company, potential conflicts of interest, the number of independent Supervisory Board members within the meaning of number 5.4.2, an age limit and a regular limit to Supervisory Board members' term of office, both to be specified, as well as diversity (5.4.1 (2) sentence 2 GCGC).			
51.	Proposals by the Supervisory Board to the General Meeting <u>shall</u> take these targets – <i>to be determined by the Supervisory Board pursuant to 5.4.1 (2) sentence 1 GCGC*</i> – into account, while simultaneously aiming at fulfilling the overall profile of required skills and expertise – <i>to be prepared by the Supervisory Board pursuant to 5.4.1 (2) sentence 1 GCGC*</i> – of the Supervisory Board (5.4.1 (4) sentence 1 GCGC).			
52.	The implementation status – <i>of the concrete objectives determined by the Supervisory Board regarding its composition and the profile of skills and expertise for the entire Supervisory Board prepared by the Supervisory Board pursuant to 5.4.1 (2) sentence 1 GCGC*</i> – <u>shall</u> be published in the Corporate Governance Report (5.4.1 (4) sentence 2 GCGC).			
53.	– <i>The Corporate Governance Report*</i> – <u>shall</u> also provide information about what the Supervisory Board regards as the appropriate number of independent Supervisory Board members representing shareholders, and the names of these members (5.4.1 (4) sentence 3 GCGC).			

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No.	Recommendation	Observed	Deviated from	Explained
	Supervisory Board			
54.	When making its proposals to the General Meeting concerning the election of new members to the Supervisory Board, the Supervisory Board <u>shall</u> satisfy itself that the respective candidates are able to devote the expected amount of time required (5.4.1 (5) sentence 1 GCGC).			
55.	The proposal for a candidate <u>shall</u> be accompanied by a curriculum vitae, providing information on the candidate's relevant knowledge, skills and experience (5.4.1 (5) sentence 2, 1 st half sentence GCGC).			
56.	– <i>The curriculum vitae pursuant to 5.4.1 (5) sentence 2, 1st half sentence GCGC*</i> – <u>shall</u> be supplemented by an overview of the candidate's material activities in addition to the Supervisory Board mandate (5.4.1 (5) sentence 2, 2 nd half sentence GCGC).			
57.	– <i>The curriculum vitae pursuant to 5.4.1 (5) sentence 2, 1st half sentence GCGC</i> – <u>shall</u> be updated annually for all Supervisory Board members and published on the company's website (5.4.1 (5) sentence 2, 2 nd half sentence GCGC).			
58.	In its election proposals to the General Meeting, the Supervisory Board <u>shall</u> disclose the personal and business relationships of every candidate with the company, the governing bodies of the corporation and any shareholders with a material interest in the corporation. The disclosure recommendation is limited to information and circumstances that, in the appraisal of the Supervisory Board, an objectively judging shareholder would consider decisive for their election decision. A material interest in the meaning of this recommendation refers to shareholders who directly or indirectly hold more than 10% of the voting shares of the corporation (5.4.1 (6) to (8) GCGC).			
59.	The Supervisory Board <u>shall</u> include what it considers to be an appropriate number of independent members. Within the meaning of this recommendation, Supervisory Board members are to be considered non-independent in particular if they have a personal or business relationship with the corporation, its governing bodies, a controlling shareholder or a company affiliated with the controlling shareholder that may cause a substantial and not merely temporary conflict of interest (5.4.2 sentence 1, 1 st half sentence and sentence 2 GCGC).			
60.	The Supervisory Board <u>shall</u> – <i>while considering the appropriate number of independent members of the Supervisory Board pursuant to 5.4.2 sentence 1, 1st half sentence GCGC take*</i> – into account the shareholder structure.			
61.	No more than two former members of the Management Board <u>shall</u> be members of the Supervisory Board (5.4.2 sentence 3 GCGC).			
62.	Members of the Supervisory Board <u>shall</u> not be members of governing bodies of, or exercise advisory functions at, significant competitors of the company (5.4.2 sentence 4 GCGC).			

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No.	Recommendation	Observed	Deviated from	Explained
	Supervisory Board			
63.	Supervisory Board members <u>shall</u> be elected individually (5.4.3 sentence 1 GCGC).			
64.	Where an application is made for the appointment of a Supervisory Board member by the Court, the term of that member <u>shall</u> be limited until the next General Meeting (5.4.3 sentence 2 GCGC).			
65.	Proposed candidates for the Supervisory Board Chair <u>shall</u> be announced to the shareholders (5.4.3 sentence 3 GCGC).			
66.	Management Board members may not become a member of the corporation's Supervisory Board before two years have lapsed since the end of their appointment, unless they were elected on the proposal of shareholders holding more than 25% of the corporation's voting rights. In the latter case, appointment as Chair of the Supervisory Board <u>shall</u> be an exception that has to be justified to the General Meeting (5.4.4 GCGC).			
67.	Members of the Management Board of a listed corporation <u>shall</u> not accept more than a total of three Supervisory Board mandates in non-group listed corporations or on supervisory bodies of non-group entities that make similar requirements (5.4.5 (1) sentence 2 GCGC).			
68.	If, in any given financial year, any member of the Supervisory Board attended half or less than half of the meetings of the Supervisory Board or the committees of which they are a member, this fact <u>shall</u> be noted in the report of the Supervisory Board. Participation by telephone or video conference also counts as attendance, [...] (5.4.7 sentences 1 and 2, 1 st half sentence GCGC).			
69.	Each member of the Supervisory Board <u>shall</u> inform the Supervisory Board of any conflicts of interest, particularly if they could arise as a result of an advisory or governing body function at clients, suppliers, lenders or other third parties (5.5.2 GCGC).			
70.	In its report, the Supervisory Board <u>shall</u> inform the General Meeting of any conflicts of interest that have arisen and how they were addressed (5.5.3 sentence 1 GCGC).			
71.	Material conflicts of interest involving a member of the Supervisory Board that are not merely temporary <u>shall</u> result in the termination of that member's Supervisory Board mandate (5.5.3 sentence 2 GCGC).			
72.	The Supervisory Board <u>shall</u> review the efficiency of its activities on a regular basis (5.6 GCGC).			

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No.	Recommendation	Observed	Deviated from	Explained
	Reporting and Audit of the Annual Financial Statement			
73.	The Management Board <u>shall</u> reason interim financial information with the Supervisory Board or its Audit Committee before being published (7.1.2 sentence 2 GCGC).			
74.	Prior to submitting a proposal for election – <i>of an auditor*</i> –, the Supervisory Board or the Audit Committee <u>shall</u> obtain a statement from the proposed auditor stating whether and, where applicable, which business, financial, personal or other relationships exist between the auditor and its governing bodies and lead auditors on the one hand, and the company and the members of its governing bodies on the other, that could call its independence into question (7.2.1 (1) sentence 1 GCGC).			
75.	This statement – <i>from the auditor provided under 7.2.1 (1) sentence 1 GCGC*</i> – <u>shall</u> also include the extent to which other services were provided for the company over the past financial year, especially in the area of consulting, or that have been contracted for the following year (7.2.1 (1) sentence 2 GCGC).			
76.	The Supervisory Board <u>shall</u> agree with the auditor that the Chair of the Supervisory Board or the Audit Committee will be informed, without undue delay, of any grounds for exclusion or disqualification due to impairment of the auditor's independence that occur during the audit, unless any such grounds are eliminated immediately (7.2.1 (2) GCGC).			
77.	The Supervisory Board <u>shall</u> arrange for the auditor to report, without undue delay, on all findings and issues of importance for the tasks of the Supervisory Board which come to the knowledge of the auditor during the performance of the audit (7.2.3 (1) GCGC).			
78.	The Supervisory Board <u>shall</u> arrange for the auditor to inform it or note in the long-form audit report if, during the performance of the audit, the auditor identifies any facts that indicate an inaccuracy in the declaration on the Code issued by the Management Board and Supervisory Board (7.2.3 (2) GCGC).			

III. Recommendations to the Corporation

No.	Recommendation	Observed	Deviated from	Explained
	Shareholders and General Meeting			
79.	The corporation <u>shall</u> facilitate the exercise of shareholders' rights in person or by proxy – <i>in the General Meeting*</i> – (2.3.2 sentence 1 GCGC).			
80.	The remuneration of Supervisory Board members is specified by resolution of the General Meeting or in the Articles of Association. The status as Chair or deputy Chair of the Supervisory Board, as well as Chair or membership of a committee, <u>shall</u> also be taken into consideration in this context (5.4.6 (1) GCGC).			

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No.	Recommendation	Observed	Deviated from	Explained
	Shareholders and General Meeting			
81.	If members of the Supervisory Board are granted performance-related remuneration, <u>it shall</u> be linked to sustainable growth of the company (5.4.6 (2) sentence 2 GCGC).			
	Supervisory Board			
82.	A similar deductible – i.e. <i>of at least 10% of the loss up to at least the amount of one and a half times the fixed annual compensation of the member of the Supervisory Board*</i> – <u>shall</u> be agreed in any D&O policy for the Supervisory Board (3.8 (3) GCGC).			
83.	The members of the Supervisory Board take responsibility for undertaking any training or professional development measures necessary to fulfil their duties. The corporation <u>shall</u> adequately support them in this regard (5.4.5 (2) GCGC).			
	Transparency			
84.	The corporation <u>shall</u> keep previous Declarations of Conformity with the Code available on its website for a period of five years (3.10 sentence 3 GCGC).			
85.	Management Board remuneration – i.e. <i>the overall remuneration of each member of the Management Board divided up pursuant to § 285 no. 9 a) Commercial Code into performance-related and non-performance-related components and components with long-term motivational effect, giving names, and the promise of payments given to the member of the Management Board in case of premature or regular termination of his activities as a member of the Management Board or which have changed during the financial year*</i> – is disclosed in the notes to the financial statements or the management report – <i>unless the General Meeting has adopted an opt-out resolution as to the individualised disclosure of the remuneration of each Management Board member*</i> –. The remuneration report, which is part of the management report, describes the principal features of the Management Board remuneration system. The description <u>shall</u> be made in a generally comprehensible way (4.2.5 (1) GCGC).			
86.	The remuneration report <u>shall</u> also include information on the nature of the fringe benefits provided by the corporation (4.2.5 (2) GCGC).			
87.	In addition, the remuneration report <u>shall</u> present the following information for every Management Board member: <ul style="list-style-type: none"> — the benefits granted for the reporting period, including fringe benefits, supplemented in the case of variable remuneration components by the maximum and minimum remuneration achievable; — the benefits received for the reporting period, consisting of fixed remuneration, short-term variable remuneration and long-term variable remuneration, broken down by the relevant reference years; — the service cost incurred in/for the reporting period for pension benefits and other commitments (4.2.5 (3) GCGC). 			

* Italicized words are not part of the German Corporate Governance Code, but merely serve to aid comprehension.

