

## **DECLARATION OF CORPORATE GOVERNANCE pursuant to Sec. 289a HGB**

Corporate governance is of great importance for the board of management and the supervisory board of Ströer SE. It helps us ensure responsible and transparent management and control of the Company and divisions of the Ströer Group.

### **Declaration of compliance**

The board of management and the supervisory board of Ströer SE declare pursuant to Sec. 161 AktG:

Since the last declaration of compliance on 15 December 2014, Ströer SE has complied with the recommendations made by the government commission on the German Corporate Governance Code (GCGC) as amended on 5 May 2015 and will continue to comply with them in the future with the following exceptions:

- Contrary to the recommendation in 3.8 GCGC, no deductible for the members of the supervisory board was agreed upon in the D&O insurance policies for the members of the board of management, the supervisory board and executive employees. In our opinion, a deductible for supervisory board members would impair the interest and willingness of suitable individuals in remaining on or becoming active for the supervisory board of Ströer SE.
- Contrary to the recommendation in 5.3.3 GCGC, the supervisory board has not established a nomination committee in addition to the existing audit committee because Ströer SE does not need a special committee to propose shareholder representatives as candidates given the fact that employees are not represented on the supervisory board.
- Contrary to the recommendation in 5.4.1 Sentence 2 GCGC, there is no regular limit of length of membership for the members of the supervisory board. Ströer SE focuses solely on the knowledge, ability and expert experience of current and future members of the supervisory board and does not want to lose the extensive experience and expertise of these members.

Cologne, 17 December 2015

The supervisory board

The board of management

Christoph Vilanek  
Chairman of the Supervisory Board

Udo Müller  
Chairman of the Board of Management

## **Key corporate governance practices**

### **Risk management**

Good corporate governance involves ensuring a responsible approach to risks to the Company's business activities. Ströer identifies and regularly monitors all significant risks using a systematic risk management system and takes corrective measures where appropriate at an early stage. The risk management department regularly informs the board of management and supervisory board of risks and their development. The early warning system for the detection of risk installed by the board of management is assessed by the auditor of the financial statements within the scope of the statutory audit of the financial statements. See the opportunities and risks section for more information on the risk management system.

### **Internal control system**

The Company ensures the appropriateness of the accounting system using an internal control system. For more information on this control system, see the notes and explanations to Sec. 315 HGB ["Handelsgesetzbuch": German Commercial Code] in the group management report for fiscal year 2015. A compliance organization ensures compliance with the law and internal guidelines throughout the Group. Its main focus is on ensuring that corruption prevention measures and anti-trust laws are adhered to and upstanding business practices observed. Preventive measures include making employees aware of these issues and providing them with information and advice.

### **Transparency and communication**

Transparency is integral to good corporate governance. In this context, ensuring that all target groups receive the same information at the same time is vital. We inform our shareholders, shareholder associations, financial analysts, the media and interested parties continuously and promptly about the Company's situation and significant changes to the business. To provide shareholders with prompt and consistent information, we use electronic communication channels, the *elektronischer Bundesanzeiger* [Electronic German Federal Gazette] and the Ströer SE website. We publish press releases and annual and quarterly reports on our website [www.stroeer.com](http://www.stroeer.com) along with our detailed financial calendar which is updated regularly as well as various other communications such as voting right notifications and information on directors' dealings. Insider information which directly relates to the Company is published without delay. All significant documents are available in German and English.

### **Audit of the financial statements and independence of the auditor**

The group financial reporting complies with International Financial Reporting Standards (IFRSs); Ströer SE's separate financial statements are prepared in accordance with the HGB. Before audit work begins, the supervisory board obtains a comprehensive independence declaration from the auditor. This declaration ensures that the auditor has no business, financial, personal or other relations that could cast doubt on its independence.

## **Work of the board of management and supervisory board**

### **Cooperation between the board of management and the supervisory board**

Ströer SE is registered as a corporation under German law. It is subject to a dual governance structure characterized by the separation of management and monitoring functions. The board of management and the chairman of the supervisory board hold regular meetings to discuss individual issues. The other members of the supervisory board are informed about the content of these meetings by the chairman of the supervisory board. In the interests of the Company and its shareholders, the board of management works closely, constructively and on the basis of trust with the supervisory board to ensure sustainable added value is generated. This forms the basis of transparent and responsible corporate governance. More information on the collaboration between the board of management and the supervisory board can be found in the annual report, which is published on Ströer SE's website (<http://ir.stroeer.com/websites/stroeer/English/5100/annual-and-quarterly-reports.html>).

### **Board of management**

The board of management is responsible for managing the Company without instructions from third parties and currently comprises three members appointed by the supervisory board. The principle of overall responsibility applies. This means that all members of the board of management bear responsibility for the Company's activities. As the governing body of Ströer SE, the board of management manages the business and is bound by German stock corporation law, which also applies to Ströer SE under the SE regulation and the German SE Implementation Act ["SE-Ausführungsgesetz"], to uphold business policy principles and the interests of the Company. Within the scope of resolutions made by the board of management, the members of the board of management bear sole responsibility for the operations under their management. The work of the members of the board of management is coordinated by the chairman of the board of management. The principles of cooperation within the board of management are specified in the board of management's rules of procedure. The board of management makes decisions at regular management board meetings. Resolutions are passed by a simple majority of the votes cast unless otherwise stipulated by the articles of incorporation and bylaws or the rules of procedure. They are then documented accordingly. The board of management's rules of procedure specify certain significant transactions which require the prior approval of the supervisory board.