No.	Recommendation	Observed	Deviated from	Explained
	Transparency			
88.	The Model tables provided as appendices to this document <u>shall</u> be used to disclose this information – <i>the information required under 4.2.5 (3)* – (4.2.5 (4) (GCGC).</i>			
89.	The remuneration of Supervisory Board members <u>shall</u> be disclosed individually in the notes to the financial statements or the management report, classified by remuneration components (5.4.6 (3) sentence 1 GCGC).			
90.	Payments made or benefits granted by the company to Supervisory Board members for personal services, particularly advisory or agency services, <u>shall</u> also be disclosed separately on an individual basis (5.4.6 (3) sentence 2 GCGC).			
91.	All other things being equal, the corporation will ensure equal treatment of all shareholders in respect of information. The corporation <u>shall</u> disclose to shareholders, without undue delay, all material new facts made available to financial analysts and similar addressees (6.1 GCGC).			
92.	As part of regular information policy, the corporation <u>shall</u> disclose in a “financial calendar” on its website, giving sufficient advance notice, the publication dates of the annual reports and interim financial information as well as the dates of the General Meeting, the annual report press conferences and analyst conferences (6.2 GCGC).			
	Reporting and Audit of the Annual Financial Statement			
93.	If the corporation is not required to publish quarterly statements, it <u>shall</u> still inform shareholders during the course of the year in an appropriate way – <i>in addition to the half-year financial report</i> – about business developments, and in particular about material changes in the business outlook and the risk situation (7.1.1 sentence 2 GCGC).			
94.	The consolidated financial statements and the group management report <u>shall</u> be made publicly accessible within 90 days from the end of the financial year (7.1.2 sentence 3, 1 st half sentence GCGC).			
95.	Mandatory interim financial information <u>shall</u> be made publicly accessible within 45 days from the end of the reporting period (7.1.2 sentence 3, 2 nd half sentence GCGC).			
96.	The Corporate Governance Report <u>shall</u> contain specific information on stock option programmes and similar securities-based incentive systems of the corporation, unless this information is already provided in the annual financial statements, the consolidated financial statements or the remuneration report (7.1.3 GCGC).			
97.	Relationships with shareholders classified as related parties within the meaning of the applicable financial reporting requirements <u>shall</u> be explained in the consolidated financial statements (7.1.4 GCGC).			

* Italicized words are not part of the German Corporate Governance Code, but merely serve to aid comprehension.

C. Suggestions of the German Corporate Governance Code

I. Suggestions to the Management Board

Nr.	Suggestion	Notes
	Shareholders and General Meeting	
1.	– <i>The proxy to exercise shareholders' voting rights in accordance with instructions appointed by the company*</i> – <u>should</u> also be reachable during the General Meeting (2.3.2 sentence 2, 2 nd half sentence GCGC).	
	Cooperation between Management Board and Supervisory Board	
2.	Comments <u>should</u> be provided on the suggestions made in the Code – <i>in the annual Corporate Governance Report by the Management Board and the Supervisory Board according to 3.10 sentence 1 GCGC*</i> – (3.10 sentence 2 GCGC).	
	Management Board	
3.	In the event of a takeover offer, the Management Board <u>should</u> convene an Extraordinary General Meeting at which shareholders will discuss the takeover offer and, if appropriate, decide on corporate actions (3.7 (3) GCGC).	
4.	Third parties <u>should</u> also be given this opportunity – <i>to report, in a protected manner, suspected breaches of the law within the company*</i> – (4.1.3 sentence 3, 2 nd half sentence GCGC).	
5.	Early disbursements of multiple-year, variable remuneration components – <i>of the remuneration of the Management Board*</i> – <u>should</u> not be permitted (4.2.3 (2) sentence 9 GCGC).	

* Italicized words are not part of the German Corporate Governance Code, but merely serve to aid comprehension.

II. Suggestions to the Supervisory Board

No.	Suggestion	Notes
	Shareholders and General Meeting	
6.	In this context, the Chair – <i>of the General Meeting*</i> – <u>should</u> take into account that the Annual General Meeting be completed after four to six hours (2.2.4 sentence 2 GCGC).	
	Cooperation between Management Board and Supervisory Board	
7.	Comments <u>should</u> be provided on the suggestions made in the Code – <i>in the annual Corporate Governance Report by the Management Board and the Supervisory Board according to 3.10 sentence 1 GCGC*</i> – (3.10 sentence 2 GCGC).	
	Supervisory Board	
8.	For first-time appointments – <i>of members of the Management Board*</i> –, the maximum permissible appointment period of five years <u>should</u> not be applied as a rule (5.1.2. (2) sentence 1 GCGC).	
9.	The Supervisory Board Chair <u>should</u> be available – <i>within reasonable limits</i> – to discuss Supervisory Board-related issues with investors (5.2 (2) GCGC).	
10.	Participation – <i>of members of the Supervisory Board in meetings of the Supervisory Board and of the committees to which they belong*</i> – by telephone or video conference also counts as attendance, but this <u>should</u> not be the rule (5.4.7 sentence 2 GCGC).	

III. Suggestions to the Corporation

No.	Suggestion	Notes
	Shareholders and General Meeting	
11.	The corporation <u>should</u> make arrangements to allow shareholders to follow the General Meeting using modern means of communication (e.g. via the Internet) (2.3.3 GCGC).	

* Italicized words are not part of the German Corporate Governance Code, but merely serve to aid comprehension.

D. German Corporate Governance Code

German Corporate Governance Code

(as amended on 7 February 2017)*

1 Foreword

The German Corporate Governance Code (the "Code") incorporates significant statutory requirements for the management and supervision (governance) of German listed corporations and contains internationally and nationally accepted standards of good and responsible governance. The objective of the Code is to make the German Corporate Governance system transparent and understandable. It aims to promote confidence in the management and supervision of German listed corporations by international and national investors, customers, employees and the general public.

The Code highlights the obligation of the Management and Supervisory Boards to ensure the continued existence of the company and its sustainable value creation in line with the principles of the social market economy (the company's best interests). These principles not only require compliance with the law, but also ethically sound and responsible behaviour (the "reputable businessperson" concept, *Leitbild des Ehrbaren Kaufmanns*).

Institutional investors are of particular importance to companies. They are expected to exercise their ownership rights actively and responsibly, in accordance with transparent principles that also respect the concept of sustainability.

A dual board management system is required by law for German stock corporations.

The Management Board is responsible for managing the company. Its members are jointly

accountable for managing the company. The Chair coordinates the work of the Management Board.

The Supervisory Board appoints, supervises and advises the members of the Management Board, and is directly involved in decisions of fundamental importance to the company. The Chair of the Supervisory Board coordinates the work of the Supervisory Board.

The members of the Supervisory Board are elected by the shareholders at the corporation's General Meeting. 30% of Supervisory Board members of companies with more than 500 employees in Germany have to be employee representatives. The statutory percentage of employee representatives is 50% for companies with more than 2,000 employees in Germany. For companies with more than 2,000 employees, the Chair of the Supervisory Board, who is almost always a shareholder representative, has the casting vote in case of tied votes. Shareholder representatives and employee representatives are obliged in equal measure to act in the best interests of the company.

Alternatively, German corporations may choose the legal structure of the European Company (Societas Europaea, SE), an internationally widespread legal structure that provides for a one-tier system of governance (Administrative Board).

At European Companies, the extent and organisation of co-determination is generally subject to an arrangement established between

* Note: Amendments vis-à-vis the previous version are not marked in the following text. There is a corresponding marked version in section E. There is an archive with all former versions of the Code on the webpage of the Government Commission Deutscher Corporate Governance Kodex (www.dcgk.de)

management and employee representatives. All employees in the EU member states are covered by co-determination.

The financial reporting of German companies is governed by the "true and fair view" principle and must give a true and fair view of the net assets, financial status and results of operations of the company.

Recommendations of the Code are indicated in the text by using the word "**shall**". Corporations may depart from recommendations, but in this case they are obliged to disclose and explain any departures each year (comply or explain). This enables corporations to reflect sector- or company-specific requirements. Well-justified departures from recommendations of the Code may be in the best interests of good corporate governance. Thus, the Code contributes to greater flexibility and more self-regulation in the German corporate constitution. Additionally, the Code contains **suggestions** from which corporations may depart without disclosure; suggestions are indicated in the text by using the word "**should**". The remaining passages of the Code that do not use these words relate to descriptions of statutory requirements and explanations.

Code stipulations covering not only the corporation itself but also its group entities use the word "company" rather than "corporation".

Primarily, the Code addresses listed corporations and corporations with access to capital markets pursuant to section 161 (1) sentence 2 of the Stock Corporation Act. Corporations whose securities are not publicly traded are also encouraged to follow the Code.

Listed credit institutions and insurance undertakings are subject to the applicable prudential requirements, which are not reflected in the Code.

As a rule, the Code is reviewed annually in light of national and international developments and is adapted if necessary.

2 Shareholders and the General Meeting

2.1 Shareholders

2.1.1 Shareholders exercise their rights before or during the General Meeting, as provided by law and the Articles of Association, and thereby exercise their voting rights.

2.1.2 In principle, each share carries one vote. There are no shares with multiple voting rights, preferential voting rights (golden shares) or maximum voting rights.

2.2 General Meeting

2.2.1 The Management Board submits to the General Meeting the annual financial statements, the management report, the consolidated financial statements and the group management report. The General Meeting adopts resolutions on the appropriation of net profit, approves the actions of the Management Board and the Supervisory Board by way of discharge and, as a rule, elects the shareholder representatives to the Supervisory Board and the auditor.

The General Meeting also adopts resolutions on the content of the Articles of Association, in particular the purpose of the corporation and essential structural measures such as inter-company agreements and transformations, the issuance of new shares, convertible bonds and bonds with warrants, as well as the authorisation to purchase own shares. It can adopt resolutions approving the remuneration system for members of the Management Board.

2.2.2 Shareholders generally have pre-emptive rights corresponding to their interest in the share capital when new shares are issued.

2.2.3 Every shareholder has the right to attend the General Meeting, to take the floor on matters on the agenda and to submit relevant questions and motions.

2.2.4 The Chair of the meeting is responsible for the expeditious progress of the General Meeting. In this context, the Chair should take into account that the Annual General Meeting be completed after four to six hours.

2.3 Invitation to the General Meeting, Proxies

2.3.1 The Management Board must convene the General Meeting at least once a year, disclosing the items on the agenda. Groups of minority shareholders are entitled to require the convening of a General Meeting and the extension of the agenda. The notice convening the General Meeting and the reports and other documents required by law, including the annual report, must be made easily accessible to the shareholders on the corporation's website, together with the agenda.

2.3.2 The corporation shall facilitate the exercise of shareholders' rights in person or by proxy. The Management Board shall be responsible for the appointment of a proxy to exercise shareholders' voting rights in accordance with their instructions; the proxy should also be reachable during the General Meeting.

2.3.3 The corporation should make arrangements to allow shareholders to follow the General Meeting using modern means of communication (e.g. via the Internet).

3 Cooperation between Management Board and Supervisory Board

3.1 The Management Board and Supervisory Board cooperate closely to the benefit of the company.

3.2 The Management Board coordinates the company's strategic approach with the Supervisory Board and discusses the current state of strategy implementation with the Supervisory Board at regular intervals.

3.3 The Articles of Association or – if applicable also in the case of individual transactions – the Supervisory Board stipulate that transactions of fundamental importance are subject to approval by the Supervisory Board. They include decisions or measures that fundamentally change the company's net assets, financial status or results of operations.

3.4 The Management Board is responsible for keeping the Supervisory Board informed. Nevertheless, the Supervisory Board must itself ensure that it obtains sufficient information. The Supervisory Board shall therefore specify the Management Board's information and reporting duties in greater detail.

The Management Board informs the Supervisory Board regularly, without delay and comprehensively about all issues that are relevant to the company regarding strategy, planning, business development, the risk situation, risk management and compliance. The Management Board addresses departures in the current business development from its existing projections and targets, indicating the reasons for any such departures.

The Management Board's reports to the Supervisory Board are, as a rule, to be submitted in text form. Wherever possible, documents required for decisions are sent to the members of the Supervisory Board in good time before the meeting.

3.5 Good corporate governance requires an open dialogue between the Management Board and Supervisory Board as well as between the members of these individual Boards. Comprehensive observance of confidentiality is of paramount importance in this regard.

All Board members ensure that the employees used by them in support functions comply with the obligation of confidentiality in the same way.

3.6 In Supervisory Boards governed by co-determination, shareholder representatives and employee representatives can prepare Supervisory Board meetings separately, involving members of the Management Board, if needed.

If necessary, the Supervisory Board shall meet without the Management Board.

3.7 In the event of a takeover offer, the Management Board and Supervisory Board of the target corporation must issue a statement of their reasoned position, enabling the shareholders to make an informed decision on the offer.

After the announcement of a takeover offer, the Management Board must not – until publication of the result – take any actions that could prevent the success of the offer, unless such actions are permitted under applicable law. In making their decisions, the Management Board and Supervisory Board are bound to observe the best interests of the shareholders and the company.

In the event of a takeover offer, the Management Board should convene an extraordinary General Meeting at which shareholders discuss the takeover offer and may decide on corporate actions.

3.8 The members of the Management Board and Supervisory Board comply with the rules of proper corporate management. If they violate the duty of due care and diligence of a prudent and conscientious manager or Supervisory Board member, they will be held liable to the corporation for damages. However, a business decision is not regarded as a violation of duty if the member of the Management Board or Supervisory Board could reasonably presume that he or she was acting on an informed basis in the best interests of the corporation (business judgement rule).

If the corporation takes out a D&O (directors' and officers' liability insurance) policy for the Management Board, a deductible of at least 10% of the loss up to at least the amount of one and a half times the fixed annual remuneration

of the Management Board member must be agreed.

A similar deductible shall be agreed in any D&O policy for the Supervisory Board.

- 3.9 Extending loans from the company to members of the Management Board or Supervisory Board or their relatives requires the approval of the Supervisory Board.
- 3.10 The Management Board and Supervisory Board shall report annually on Corporate Governance (Corporate Governance Report), and shall publish this report in connection with the Corporate Governance Statement. Comments should be provided on the suggestions made in the Code. The corporation shall keep previous Declarations of Conformity with the Code available on its website for a period of five years.

4 Management Board

4.1 Tasks and Responsibilities

- 4.1.1 The Management Board assumes full responsibility for managing the company in the best interests of the company, meaning that it considers the needs of the shareholders, the employees and other stakeholders, with the objective of sustainable value creation.
- 4.1.2 The Management Board develops the strategy for the company, agrees it with the Supervisory Board and ensures its implementation.
- 4.1.3 The Management Board ensures that all provisions of law and the company's internal policies are complied with, and endeavours to achieve their compliance by the group entities (Compliance). It shall also institute appropriate measures reflecting the company's risk situation (Compliance Management System) and disclose the main features of those measures. Employees shall be given the opportunity to report, in a protected manner, suspected breaches of the law within the company; third parties should also be given this opportunity.
- 4.1.4 The Management Board ensures appropriate risk management and risk control in the company.
- 4.1.5 When appointing the company's executives, the Management Board shall consider the principle of diversity, and in particular endeavour to achieve the appropriate consideration of women for such positions. The Management Board lays down targets for increasing the share of women in the

two management levels below the Management Board.

4.2 Composition and Remuneration

- 4.2.1 The Management Board shall consist of several members and shall have a Chair or Spokesperson. Rules of procedure shall govern the work of the Management Board, in particular the allocation of duties among individual Management Board members, matters reserved for the Management Board as a whole and the required majority for Management Board resolutions (unanimity or resolution by majority vote).
- 4.2.2 The full Supervisory Board determines the total remuneration for each Management Board member. If the contracts of Management Board members are dealt with by a committee, the committee submits its proposals to the Supervisory Board for approval in plenary session. The full Supervisory Board resolves the Management Board remuneration system and reviews it regularly.

The total remuneration of each Management Board member is determined by the Supervisory Board in plenary session based on a performance evaluation, taking into consideration any payments made by group entities. The criteria for determining the appropriateness of remuneration consist of the duties of the individual member of the Management Board, their personal performance, the economic situation, the performance and future prospects of the company as well as the customary level of remuneration that takes into account peer corporations as well as the remuneration structure in place elsewhere in the corporation. The Supervisory Board shall consider the ratio of Management Board remuneration to the remuneration paid to the senior management and entire staff, including its development over time, whereby the Supervisory Board determines how senior managers and other relevant staff are to be differentiated for the comparison.

If the Supervisory Board calls upon an external remuneration expert to evaluate the appropriateness of the remuneration, it shall ensure that the expert is independent from the Management Board and the company.

- 4.2.3 The total remuneration of Management Board members comprises monetary remuneration components, pension commitments, other commitments (especially in the event of termination of activity), fringe benefits of all kinds as well as benefits from third parties that were promised or granted during the financial

year for the work performed on the Management Board.

The remuneration structure must be focussed on the sustainable growth of the company. Monetary remuneration shall comprise fixed and variable components. Variable remuneration components generally have a multiple-year assessment basis that shall have essentially forward-looking characteristics. Both positive and negative developments shall be taken into account when determining variable remuneration components. All remuneration components must be appropriate, both individually and in the aggregate, and in particular must not encourage the recipients to take unreasonable risks. The amount of remuneration shall be capped with maximum levels, both as regards variable components and in the aggregate. Variable remuneration components shall be based on demanding and relevant comparison parameters. Subsequent amendments to the performance targets or comparison parameters shall be excluded. Early disbursements of multiple-year, variable remuneration components should not be permitted.

The Supervisory Board shall establish the target level of pension benefits for every pension commitment – including based on the duration of membership of the Management Board – and shall consider the resulting annual and long-term expense incurred by the company.

When contracts are entered into with Management Board members, it shall be ensured that payments, including fringe benefits, made to a Management Board member due to early termination of their contract do not exceed twice the annual remuneration (Severance Cap) and do not constitute remuneration for more than the remaining term of the employment contract. If the employment contract of a Management Board member is terminated for good cause for which the Management Board member is responsible, no payments are made to that Management Board member. The severance cap shall be calculated on the basis of the total remuneration paid for the previous financial year and, if appropriate, shall take into account the expected total remuneration for the current financial year.

Benefit commitments made in connection with the early termination of a Management Board member's activity due to a change of control (Change of Control) shall not exceed 150% of the severance cap.

The Chair of the Supervisory Board shall outline to one General Meeting the salient points of the remuneration system and shall inform subsequent General Meetings about any amendments.

4.2.4 The total remuneration of every Management Board member is to be disclosed, indicating their name, and classified by fixed and variable remuneration components. The same applies to benefit commitments granted to Management Board members in the event of early or regular termination of Management Board activity, and to benefit commitments amended during the respective financial year. There is no disclosure, if the General Meeting resolves this with a three-quarters majority.

4.2.5 Management Board remuneration is disclosed in the notes to the financial statements or the management report. The remuneration report, which is part of the management report, describes the principal features of the Management Board remuneration system. The description shall be made in a generally comprehensible way.

The remuneration report shall also include information on the nature of the fringe benefits provided by the corporation.

In addition, the remuneration report shall present the following information for every Management Board member:

- the benefits granted for the reporting period, including fringe benefits, supplemented in the case of variable remuneration components by the maximum and minimum remuneration achievable,
- the benefits received for the reporting period, consisting of fixed remuneration, short-term variable remuneration and long-term variable remuneration, broken down by the relevant reference years,
- the service cost incurred in/for the reporting period for pension benefits and other commitments.

The model tables provided as appendices to this document shall be used to disclose this information.

4.3 Conflicts of Interest

4.3.1 Members of the Management Board are bound to observe the best interests of the company. When taking decisions, they must not pursue any personal interests, they are subject to comprehensive non-competition arrangements

during their term of office and they must not exploit for themselves business opportunities to which the company is entitled.

- 4.3.2 Members of the Management Board and employees must not demand or accept inappropriate benefits from third parties for themselves or for any other person in connection with their work rendered for the company, nor should they grant inappropriate benefits to third parties.
- 4.3.3 Every Management Board member shall disclose conflicts of interest to the Supervisory Board without undue delay and inform the other Management Board members. All transactions between the company and Management Board members, including their related parties, must comply with standards customary to the sector. The Supervisory Board represents the corporation in transactions with members of the Management Board. Significant transactions with a Management Board member's related parties shall be subject to Supervisory Board approval.
- 4.3.4 Members of the Management Board shall only assume sideline activities, especially Supervisory Board mandates outside the company, with the approval of the Supervisory Board.

5 **Supervisory Board**

5.1 **Tasks and Responsibilities**

- 5.1.1 The task of the Supervisory Board is to regularly advise and supervise the Management Board in its management of the company. It must be involved in all decisions of fundamental importance to the company.
- 5.1.2 The Supervisory Board appoints and dismisses the members of the Management Board. When appointing Management Board members, the Supervisory Board shall take diversity into account. The Supervisory Board determines targets for the share of female Management Board members. Together with the Management Board, it shall ensure that there is long-term succession planning. The Supervisory Board is free to delegate to committees the preparations for appointing Management Board members and the elaboration of the conditions in the employment contracts, including remuneration.

For first-time appointments, the maximum permissible appointment period of five years should not be applied as a rule. Any re-appointment prior to one year before the end of an appointment period at the same time as termination of the

current appointment shall only happen if special circumstances apply. The Supervisory Board shall specify an age limit for the members of the Management Board.

- 5.1.3 The Supervisory Board shall adopt its own rules of procedure.

5.2 **Duties and Authorities of the Supervisory Board Chair**

The Supervisory Board Chair is elected by the Supervisory Board from among its members. The Chair coordinates the activities of the Supervisory Board, chairs its meetings and safeguards the matters of the Supervisory Board externally.

The Supervisory Board Chair should be available – within reasonable limits – to discuss Supervisory Board-related issues with investors.

Between meetings, the Supervisory Board Chair shall be in regular contact with the Management Board, in particular the Management Board Chair or Spokesperson, in order to discuss with them issues of strategy, planning, business development, the risk situation, risk management and compliance of the company. The Management Board Chair or Spokesperson informs the Supervisory Board Chair without undue delay of major events that are of material importance for the assessment of the company's status and performance, and for the management of the company. The Supervisory Board Chair subsequently informs the Supervisory Board and, if required, shall convene an extraordinary Supervisory Board meeting.

5.3 **Establishment of Committees**

- 5.3.1 Depending on the specific circumstances of the company and the number of Supervisory Board members, the Supervisory Board shall form committees of members with relevant specialist expertise. The committee Chairs report regularly to the Supervisory Board on the work of their committees.
- 5.3.2 The Supervisory Board shall establish an Audit Committee that – provided no other committee has been entrusted with this work – addresses in particular the monitoring of the accounting, the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system, the audit and compliance.

The Audit Committee submits to the Supervisory Board a reasoned recommendation for the appointment of the auditor, which comprises at

least two candidates if the audit engagement is put out to tender. The Audit Committee monitors the auditor's independence and concerns itself with the additional services rendered by the auditor, the issuance of the audit engagement, the determination of the key audit areas and the fee agreement.

The Chair of the Audit Committee shall have specific knowledge and experience in applying accounting principles and internal control procedures. The Chair shall be independent and shall not be a former member of the Management Board of the corporation whose term of office ended less than two years ago. The Chair of the Supervisory Board shall not chair the audit committee.

5.3.3 The Supervisory Board shall form a Nomination Committee, composed exclusively of shareholder representatives, which proposes suitable candidates to the Supervisory Board for its recommendations to the General Meeting.

5.4 Composition and Remuneration

5.4.1 The composition of the Supervisory Board has to ensure that its members collectively have the knowledge, skills, and professional expertise required to properly perform all duties.