The board of management informs the supervisory board regularly, promptly and comprehensively about all issues relating to planning, business development, the risk situation and risk management which are relevant to the Company. This ensures a continuous exchange of information between the board of management and the supervisory board. The board of management is responsible for the preparation of the quarterly financial reports, half-year financial reports and annual financial statements which it distributes regularly to the supervisory board and discusses with the supervisory board prior to publication.

### **Supervisory board**

The supervisory board appoints and exonerates the board of management. In its role of supervisory body, it advises the board of management on the management of the Company and monitors its management of the Company. The supervisory board of Ströer SE comprises three members. The supervisory board elects a chairman and deputy chairman from among its members. The rights and obligations of the supervisory board are determined by the AktG ["Aktengesetz": German Stock Corporation Act] in conjunction with the SE regulation and

the SE-Ausführungsgesetz, the articles of incorporation and bylaws of Ströer SE and the rules of procedure for the supervisory board. The chairman of the supervisory board coordinates the work of the board. Resolutions are passed by a simple majority in meetings convened by the chairman of the supervisory board. The minutes of the meetings are duly documented. In the case of particularly important or urgent decisions, the supervisory board is informed between the regular meetings. Where necessary, decisions can also be made by way of circular resolutions or by telephone. The members of the supervisory board are appointed by the shareholder meeting. Detailed information on the work of the supervisory board and of the audit committee are presented in the supervisory board report.

### **Committee procedures and members**

The board of management has not set up any committees.

The supervisory board currently has one committee to help it fulfill its duties efficiently: the audit committee, which comprises two members. The tasks of the audit committee are specified in the audit committee's rules of procedure. Among other things, the audit committee examines the financial reporting processes, risk management, the internal audit system and the independence of the auditor. The chairman of the audit committee reports regularly to the supervisory board on the work of the audit committee and makes appropriate recommendations to it. More information on the composition and procedures of the audit committee can be found in the annual report, which is published on Ströer SE's website (<http://ir.stroeer.com/websites/stroeer/English/5100/annual-and-quarterly-reports.html>).

### **Avoiding conflicts of interest**

The board of management and supervisory board are obliged to act in the interest of the Company. Conflicts of interest involving members of the board of management or the supervisory board must be reported to the supervisory board without delay. In the course of its routine efficiency audit, the supervisory board determined that it had a sufficient number of independent members.

D&O insurance policies have been taken out for all members of the supervisory board and board of management, general managers and executive employees of the Ströer Group. A deductible was agreed upon in the D&O insurance policies for the members of the board of management within the meaning of the VorstAG ["Gesetz zur Angemessenheit der Vorstandsvergütung": German Act on the Adequacy of Management Board Remuneration].

### **Shareholder meeting**

The shareholders exercise their voting rights at the shareholder meeting. Each share entitles the holder to one vote. The annual general meeting of Ströer SE is held within the first six months of each fiscal year. The board of management distributes the separate and consolidated financial statements to the shareholder meeting. The shareholder meeting decides on the exoneration of the board of management and the supervisory board. It elects the shareholder representatives to the supervisory board and the auditor. It also decides on capital measures, the appropriation of the retained earnings and the approval of intercompany agreements, in addition to the remuneration of the supervisory board and amendments to the Company's articles of incorporation and bylaws. If at least half of the share capital is not

represented at a vote on a resolution to amend the articles of incorporation and bylaws, a majority of at least two thirds of the votes cast is required under European law and the articles of incorporation and bylaws. The invitation to the annual general meeting as well as the relevant documents and agenda are also published on the Company's website. In special circumstances, the AktG in conjunction with the SE regulation and the SE-Ausführungsgesetz provide for an extraordinary shareholder meeting to be convened. The Company has set the morning of the 21<sup>st</sup> day prior to the annual general meeting as the record date for determining those shareholders entitled to vote. Shareholders may also exercise their voting right via an authorized agent of their choice or by proxy appointed by the Company who is bound by instructions.

### **Corporate governance report**

In line with the recommendation in 3.10 GCGC, Ströer SE reports on its corporate governance in a separate report in addition to this declaration. That report is available on Ströer SE's website (<http://ir.stroeer.com/websites/stroeer/English/6100/corporate-governance-codex.html>).

### **Targets for the inclusion of women in management bodies**

Ströer SE promotes gender equality.

As of 31 December 2015, the proportion of female managers at the two management levels below management board level was 50%. Special training for female executives is set to boost this share in the next few years.

The target quota for female supervisory board and board of management members is in line with the German Act to Promote Equal Participation of Women and Men in Management Positions in the Private and Public Sector ["FührposGleichberG"]. Due to the length of the employment contracts of current members of the board of management, the target for the share of women on the board of management is 0% until 30 June 2017. One woman will be appointed to the supervisory board by 30 June 2017.