The Supervisory Board shall determine concrete objectives regarding its composition, and shall prepare a profile of skills and expertise for the entire Board. Within the company-specific situation the composition of the Supervisory Board shall reflect appropriately the international activities of the company, potential conflicts of interest, the number of independent Supervisory Board members within the meaning of number 5.4.2, an age limit and a regular limit to Supervisory Board members' term of office, both to be specified, as well as diversity. The specific requirements of the co-determination acts (*Mitbestimmungsgesetze*) in regard of the elected employee representatives have to be taken into account.

In listed corporations subject to the Co-determination Act, the Co-determination Act for the Coal, Iron and Steel Industry (*Montan-Mitbestimmungsgesetz*) or the Act Supplementing the Codetermination Act for the Coal, Iron and

Steel Industry (*Mitbestimmungsergänzungsgesetz*), the Supervisory Board comprises at least 30% women and at least 30% men.* In other corporations subject to the Gender Equality Act (*Gleichstellungsgesetz*), the Supervisory Board determines targets for the share of female members.

Proposals by the Supervisory Board to the General Meeting shall take these targets into account, while simultaneously aiming at fulfilling the overall profile of required skills and expertise of the Supervisory Board. The implementation status shall be published in the Corporate Governance Report. This report shall also provide information about what the Supervisory Board regards as the appropriate number of independent Supervisory Board members representing shareholders, and the names of these members.

When making its proposals to the General Meeting concerning the election of new members to the Supervisory Board, the Supervisory Board shall satisfy itself that the respective candidates are able to devote the expected amount of time required. The proposal for a candidate shall be accompanied by a curriculum vitae, providing information on the candidate's relevant knowledge, skills and experience; it shall be supplemented by an overview of the candidate's material activities in addition to the Supervisory Board mandate, and shall be updated annually for all Supervisory Board members and published on the company's website.

In its election proposals to the General Meeting, the Supervisory Board shall disclose the personal and business relationships of every candidate with the company, the governing bodies of the corporation and any shareholders with a material interest in the corporation.

The disclosure recommendation is limited to information and circumstances that, in the appraisal of the Supervisory Board, an objectively judging shareholder would consider decisive for their election decision.

A material interest in the meaning of this recommendation refers to shareholders who directly or indirectly hold more than 10% of the voting shares of the corporation.

* With effect from 1 January 2016, the minimum share of 30 percent respectively for men and women members of the Supervisory Board must be observed in any new elections or delegations that become necessary for filling individual or several positions on a Supervisory Board (Law on Equal Participation of Men and Women in Private-Sector and Public-Sector Management Positions, Section 25 Subsection 1 EG-AktG (Introductory Law of the German Stock Corporation Act), German Federal Gazette I. 2015, 642, 656).

5.4.2 The Supervisory Board shall include what it considers to be an appropriate number of independent members, thereby taking into account the shareholder structure. Within the meaning of this recommendation, Supervisory Board members are to be considered non-independent in particular if they have a personal or business relationship with the corporation, its governing bodies, a controlling shareholder or a company affiliated with the controlling shareholder that may cause a substantial and not merely temporary conflict of interest. No more than two former members of the Management Board shall be members of the Supervisory Board. Members of the Supervisory Board shall not be members of governing bodies of, or exercise advisory functions at, significant competitors of the company.

5.4.3 Supervisory Board members shall be elected individually. Where an application is made for the appointment of a Supervisory Board member by the Court, the term of that member shall be limited until the next General Meeting. Proposed candidates for the Supervisory Board Chair shall be announced to the shareholders.

5.4.4 Management Board members may not become a member of the corporation's Supervisory Board before two years have lapsed since the end of their appointment, unless they were elected on the proposal of shareholders holding more than 25% of the corporation's voting rights. In the latter case, appointment as Chair of the Supervisory Board shall be an exception that has to be justified to the General Meeting.

5.4.5 Each Supervisory Board member must ensure that they have sufficient time available to discharge their duties. Members of the Management Board of a listed corporation shall not accept more than a total of three Supervisory Board mandates in non-group listed corporations or on supervisory bodies of non-group entities that make similar requirements.

The members of the Supervisory Board take responsibility for undertaking any training or professional development measures necessary to fulfil their duties. The corporation shall adequately support them in this regard.

5.4.6 The remuneration of Supervisory Board members is specified by resolution of the General Meeting or in the Articles of Association. The status as Chair or deputy Chair of the Supervisory Board, as well as Chair or membership of a committee, shall also be taken into consideration in this context.

The members of the Supervisory Board receive remuneration that is appropriate to their tasks and the status of the corporation. If members of the Supervisory Board are granted performance-related remuneration, it shall be linked to sustainable growth of the company.

The remuneration of Supervisory Board members shall be disclosed individually in the notes to the financial statements or the management report, classified by remuneration components. Payments made or benefits granted by the company to Supervisory Board members for personal services, particularly advisory or agency services, shall also be disclosed separately on an individual basis.

5.4.7 If, in any given financial year, any member of the Supervisory Board attended half or less than half of the meetings of the Supervisory Board or the committees of which they are a member, this fact shall be noted in the report of the Supervisory Board. Participation by telephone or video conference also counts as attendance, but this should not be the rule.

5.5 Conflicts of Interests

5.5.1 Every member of the Supervisory Board is bound to observe the company's best interests. No member of the Supervisory Board may pursue personal interests in their decisions or exploit for themselves business opportunities to which the company is entitled.

5.5.2 Each member of the Supervisory Board shall inform the Supervisory Board of any conflicts of interest, particularly if they could arise as a result of an advisory or governing body function at clients, suppliers, lenders or other third parties.

5.5.3 In its report, the Supervisory Board shall inform the General Meeting of any conflicts of interest that have arisen and how they were addressed. Material conflicts of interest involving a member of the Supervisory Board that are not merely temporary shall result in the termination of that member's Supervisory Board mandate.

5.5.4 Advisory and other service agreements or contracts for work between a member of the Supervisory Board and the corporation are subject to the Supervisory Board's approval.

5.6 Efficiency Review

The Supervisory Board shall review the efficiency of its activities on a regular basis.

6 Transparency

- 6.1 All other things being equal, the corporation will ensure equal treatment of all shareholders in respect of information. The corporation shall disclose to shareholders, without undue delay, all material new facts made available to financial analysts and similar addressees.
- 6.2 As part of regular information policy, the corporation shall disclose in a "financial calendar" on its website, giving sufficient advance notice, the publication dates of the annual reports and interim financial information as well as the dates of the General Meeting, the annual report press conferences and analyst conferences.

7 Financial Reporting and Auditing

7.1 Financial Reporting

- 7.1.1 Shareholders and third parties are kept informed by the consolidated financial statements and the group management report, as well as by interim financial information. If the corporation is not required to publish quarterly statements, it shall still inform shareholders during the course of the year in an appropriate way – in addition to the half-year financial report – about business developments, and in particular about material changes in the business outlook and the risk situation.
- 7.1.2 The consolidated financial statements and the group management report are prepared by the Management Board and audited by the auditor and examined by the Supervisory Board. The Management Board shall reason interim financial information with the Supervisory Board or its Audit Committee before being published. The consolidated financial statements and the group management report shall be made publicly accessible within 90 days from the end of the financial year, while mandatory interim financial information shall be made publicly accessible within 45 days from the end of the reporting period.
- 7.1.3 The Corporate Governance Report shall contain specific information on stock option programmes and similar securities-based incentive systems of the corporation, unless this information is already provided in the annual financial statements, the consolidated financial statements or the remuneration report.

- 7.1.4 Relationships with shareholders classified as related parties within the meaning of the applicable financial reporting requirements shall be explained in the consolidated financial statements.

7.2 Auditing

- 7.2.1 Prior to submitting a proposal for election, the Supervisory Board or the Audit Committee shall obtain a statement from the proposed auditor stating whether and, where applicable, which business, financial, personal or other relationships exist between the auditor and its governing bodies and lead auditors on the one hand, and the company and the members of its governing bodies on the other, that could call its independence into question. This statement shall also include the extent to which other services were provided for the company over the past financial year, especially in the area of consulting, or that have been contracted for the following year.

The Supervisory Board shall agree with the auditor that the Chair of the Supervisory Board or the Audit Committee will be informed, without undue delay, of any grounds for exclusion or disqualification due to impairment of the auditor's independence that occur during the audit, unless any such grounds are eliminated immediately.

- 7.2.2 The Supervisory Board issues the engagement letter to the auditor and concludes with the auditor regarding the fee.
- 7.2.3 The Supervisory Board shall arrange for the auditor to report, without undue delay, on all findings and issues of importance for the tasks of the Supervisory Board which come to the knowledge of the auditor during the performance of the audit.

The Supervisory Board shall arrange for the auditor to inform it or note in the long-form audit report if, during the performance of the audit, the auditor identifies any facts that indicate an inaccuracy in the declaration on the Code issued by the Management Board and Supervisory Board.

- 7.2.4 The auditor takes part in the Supervisory Board's deliberations on the annual financial statements and consolidated financial statements and reports on the key findings of its audit.

Appendix

Model table 1 relating to section 4.2.5(3) (1st indent) Value of benefits granted for the reporting period

This table shows the value of benefits granted for the reporting period. It also shows the minimum and maximum achievable values.

In contrast to the analysis of the amount disbursed (Table 2), the target value (i.e. the value in the event of 100% target achievement) granted for the year under review is disclosed for one-year variable remuneration and the deferred components of one-year variable remuneration (deferrals). If the system does not provide for a target value, e.g. as part of direct profit-sharing, a comparable value for an "average probability scenario" is disclosed.

In addition, the multi-year variable remuneration granted in the reporting period is broken down by different plans, disclosing the relevant terms. In the case of subscription rights and other share-based payments, the fair value of the remuneration at the grant date is calculated and reported, as before. If multi-year variable remuneration components comprise non-share-based payments, the

target value or a comparable value for an "average probability scenario" must be disclosed at the time the commitment is made (if available). In the case of plans that are not granted annually but on a regular, multi-year basis, a pro-rated value for the year must be determined and disclosed.

For pension commitments and commitments of other related benefits, the pension expense, i.e. the service cost in accordance with IAS 19, is disclosed. This is included as a component of total remuneration, even if no new benefits in the narrower sense have been granted, but a Supervisory Board decision made in the past continues to apply.

Benefits granted by third parties to individual members of the Management Board with regard to that Management Board member's work are also disclosed by adding such benefits to the fixed, one-year and multi-year variable remuneration components.

The information provided in the table does not replace other obligatory information to be disclosed in the remuneration report and the notes to the financial statements.

Benefits granted		I	II	III	IV				
		Name				Name			
		Function				Function			
		Date of appointment/retirement				Date of appointment/retirement			
		n-1	n	n (Min)	n (Max)	n-1	n	n (Min)	n (Max)
1	Fixed remuneration								
2	Fringe benefits								
3	Total								
4	One-year variable compensation								
5	Multi-year variable compensation								
5 a	Plan ID (plan term)								
...	Plan ID (plan term)								
6	Total								
7	Pension expense								
8	Total Remuneration								

Explanatory notes:

- a Name of Management Board member
- b Function of Management Board member, e.g. Chief Executive or Chief Financial Officer
- c Management Board member's date of appointment/retirement, provided date is within the reporting periods (n = year under review), or (n-1 = previous year)
- d Year under review (n), or previous year (n-1)
- I Benefits granted during previous year (n-1)
- II Benefits granted during year under review (n)
- III Achievable minimum value of the respective remuneration component granted during the year under review (n), e.g. zero
- IV Achievable maximum value of the respective remuneration component granted during the year under review (n)
- 1 Fixed remuneration components, e.g. fixed salary, fixed annual one-off payments (amounts correspond to the amounts provided in Table 2 "benefits received"); values of columns II, III and IV are identical
- 2 Fixed remuneration components, e.g. benefits in kind or fringe benefits (amounts correspond to the amounts provided in Table 2 "benefits received"); values in columns II, III and IV are identical

- 3 Total of fixed remuneration components (1+2) (amounts correspond to the amounts provided in Table 2 "benefits received"); values of columns II, III and IV are identical
- 4 One-year variable remuneration, e.g. bonus, royalty, short-term incentive (STI), profit share, excluding deferrals
- 5 Multi-year variable remuneration (total of lines 5a-...), e.g. multi-year bonus, deferrals from one-year variable remuneration, long-term incentive (LTI) subscription rights other share-based payments
- 5a-... Multi-year variable remuneration, broken down by different plans and terms
- 6 Total of fixed and variable remuneration components (1+2+4+5)
- 7 Service cost in accordance with IAS 19 from pension commitments and commitments of other related benefits (amounts correspond to the amounts provided in Table 2 "benefits received"); values of columns II, III and IV are identical
- 8 Total of fixed and variable remuneration components as well as pension expense (1+2+4+5+7)

**Model table 2 relating to section 4.2.5(3) (2nd indent)
Benefits received for the reporting period**

This table contains the same values for fixed remuneration and fringe benefits as provided in Table 1, which shows the value of the benefits granted for the reporting period. As before, the benefits received for the reporting period (amount disbursed) are disclosed for fixed remuneration and one-year variable remuneration.

The table also shows the benefits received (amount disbursed) for multi-year variable remuneration components under plans that ended in the reporting period. The amounts are broken down by different plans and terms. In the case of subscription rights and other share-based payments, the timing and value under German tax law apply to the date of receipt and the amount received.

Bonus/penalty arrangements must be reflected in the amount disbursed for both one-year and multi-year variable remuneration.

Clawbacks are entered into the "Other" row with a negative amount, with a reference to previous disbursements, and must be explained separately in the remuneration report, particularly if former members of the Management Board are concerned.

As in Table 1, the pension expense, i.e. the service cost in accordance with IAS 19, is disclosed for pension commitments and commitments of other related benefits. Although this is not a benefit received in the narrower sense, it is included in order to illustrate the total remuneration.

Benefits granted by third parties to individual members of the Management Board with regard to that Management Board member's work are also disclosed by adding such benefits to the fixed, one-year and multiyear variable remuneration components.

The information provided in the table does not replace other obligatory information to be disclosed in the remuneration report and the notes to the financial statements.

a b c d	Benefits received	Name		Name		Name		Name	
		Function		Function		Function		Function	
		Date of appointment/retirement		Date of appointment/retirement		Date of appointment/retirement		Date of appointment/retirement	
		n	n-1	n	n-1	n	n-1	n	n-1
1	Fixed remuneration								
2	Fringe benefits								
3	Total								
4	One-year variable remuneration								
5	Multi-year variable remuneration								
5a	Plan ID (plan term)								
...	Plan ID (plan term)								
6	Other								
7	Total								
8	Pension expense								
9	Total remuneration								

Explanatory notes:

- a Name of Management Board member
- b Function of Management Board member, e.g. Chief Executive or Chief Financial Officer
- c Management Board member's date of appointment/retirement, provided date is within the reporting periods (n = year under review), or (n-1 = previous year)
- d Year under review (n), or previous year (n-1)
- 1 Fixed remuneration components, e.g. fixed salary, fixed annual one-off payments (amounts correspond to the amounts provided in Table 1 "benefits granted")
- 2 Fixed remuneration components, e.g. benefits in kind or fringe benefits (amounts correspond to the amounts provided in Table 1 "benefits granted")
- 3 Total of fixed remuneration components (1+2) (amounts correspond to the amounts provided in Table 1 "benefits granted")
- 4 One-year variable remuneration, e.g. bonus, royalty, short-term incentive (STI), profit share, excluding deferrals
- 5 Multi-year variable remuneration (total of lines 5a-...), e.g. multi-year bonus, deferrals from one-year variable remuneration, long-term incentive (LTI), subscription rights, other sharebased payments
- 5a-... Multi-year variable remuneration, broken down by different plans and terms
- 6 Other items, e.g. clawbacks, which are taken into consideration with a negative amount and a reference to previous disbursements
- 7 Total of fixed and variable remuneration components (1+2+4+5+6)
- 8 Service cost in accordance with IAS 19 from pension commitments and commitments of other related benefits (amounts correspond to the amounts provided in Table 1 "benefits granted"); these items do not represent benefits received during the year under review
- 9 Total of fixed, variable and other remuneration components as well as pension expense (1+2+4+5+6+8)

E. Mark-up Version with Amendments to the Code

In the following the amendments to the Code have been marked up compared with the version of 5 May 2015, published in the Federal Gazette on 12 June 2015.

German Corporate Governance Code

(as amended on 7 February 2017 5 May 2015)

1 Foreword

The German Corporate Governance Code (the "Code") incorporates significant statutory requirements for the management and supervision (governance) of German listed corporations and contains internationally and nationally accepted standards of good and responsible governance. The objective of the Code is to make the German Corporate Governance system transparent and understandable. It aims to promote confidence in the management and supervision of German listed corporations by international and national investors, customers, employees and the general public.

The Code highlights the obligation of the Management and Supervisory Boards to ensure the continued existence of the company and its sustainable value creation in line with the principles of the social market economy (the company's best interests). These principles not only require compliance with the law, but also ethically sound and responsible behaviour (the "reputable businessperson" concept, *Leitbild des Ehrbaren Kaufmanns*).

Institutional investors are of particular importance to companies. They are expected to exercise their ownership rights actively and responsibly, in accordance with transparent principles that also respect the concept of sustainability.

A dual board management system is required by law for German stock corporations.

The Management Board is responsible for managing the company. Its members are jointly accountable for managing the company. The Chair coordinates the work of the Management Board.

The Supervisory Board appoints, supervises and advises the members of the Management Board, and is directly involved in decisions of fundamental importance to the company. The Chair of the Supervisory Board coordinates the work of the Supervisory Board.

The members of the Supervisory Board are elected by the shareholders at the corporation's General Meeting. 30% of Supervisory Board members of companies with more than 500 employees in Germany have to be employee representatives. The statutory percentage of employee representatives is 50% for companies with more than 2,000 employees in Germany. For companies with more than 2,000 employees, the Chair of the Supervisory Board, who is almost always a shareholder representative, has the casting vote in case of tied votes. Shareholder representatives and employee representatives are obliged in equal measure to act in the best interests of the company.

Alternatively, German corporations may choose the legal structure of the European Company (Societas Europaea, SE), an internationally widespread legal structure that provides for a one-tier system of governance (Administrative Board).

At European Companies, the extent and organisation of co-determination is generally subject to an arrangement established between management and employee representatives. All employees in the EU member states are covered by co-determination.

The financial reporting of German companies is governed by the "true and fair view" principle

and must give a true and fair view of the net assets, financial status and results of operations of the company.

Recommendations of the Code are indicated in the text by using the word "**shall**". Corporations may depart from recommendations, but in this case they are obliged to disclose and explain any departures each year (comply or explain). This enables corporations to reflect sector- or company-specific requirements. Well-justified departures from recommendations of the Code may be in the best interests of good corporate governance. Thus, the Code contributes to greater flexibility and more self-regulation in the German corporate constitution. Additionally, the Code contains **suggestions** from which corporations may depart without disclosure; suggestions are indicated in the text by using the word "**should**". The remaining passages of the Code that do not use these words relate to descriptions of statutory requirements and explanations.

Code stipulations covering not only the corporation itself but also its group entities use the word "company" rather than "corporation".

Primarily, the Code addresses listed corporations and corporations with access to capital markets pursuant to section 161 (1) sentence 2 of the Stock Corporation Act. Corporations whose securities are not publicly traded are also encouraged to follow the Code.

Listed credit institutions and insurance undertakings are subject to the applicable prudential requirements, which are not reflected in the Code.

As a rule, the Code is reviewed annually in light of national and international developments and is adapted if necessary.

2 Shareholders and the General Meeting

2.1 Shareholders

- 2.1.1 Shareholders exercise their rights before or during the General Meeting, as provided by law and the Articles of Association, and thereby exercise their voting rights.
- 2.1.2 In principle, each share carries one vote. There are no shares with multiple voting rights, preferential voting rights (golden shares) or maximum voting rights.

2.2 General Meeting

- 2.2.1 The Management Board submits to the General Meeting the annual financial statements, the management report, the consolidated financial statements and the group management report. The General Meeting adopts resolutions on the appropriation of net profit, approves the actions of the Management Board and the Supervisory Board by way of discharge and, as a rule, elects the shareholder representatives to the Supervisory Board and the auditor.

The General Meeting also adopts resolutions on the content of the Articles of Association, in particular the purpose of the corporation and essential structural measures such as intercompany agreements and transformations, the issuance of new shares, convertible bonds and bonds with warrants, as well as the authorisation to purchase own shares. It can adopt resolutions approving the remuneration system for members of the Management Board.

- 2.2.2 Shareholders generally have pre-emptive rights corresponding to their interest in the share capital when new shares are issued.
- 2.2.3 Every shareholder has the right to attend the General Meeting, to take the floor on matters on the agenda and to submit relevant questions and motions.
- 2.2.4 The Chair of the meeting is responsible for the expeditious progress of the General Meeting. In this context, the Chair should take into account that the Annual General Meeting be completed after four to six hours.

2.3 Invitation to the General Meeting, ~~Postal~~ **Vote, Proxies**

- 2.3.1 The Management Board must convene the General Meeting at least once a year, disclosing the items on the agenda. Groups of minority shareholders are entitled to require the convening of a General Meeting and the extension of the agenda. The notice convening the General Meeting and the reports and other documents required by law, including the annual report, must be made easily accessible to the shareholders on the corporation's website, together with the agenda. ~~If a postal vote is offered, the same applies to the necessary forms.~~

2.3.2	The corporation shall facilitate the exercise of shareholders' rights in person or by proxy. The Management Board shall be responsible for the appointment of a proxy to exercise shareholders' voting rights in accordance with their instructions; the proxy should also be reachable during the General Meeting.	3.5	Good corporate governance requires an open dialogue between the Management Board and Supervisory Board as well as between the members of these individual Boards. Comprehensive observance of confidentiality is of paramount importance in this regard.
2.3.3	The corporation should make arrangements to allow shareholders to follow the General Meeting using modern means of communication (e.g. via the Internet).		All Board members ensure that the employees used by them in support functions comply with the obligation of confidentiality in the same way.
3 Cooperation between Management Board and Supervisory Board			
3.1	The Management Board and Supervisory Board cooperate closely to the benefit of the company.	3.6	In Supervisory Boards governed by co-determination, shareholder representatives and employee representatives can prepare Supervisory Board meetings separately, involving members of the Management Board, if needed.
3.2	The Management Board coordinates the company's strategic approach with the Supervisory Board and discusses the current state of strategy implementation with the Supervisory Board at regular intervals.		If necessary, the Supervisory Board shall meet without the Management Board.
3.3	The Articles of Association or – if applicable also in the case of individual transactions – the Supervisory Board stipulate that transactions of fundamental importance are subject to approval by the Supervisory Board. They include decisions or measures that fundamentally change the company's net assets, financial status or results of operations.	3.7	In the event of a takeover offer, the Management Board and Supervisory Board of the target corporation must issue a statement of their reasoned position, enabling the shareholders to make an informed decision on the offer.
3.4	The Management Board is responsible for keeping the Supervisory Board informed. Nevertheless, the Supervisory Board must itself ensure that it obtains sufficient information. The Supervisory Board shall therefore specify the Management Board's information and reporting duties in greater detail.		After the announcement of a takeover offer, the Management Board must not – until publication of the result – take any actions that could prevent the success of the offer, unless such actions are permitted under applicable law. In making their decisions, the Management Board and Supervisory Board are bound to observe the best interests of the shareholders and the company.
	The Management Board informs the Supervisory Board regularly, without delay and comprehensively about all issues that are relevant to the company regarding strategy, planning, business development, the risk situation, risk management and compliance. The Management Board addresses departures in the current business development from its existing projections and targets, indicating the reasons for any such departures.		In the event of a takeover offer, the Management Board should convene an extraordinary General Meeting at which shareholders discuss the takeover offer and may decide on corporate actions.
	The Management Board's reports to the Supervisory Board are, as a rule, to be submitted in text form. Wherever possible, documents required for decisions are sent to the members of the Supervisory Board in good time before the meeting.	3.8	The members of the Management Board and Supervisory Board comply with the rules of proper corporate management. If they violate the duty of due care and diligence of a prudent and conscientious manager or Supervisory Board member, they will be held liable to the corporation for damages. However, a business decision is not regarded as a violation of duty if the member of the Management Board or Supervisory Board could reasonably presume that he or she was acting on an informed basis in the best interests of the corporation (business judgement rule).
			If the corporation takes out a D&O (directors' and officers' liability insurance) policy for the Management Board, a deductible of at least 10% of the loss up to at least the amount of one and a half times the fixed annual remuneration of the Management Board member must be agreed.

A similar deductible shall be agreed in any D&O policy for the Supervisory Board.

- 3.9 Extending loans from the company to members of the Management Board or Supervisory Board or their relatives requires the approval of the Supervisory Board.
- 3.10 The Management Board and Supervisory Board shall report annually on Corporate Governance (Corporate Governance Report), and shall publish this report in connection with the Corporate Governance Statement. Comments should be provided on the suggestions made in the Code. The corporation shall keep previous Declarations of Conformity with the Code available on its website for a period of five years.

4 Management Board

4.1 Tasks and Responsibilities

- 4.1.1 The Management Board assumes full responsibility for managing the company in the best interests of the company, meaning that it considers the needs of the shareholders, the employees and other stakeholders, with the objective of sustainable value creation.
- 4.1.2 The Management Board develops the strategy for the company, agrees it with the Supervisory Board and ensures its implementation.
- 4.1.3 The Management Board ensures that all provisions of law and the company's internal policies are complied with, and endeavours to achieve their compliance by the group entities (Compliance). It shall also institute appropriate measures reflecting the company's risk situation (Compliance Management System) and disclose the main features of those measures. Employees shall be given the opportunity to report, in a protected manner, suspected breaches of the law within the company; third parties should also be given this opportunity.
- 4.1.4 The Management Board ensures appropriate risk management and risk control in the company.
- 4.1.5 When appointing the company's executives, the Management Board shall consider the principle of diversity, and in particular endeavour to achieve the appropriate consideration of women for such

positions. The Management Board lays down targets for increasing the share of women in the two management levels below the Management Board.⁺

4.2 Composition and Remuneration

- 4.2.1 The Management Board shall consist of several members and shall have a Chair or Spokesperson. Rules of procedure shall govern the work of the Management Board, in particular the allocation of duties among individual Management Board members, matters reserved for the Management Board as a whole and the required majority for Management Board resolutions (unanimity or resolution by majority vote).
- 4.2.2 The full Supervisory Board determines the total remuneration for each Management Board member. If the contracts of Management Board members are dealt with by a committee, the committee submits its proposals to the Supervisory Board for approval in plenary session. The full Supervisory Board resolves the Management Board remuneration system and reviews it regularly.

The total remuneration of each Management Board member is determined by the Supervisory Board in plenary session based on a performance evaluation, taking into consideration any payments made by group entities. The criteria for determining the appropriateness of remuneration consist of the duties of the individual member of the Management Board, their personal performance, the economic situation, the performance and future prospects of the company as well as the customary level of remuneration that takes into account peer corporations as well as the remuneration structure in place elsewhere in the corporation. The Supervisory Board shall consider the ratio of Management Board remuneration to the remuneration paid to the senior management and entire staff, including its development over time, whereby the Supervisory Board determines how senior managers and other relevant staff are to be differentiated for the comparison.

If the Supervisory Board calls upon an external remuneration expert to evaluate the appropriateness of the remuneration, it shall ensure that the expert is independent from the Management Board and the company.

⁺The initial specification must be made by 30 September 2015 at the latest. The initial deadlines to be determined for achievement of the target levels must not extend beyond 30 June 2017 (Law on Equal Participation of Men and Women in Private-Sector and Public-Sector Management Positions, Section 25 Subsection 1 EG-AktG (Introductory Law of the German Stock Corporation Act), German Federal Gazette I, 2015, 642, 656).

4.2.3 The total remuneration of Management Board members comprises monetary remuneration components, pension commitments, other commitments (especially in the event of termination of activity), fringe benefits of all kinds as well as benefits from third parties that were promised or granted during the financial year for the work performed on the Management Board.

The remuneration structure must be focussed on the sustainable growth of the company. Monetary remuneration shall comprise fixed and variable components. The Supervisory Board must make sure that the variable compensation elements are in general based on a multi-year assessment. Variable remuneration components generally have a multiple-year assessment basis that shall have essentially forward-looking characteristics. Both positive and negative developments shall be taken into account when determining variable remuneration components. All remuneration components must be appropriate, both individually and in the aggregate, and in particular must not encourage the recipients to take unreasonable risks. The amount of remuneration shall be capped with maximum levels, both as regards variable components and in the aggregate. Variable remuneration components shall be based on demanding and relevant comparison parameters. Subsequent amendments to the performance targets or comparison parameters shall be excluded. Early disbursements of multiple-year, variable remuneration components should not be permitted.

The Supervisory Board shall establish the target level of pension benefits for every pension commitment – including based on the duration of membership of the Management Board – and shall consider the resulting annual and long-term expense incurred by the company.

When contracts are entered into with Management Board members, it shall be ensured that payments, including fringe benefits, made to a Management Board member due to early termination of their contract do not exceed twice the annual remuneration (Severance Cap) and do not constitute remuneration for more than the remaining term of the employment contract. If the employment contract of a Management Board member is terminated for good cause for which the Management Board member is responsible, no payments are made to that Management Board member. The severance cap shall be calculated on the basis of the total remuneration paid for the previous financial year and, if appropriate, shall take into account the expected total remuneration for the current

financial year.

Benefit commitments made in connection with the early termination of a Management Board member's activity due to a change of control (Change of Control) shall not exceed 150% of the severance cap.

The Chair of the Supervisory Board shall outline to one General Meeting the salient points of the remuneration system and shall inform subsequent General Meetings about any amendments.

4.2.4 The total remuneration of every Management Board member is to be disclosed, indicating their name, and classified by fixed and variable remuneration components. The same applies to benefit commitments granted to Management Board members in the event of early or regular termination of Management Board activity, and to benefit commitments amended during the respective financial year. There is no disclosure, if the General Meeting resolves this with a three-quarters majority.

4.2.5 Management Board remuneration is disclosed in the notes to the financial statements or the management report. The remuneration report, which is part of the management report, describes the principal features of the Management Board remuneration system. The description shall be made in a generally comprehensible way.

The remuneration report shall also include information on the nature of the fringe benefits provided by the corporation.

In addition, ~~for financial years starting after 31 December 2013~~, the remuneration report shall present the following information for every Management Board member:

- the benefits granted for the reporting period, including fringe benefits, supplemented in the case of variable remuneration components by the maximum and minimum remuneration achievable,
- the benefits received for the reporting period, consisting of fixed remuneration, short-term variable remuneration and long-term variable remuneration, broken down by the relevant reference years,
- the service cost incurred in/for the reporting period for pension benefits and other commitments.

The model tables provided as appendices to this document shall be used to disclose this

information.

4.3 Conflicts of Interest

- 4.3.1 Members of the Management Board are bound to observe the best interests of the company. When taking decisions, they must not pursue any personal interests, they are subject to comprehensive non-competition arrangements during their term of office and they must not exploit for themselves business opportunities to which the company is entitled.
- 4.3.2 Members of the Management Board and employees must not demand or accept inappropriate benefits from third parties for themselves or for any other person in connection with their work rendered for the company, nor should they grant inappropriate benefits to third parties.
- 4.3.3 Every Management Board member shall disclose conflicts of interest to the Supervisory Board without undue delay and inform the other Management Board members. All transactions between the company and Management Board members, including their related parties, must comply with standards customary to the sector. The Supervisory Board represents the corporation in transactions with members of the Management Board. Significant transactions with a Management Board member's related parties shall be subject to Supervisory Board approval.
- 4.3.4 Members of the Management Board shall only assume sideline activities, especially Supervisory Board mandates outside the company, with the approval of the Supervisory Board.

5 Supervisory Board

5.1 Tasks and Responsibilities

- 5.1.1 The task of the Supervisory Board is to regularly advise and supervise the Management Board in its management of the company. It must be involved in all decisions of fundamental importance to the company.
- 5.1.2 The Supervisory Board appoints and dismisses the members of the Management Board. When appointing Management Board members, the Supervisory Board shall take diversity into account. The Supervisory Board determines targets for the share of female Management Board members.² Together with the Management Board, it shall

ensure that there is long-term succession planning. The Supervisory Board is free to delegate to committees the preparations for appointing Management Board members and the elaboration of the conditions in the employment contracts, including remuneration.

For first-time appointments, the maximum permissible appointment period of five years should not be applied as a rule. Any re-appointment prior to one year before the end of an appointment period at the same time as termination of the current appointment shall only happen if special circumstances apply. The Supervisory Board shall specify an age limit for the members of the Management Board.

- 5.1.3 The Supervisory Board shall adopt its own rules of procedure.

5.2 Duties and Authorities of the Supervisory Board Chair

The Supervisory Board Chair is elected by the Supervisory Board from among its members. The Chair coordinates the activities of the Supervisory Board, chairs its meetings and safeguards the matters of the Supervisory Board externally.

The Chair of the Supervisory Board shall not chair the audit committee.

The Supervisory Board Chair should be available – within reasonable limits – to discuss Supervisory Board-related issues with investors.

Between meetings, the Supervisory Board Chair shall be in regular contact with the Management Board, in particular the Management Board Chair or Spokesperson, in order to discuss with them issues of strategy, planning, business development, the risk situation, risk management and compliance of the company. The Management Board Chair or Spokesperson informs the Supervisory Board Chair without undue delay of major events that are of material importance for the assessment of the company's status and performance, and for the management of the company. The Supervisory Board Chair subsequently informs the Supervisory Board and, if required, shall convene an extraordinary Supervisory Board meeting.

5.3 Establishment of Committees

- 5.3.1 Depending on the specific circumstances of the

²See footnote 1.

company and the number of Supervisory Board members, the Supervisory Board shall form committees of members with relevant specialist expertise. The committee Chairs report regularly to the Supervisory Board on the work of their committees.

5.3.2 The Supervisory Board shall establish an Audit Committee that – provided no other committee has been entrusted with this work – addresses in particular the monitoring of the accounting, the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system, the audit here in particular the independence of the auditor, the services rendered additionally by the auditor, the issuing of the audit mandate to the auditor, the determination of auditing focal points and the fee agreement, and compliance.

The Audit Committee submits to the Supervisory Board a reasoned recommendation for the appointment of the auditor, which comprises at least two candidates if the audit engagement is put out to tender. The Audit Committee monitors the auditor's independence and concerns itself with the additional services rendered by the auditor, the issuance of the audit engagement, the determination of the key audit areas and the fee agreement.

The Chair of the Audit Committee shall have specific knowledge and experience in applying accounting principles and internal control procedures. The Chair shall be independent and shall not be a former member of the Management Board of the corporation whose term of office ended less than two years ago. The Chair of the Supervisory Board shall not chair the audit committee.

5.3.3 The Supervisory Board shall form a Nomination Committee, composed exclusively of shareholder representatives, which proposes suitable candidates to the Supervisory Board for its recommendations to the General Meeting.

5.4 Composition and Remuneration

5.4.1 The composition of the Supervisory Board has to ensure that its members collectively have the knowledge, skills, and professional expertise required to properly perform all duties.

The Supervisory Board shall determine concrete objectives regarding its composition, and shall prepare a profile of skills and expertise for the entire Board taking into account. Within the company-specific situation the composition of the Supervisory Board shall reflect appropriately the international activities of the company, potential conflicts of interest, the number of independent Supervisory Board members within the meaning of number 5.4.2, an age limit and a regular limit to Supervisory Board members' term of office, both to be specified, as well as diversity. The specific requirements of the co-determination acts (Mitbestimmungsgesetze) in regard of the elected employee representatives have to be taken into account.

In listed corporations subject to the Co-determination Act, the Co-determination Act for the Coal, Iron and Steel Industry (*Montan-Mitbestimmungsgesetz*) or the Act Supplementing the Codetermination Act for the Coal, Iron and Steel Industry (*Mitbestimmungsergänzungsgesetz*), the Supervisory Board comprises at least 30% women and at least 30% men.^{3*} In other corporations subject to the Gender Equality Act (*Gleichstellungsgesetz*), the Supervisory Board determines targets for the share of female members.⁴

Proposals by the Supervisory Board to the competent election bodies General Meeting shall take these targets into account, while simultaneously aiming at fulfilling the overall profile of required skills and expertise of the Supervisory Board. The implementation status shall be published in the Corporate Governance Report. This report shall also provide information about what the Supervisory Board regards as the appropriate number of independent Supervisory

^{3*} With effect from 1 January 2016, the minimum share of 30 percent respectively for men and women members of the Supervisory Board must be observed in any new elections or delegations that become necessary for filling individual or several positions on a Supervisory Board (Law on Equal Participation of Men and Women in Private-Sector and Public-Sector Management Positions, Section 25 Subsection 1 EG-AktG (Introductory Law of the German Stock Corporation Act), German Federal Gazette I. 2015, 642, 656).

⁴ The initial specification must be made by 30 September 2015 at the latest. The initial deadlines to be determined for achievement of the target levels must not extend beyond 30 June 2017 (Law on Equal Participation of Men and Women in Private-Sector and Public-Sector Management Positions, Section 25 Subsection 1 EG-AktG (Introductory Law of the German Stock Corporation Act), German Federal Gazette I. 2015, 642, 656).

Board members representing shareholders, and the names of these members.

When making its proposals to the General Meeting concerning the election of new members to the Supervisory Board, the Supervisory Board shall satisfy itself that the respective candidates are able to devote the expected amount of time required.

The proposal for a candidate shall be accompanied by a curriculum vitae, providing information on the candidate's relevant knowledge, skills and experience; it shall be supplemented by an overview of the candidate's material activities in addition to the Supervisory Board mandate, and shall be updated annually for all Supervisory Board members and published on the company's website.

In its election proposals to the General Meeting, the Supervisory Board shall disclose the personal and business relationships of every candidate with the company, the governing bodies of the corporation and any shareholders with a material interest in the corporation.

The disclosure recommendation is limited to information and circumstances that, in the appraisal of the Supervisory Board, an objectively judging shareholder would consider decisive for their election decision.

A material interest in the meaning of this recommendation refers to shareholders who directly or indirectly hold more than 10% of the voting shares of the corporation.

5.4.2 The Supervisory Board shall include what it considers to be an appropriate number of independent members, thereby taking into account the shareholder structure. Within the meaning of this recommendation, Supervisory Board members are to be considered non-independent in particular if they have a personal or business relationship with the corporation, its governing bodies, a controlling shareholder or a company affiliated with the controlling shareholder that may cause a substantial and not merely temporary conflict of interest. No more than two former members of the Management Board shall be members of the Supervisory Board. Members of the Supervisory Board shall not be members of governing bodies of, or exercise advisory functions at, significant competitors of the company.

5.4.3 Supervisory Board members shall be elected individually. Where an application is made for the appointment of a Supervisory Board member by the Court, the term of that member shall be limited until the next General Meeting. Proposed

candidates for the Supervisory Board Chair shall be announced to the shareholders.

5.4.4 Management Board members may not become a member of the corporation's Supervisory Board before two years have lapsed since the end of their appointment, unless they were elected on the proposal of shareholders holding more than 25% of the corporation's voting rights. In the latter case, appointment as Chair of the Supervisory Board shall be an exception that has to be justified to the General Meeting.

5.4.5 Each Supervisory Board member must ensure that they have sufficient time available to discharge their duties. Members of the Management Board of a listed corporation shall not accept more than a total of three Supervisory Board mandates in non-group listed corporations or on supervisory bodies of non-group entities that make similar requirements.

The members of the Supervisory Board take responsibility for undertaking any training or professional development measures necessary to fulfil their duties. The corporation shall adequately support them in this regard.

5.4.6 The remuneration of Supervisory Board members is specified by resolution of the General Meeting or in the Articles of Association. The status as Chair or deputy Chair of the Supervisory Board, as well as Chair or membership of a committee, shall also be taken into consideration in this context.

The members of the Supervisory Board receive remuneration that is appropriate to their tasks and the status of the corporation. If members of the Supervisory Board are granted performance-related remuneration, it shall be linked to sustainable growth of the company.

The remuneration of Supervisory Board members shall be disclosed individually in the notes to the financial statements or the management report, classified by remuneration components. Payments made or benefits granted by the company to Supervisory Board members for personal services, particularly advisory or agency services, shall also be disclosed separately on an individual basis.

5.4.7 If, in any given financial year, any member of the Supervisory Board attended half or less than half of the meetings of the Supervisory Board or the committees of which they are a member, this fact shall be noted in the report of the Supervisory Board. Participation by telephone or video conference also counts as attendance, but this should not be the rule.

5.5 Conflicts of Interests

5.5.1 Every member of the Supervisory Board is bound to observe the company's best interests. No member of the Supervisory Board may pursue personal interests in their decisions or exploit for themselves business opportunities to which the company is entitled.

5.5.2 Each member of the Supervisory Board shall inform the Supervisory Board of any conflicts of interest, particularly if they could arise as a result of an advisory or governing body function at clients, suppliers, lenders or other third parties.

5.5.3 In its report, the Supervisory Board shall inform the General Meeting of any conflicts of interest that have arisen and how they were addressed. Material conflicts of interest involving a member of the Supervisory Board that are not merely temporary shall result in the termination of that member's Supervisory Board mandate.

5.5.4 Advisory and other service agreements or contracts for work between a member of the Supervisory Board and the corporation are subject to the Supervisory Board's approval.

5.6 Efficiency Review

The Supervisory Board shall review the efficiency of its activities on a regular basis.

6 Transparency

6.1 All other things being equal, the corporation will ensure equal treatment of all shareholders in respect of information. The corporation shall disclose to shareholders, without undue delay, all material new facts made available to financial analysts and similar addressees.

6.2 ~~Beyond the statutory obligation to report and disclose dealings in shares of the corporation without delay, the ownership of shares in the corporation or related financial instruments by Management Board and Supervisory Board members shall be reported if these directly or indirectly exceed 1% of the shares issued by the corporation. If the entire holdings of all members of the Management Board and Supervisory Board exceed 1% of the shares issued by the corporation, these shall be reported separately for the Management Board and Supervisory Board in the Corporate Governance Report.~~

6.23 As part of regular information policy, the corporation shall disclose in a "financial calendar" on its website, giving sufficient advance notice, the publication dates of ~~essential regular publications (including~~ the annual reports and interim financial ~~reports) information~~ as well as the dates of the General Meeting, the annual report press conferences and analyst conferences.

7 Financial Reporting and Auditing

7.1 Financial Reporting

7.1.1 Shareholders and third parties are ~~mainly~~ kept informed by the consolidated financial statements and the group management report, ~~as well as by interim financial information. During the financial year they are additionally informed by means of a half-year financial report and, in the first and second halves, by interim reports or quarterly financial reports. The Consolidated Financial Statements and the Condensed Consolidated Financial Statements in the half-year financial report and the quarterly financial report are prepared under observance of internationally recognised accounting principles. If the corporation is not required to publish quarterly statements, it shall still inform shareholders during the course of the year in an appropriate way – in addition to the half-year financial report – about business developments, and in particular about material changes in the business outlook and the risk situation.~~

7.1.2 The consolidated financial statements ~~and the group management report~~ are prepared by the Management Board and audited by the auditor and examined by the Supervisory Board. The Management Board shall reason ~~half-year and any quarterly financial reports interim financial information~~ with the Supervisory Board or its Audit Committee before being published. ~~In addition, the Financial Reporting Enforcement Panel and the Federal Financial Supervisory Authority are authorized to check that the Consolidated Financial Statements comply with the applicable accounting regulations (Enforcement).~~ The consolidated financial statements ~~and the group management report~~ shall be made publicly accessible within 90 days from the end of the financial year, while ~~mandatory~~ interim ~~reports financial information~~ shall be made publicly accessible within 45 days from the end of the reporting period.

- 7.1.3 The Corporate Governance Report shall contain specific information on stock option programmes and similar securities-based incentive systems of the corporation, unless this information is already provided in the annual financial statements, the consolidated financial statements or the remuneration report.
- 7.1.4 Relationships with shareholders classified as related parties within the meaning of the applicable financial reporting requirements shall be explained in the consolidated financial statements.

7.2 Auditing

- 7.2.1 Prior to submitting a proposal for election, the Supervisory Board or the Audit Committee shall obtain a statement from the proposed auditor stating whether and, where applicable, which business, financial, personal or other relationships exist between the auditor and its governing bodies and lead auditors on the one hand, and the company and the members of its governing bodies on the other, that could call its independence into question. This statement shall also include the extent to which other services were provided for the company over the past financial year, especially in the area of consulting, or that have been contracted for the following year.
- 7.2.2 The Supervisory Board issues the engagement letter to the auditor and concludes with the auditor regarding the fee.
- 7.2.3 The Supervisory Board shall arrange for the auditor to report, without undue delay, on all findings and issues of importance for the tasks of the Supervisory Board which *come to the knowledge of arise* the auditor during the performance of the audit.
- 7.2.4 The Supervisory Board shall arrange for the auditor to inform it or note in the long-form audit report if, during the performance of the audit, the auditor identifies any facts that indicate an inaccuracy in the declaration on the Code issued by the Management Board and Supervisory Board.
- 7.2.5 The auditor takes part in the Supervisory Board's deliberations on the annual financial statements and consolidated financial statements and reports on the key findings of its audit.

The Supervisory Board shall agree with the auditor that the Chair of the Supervisory Board or the Audit Committee will be informed, without undue delay, of any grounds for exclusion or disqualification due to impairment of the auditor's independence that occur during the audit, unless any such grounds are eliminated immediately.

Appendix

Model table 1 relating to section 4.2.5(3) (1st indent) Value of benefits granted for the reporting period

This table shows the value of benefits granted for the reporting period. It also shows the minimum and maximum achievable values.

In contrast to the analysis of the amount disbursed (Table 2), the target value (i.e. the value in the event of 100% target achievement) granted for the year under review is disclosed for one-year variable remuneration and the deferred components of one-year variable remuneration (deferrals). If the system does not provide for a target value, e.g. as part of direct profit-sharing, a comparable value for an "average probability scenario" is disclosed.

In addition, the multi-year variable remuneration granted in the reporting period is broken down by different plans, disclosing the relevant terms. In the case of subscription rights and other share-based payments, the fair value of the remuneration at the grant date is calculated and reported, as before. If multi-year variable remuneration components comprise non-share-based payments, the

target value or a comparable value for an "average probability scenario" must be disclosed at the time the commitment is made (if available). In the case of plans that are not granted annually but on a regular, multi-year basis, a pro-rated value for the year must be determined and disclosed.

For pension commitments and commitments of other related benefits, the pension expense, i.e. the service cost in accordance with IAS 19, is disclosed. This is included as a component of total remuneration, even if no new benefits in the narrower sense have been granted, but a Supervisory Board decision made in the past continues to apply.

Benefits granted by third parties to individual members of the Management Board with regard to that Management Board member's work are also disclosed by adding such benefits to the fixed, one-year and multi-year variable remuneration components.

The information provided in the table does not replace other obligatory information to be disclosed in the remuneration report and the notes to the financial statements.

Benefits granted		IV							
		Name				Name			
		Function				Function			
		Date of appointment/retirement				Date of appointment/retirement			
		n-1	n	n (Min)	n (Max)	n-1	n	n (Min)	n (Max)
1	Fixed remuneration								
2	Fringe benefits								
3	Total								
4	One-year variable compensation								
5	Multi-year variable compensation								
5a	Plan ID (plan term)								
...	Plan ID (plan term)								
6	Total								
7	Pension expense								
8	Total Remuneration								

Explanatory notes:

- a Name of Management Board member
- b Function of Management Board member, e.g. Chief Executive or Chief Financial Officer
- c Management Board member's date of appointment/retirement, provided date is within the reporting periods (n = year under review), or (n-1 = previous year)
- d Year under review (n), or previous year (n-1)
- I Benefits granted during previous year (n-1)
- II Benefits granted during year under review (n)
- III Achievable minimum value of the respective remuneration component granted during the year under review (n), e.g. zero
- IV Achievable maximum value of the respective remuneration component granted during the year under review (n)
- 1 Fixed remuneration components, e.g. fixed salary, fixed annual one-off payments (amounts correspond to the amounts provided in Table 2 "benefits received"); values of columns II, III and IV are identical
- 2 Fixed remuneration components, e.g. benefits in kind or fringe benefits (amounts correspond to the amounts provided in Table 2 "benefits received"); values in columns II, III and IV are identical
- 3 Total of fixed remuneration components (1+2) (amounts correspond to the amounts provided in Table 2 "benefits received"); values of columns II, III and IV are identical
- 4 One-year variable remuneration, e.g. bonus, royalty, short-term incentive (STI), profit share, excluding deferrals
- 5 Multi-year variable remuneration (total of lines 5a-...), e.g. multi-year bonus, deferrals from one-year variable remuneration, long-term incentive (LTI) subscription rights other share-based payments
- 5a-... Multi-year variable remuneration, broken down by different plans and terms
- 6 Total of fixed and variable remuneration components (1+2+4+5)
- 7 Service cost in accordance with IAS 19 from pension commitments and commitments of other related benefits (amounts correspond to the amounts provided in Table 2 "benefits received"); values of columns II, III and IV are identical
- 8 Total of fixed and variable remuneration components as well as pension expense (1+2+4+5+7)

**Model table 2 relating to section 4.2.5(3) (2nd indent)
Benefits received for the reporting period**

This table contains the same values for fixed remuneration and fringe benefits as provided in Table 1, which shows the value of the benefits granted for the reporting period. As before, the benefits received for the reporting period (amount disbursed) are disclosed for fixed remuneration and one-year variable remuneration.

The table also shows the benefits received (amount disbursed) for multi-year variable remuneration components under plans that ended in the reporting period. The amounts are broken down by different plans and terms. In the case of subscription rights and other share-based payments, the timing and value under German tax law apply to the date of receipt and the amount received.

Bonus/penalty arrangements must be reflected in the amount disbursed for both one-year and multi-year variable remuneration.

Clawbacks are entered into the "Other" row with a negative amount, with a reference to previous disbursements, and must be explained separately in the remuneration report, particularly if former members of the Management Board are concerned.

As in Table 1, the pension expense, i.e. the service cost in accordance with IAS 19, is disclosed for pension commitments and commitments of other related benefits. Although this is not a benefit received in the narrower sense, it is included in order to illustrate the total remuneration.

Benefits granted by third parties to individual members of the Management Board with regard to that Management Board member's work are also disclosed by adding such benefits to the fixed, one-year and multiyear variable remuneration components.

The information provided in the table does not replace other obligatory information to be disclosed in the remuneration report and the notes to the financial statements.

a b c d	Benefits received	Name		Name		Name	
		Function		Function		Function	
		Date of appointment/retirement		Date of appointment/retirement		Date of appointment/retirement	
		n	n-1	n	n-1	n	n-1
1	Fixed remuneration						
2	Fringe benefits						
3	Total						
4	One-year variable remuneration						
5	Multi-year variable remuneration						
5 a	Plan ID (plan term)						
...	Plan ID (plan term)						
6	Other						
7	Total						
8	Pension expense						
9	Total remuneration						

Explanatory notes:

- a Name of Management Board member
- b Function of Management Board member, e.g. Chief Executive or Chief Financial Officer
- c Management Board member's date of appointment/retirement, provided date is within the reporting periods (n = year under review), or (n-1 = previous year)
- d Year under review (n), or previous year (n-1)
- 1 Fixed remuneration components, e.g. fixed salary, fixed annual one-off payments (amounts correspond to the amounts provided in Table 1 "benefits granted")
- 2 Fixed remuneration components, e.g. benefits in kind or fringe benefits (amounts correspond to the amounts provided in Table 1 "benefits granted")
- 3 Total of fixed remuneration components (1+2) (amounts correspond to the amounts provided in Table 1 "benefits granted")
- 4 One-year variable remuneration, e.g. bonus, royalty, short-term incentive (STI), profit share, excluding deferrals
- 5 Multi-year variable remuneration (total of lines 5a-...), e.g. multi-year bonus, deferrals from one-year variable remuneration, long-term incentive (LTI), subscription rights, other sharebased payments
- 5a- ... Multi-year variable remuneration, broken down by different plans and terms
- 6 Other items, e.g. clawbacks, which are taken into consideration with a negative amount and a reference to previous disbursements
- 7 Total of fixed and variable remuneration components (1+2+4+5+6)
- 8 Service cost in accordance with IAS 19 from pension commitments and commitments of other related benefits (amounts correspond to the amounts provided in Table 1 "benefits granted"); these items do not represent benefits received during the year under review
- 9 Total of fixed, variable and other remuneration components as well as pension expense (1+2+4+5+6+8)

Our Corporate Governance Competence Centre

Good corporate governance is an important contributory factor for the success of the company. Statute, case law and, above all, standard setters, such as the German Corporate Governance Code Government Commission have appreciably increased the legal requirements imposed upon members of management and supervisory bodies during the last years. Good corporate governance is also growing in significance for business partners and the capital market.

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However, good corporate governance means more than just solid structures – it also has to be practised. We will support you with the corporate governance aspects of drafting the documentation for board meetings and resolutions, and of drawing up reports, e.g. the Supervisory Board Report or the Management Report. Legal advice on appointments to executive bodies, on avoiding liability and on asserting or defending claims relating to D&O liability is just as important as ensuring corporate law compliance and its regular review.



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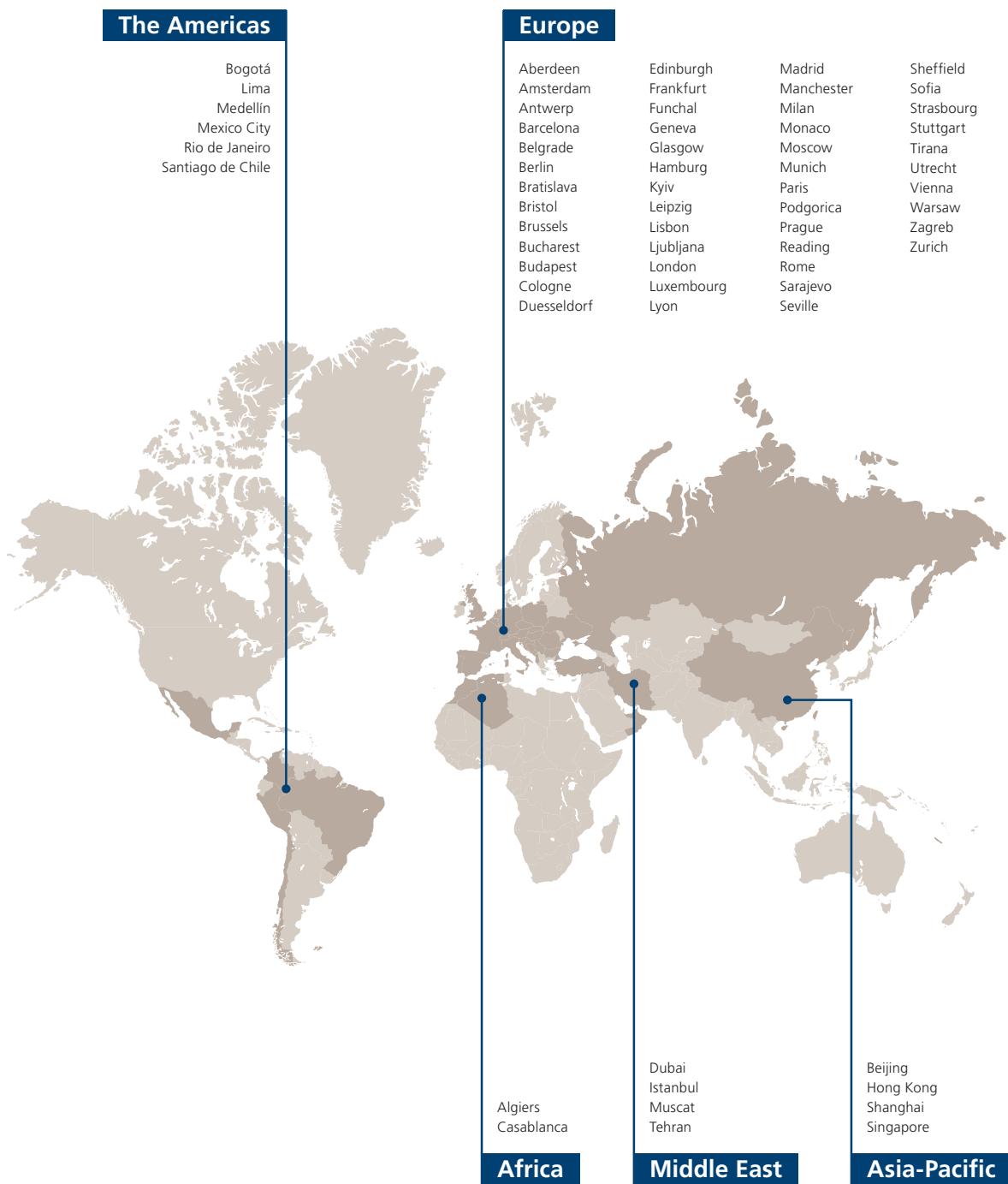
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