

CORPORATE GOVERNANCE REPORT

Ströer SE & Co. KGaA complies extensively with its duty to ensure reliable and conscientious corporate governance in order to maintain the capital markets' trust in the Company. Ströer SE & Co. KGaA also attaches great importance to responsible and sustainable management within the Company. A close working relationship between the board of management of the general partner, Ströer Management SE (the board of management), and the supervisory board of Ströer SE & Co. KGaA (the supervisory board) that is based on mutual trust, respect for shareholder interests as well as the openness of internal and external corporate communication form the fundamental basis of good corporate governance.

Notes to the declaration of compliance in accordance with Sec. 161 AktG

Ströer SE & Co. KGaA bases its corporate governance on the generally accepted standards of good corporate governance, with particular regard to the recommendations and suggestions of the German Corporate Governance Code (GCGC). The joint declaration of compliance of the supervisory board and board of management in accordance with Sec. 161 AktG [“Aktiengesetz”: German Stock Corporation Act] which was submitted on 13 December 2018 deviates five times from the recommendations of the GCGC as amended on 7 February 2017 (the “Code”). The deviations relate to recommendations which the board of management and supervisory board of Ströer SE & Co. KGaA do not consider necessary in its particular circumstances. The declaration is available on the website of Ströer SE & Co. KGaA (<http://ir.stroeer.com/websites/stroeer/English/1/investor-relations.html>, under the “Corporate Governance” menu item) as a component of the corporate governance declaration. Ströer SE & Co. KGaA implements most of the suggestions of the GCGC in addition to the recommendations of the Code (“should” or “can” suggestions).

In line with the GCGC recommendation, the supervisory board regularly reviews whether it is working efficiently. These efficiency reviews are based in particular on the exchange of information between the supervisory board and board of management, as well as checking the independence of members of the supervisory board. Any conflicts of interest that may have arisen involving members of the board of management or the supervisory board were reported without delay. In fiscal year 2018, one conflict of interest arose in relation to a member of the supervisory board. The supervisory board reports on conflicts of interest and their resolution in its report to the shareholder meeting.

Ströer SE & Co. KGaA attaches particular importance to informing the shareholders promptly about the economic development of the Company. The group annual report and the quarterly statements were published in the reporting year within the legally prescribed periods in line with the recommendations of the GCGC.

Composition and rules of procedure of the supervisory board

Our supervisory board comprises 16 members and has an equal number of shareholder representatives and employee representatives. The supervisory board also consisted of 16 members until supervisory board member Anette Bronder stepped down on 31 December 2018.

In accordance with the recommendations of the German Corporate Governance Code, on 29 March 2018 the supervisory board set the following concrete targets for its composition and adopted a profile of skills and expertise.

- (i) The supervisory board must be composed in such a way that, collectively, its members have company-specific knowledge and the skills and experience required to appropriately perform its function of overseeing and advising the board of management.
- (ii) The supervisory board members should be experienced and qualified in the areas of media and digital commerce, corporate strategy, supervisory and committee work, the management of large organizations, corporate governance and M&A processes. At least one member of the supervisory board must be highly qualified and experienced in the areas of finance and capital markets as well as accounting and auditing.
- (iii) The supervisory board should have an appropriate number of independent members. In this context, the ownership structure of Ströer SE & Co. KGaA and its general partner, Ströer Management SE, should be designed in such a way that, in terms of the number of shareholder representatives on the supervisory board, one-third of the members represent larger owner groups.
- (iv) As regards composition, the supervisory board embraces diversity, the consideration of different professional experience, age and nationality and places particular importance on an appropriate gender structure. The supervisory board should therefore, in accordance with Sec. 96 (2) AktG and a relevant resolution of the supervisory board, have a female quota of at least 30%.
- (v) Members of the supervisory board should be no older than 70 years of age upon appointment.
- (vi) In derogation of the recommendation in 5.4.1 Paragraph 2 Sentence 1 GCGC, a regular limit of length of membership for members of the supervisory board is not specified as the supervisory board nominates candidates solely based on the specialist knowledge, ability and experience of current and future members of the supervisory board and does not want to lose the extensive experience and expertise of these members.

Please note the following as regards the status on the implementation: Collectively, the members of the supervisory board have company-specific knowledge and the skills and experience required to appropriately perform their function of overseeing and advising the board of management. Collectively, members are familiar with the sector in which the Company operates. As they also have extensive knowledge in different professional areas and many years of experience, they contribute a wide range of skills and experience to the work of the supervisory board. Importance is placed on supervisory board members, both from among the shareholders and the staff, having an active role in professional life, based on the conviction that such supervisory board members are in a better position to navigate the necessary digital transformation. The supervisory board had six female members until supervisory board member Anette Bronder stepped down as of 31 December 2018. The members of our supervisory board do not perform functions on any governing bodies of major competitors. The supervisory board does not have any former members of the board of management among its members. With the exception of the supervisory board members Julia Flemmerer and Dirk Ströer, none of the members of the supervisory board have a business or personal relationship with Ströer SE & Co. KGaA, its board of management or supervisory board or a controlling shareholder, that would establish a material conflict of interest of a non-temporary nature. With these two exceptions based on the relevant independence criteria and under the assumption that employee representatives also meet these criteria for supervisory board members within the meaning of the German Corporate Governance Code, the supervisory board is of the opinion that until supervisory board member Anette Bronder stepped down as of 31 December 2018, 14 of the 16 supervisory board members were independent. They were the shareholder representatives: Christoph Vilanek, Ulrich Voigt, Vicente Vento Bosch, Petra Sontheimer, Martin Diederichs and Anette Bronder as well as the employee representatives: Sabine Hüttinger, Rachel Marquardt, Tobias Meuser, Dr. Thomas Müller, Michael Noth, Christian Sadiña-Gellesch, Nadine Reichel and Andreas Huster. The age limit was observed. The composition of the supervisory board thus fully complies with the targets stated.

In nominating candidates to the shareholder meeting, the supervisory board considers the legal requirements, the German Corporate Governance Code as well as the agreed targets, criteria and profile of skills and expertise governing the future composition. Overall, candidates continue to be nominated based on the Company's best interests.

Promoting equal participation of men and women in executive positions

Ströer SE & Co. KGaA promotes gender equality. As of the reporting date of 31 December 2018, the proportion of female executives at the two management levels below management board level was 34.2%. Special qualification measures, such as participation in the program “Frauen in Führung” [Women in the Lead] in fiscal year 2018, are designed to increase the proportion of female executives in the coming 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”]. The supervisory board comprised six female members, representing around 38% of the board, until supervisory board member Anette Bronder stepped down on 31 December 2018. The target quota of 30%, which is now also legally prescribed, was thus met.

Directors’ dealings and ad-hoc announcements

In accordance with Art. 19 Market Abuse Regulation [MAR], executives, in particular members of the board of management, supervisory board and other persons discharging managerial responsibilities as well as persons closely associated with them are required to disclose their trades in Ströer SE & Co. KGaA stock or debt securities or any related derivatives or other related financial instruments if the value of the purchase or sale reaches or exceeds EUR 5,000.00 in any one calendar year. This obligation also applies to individuals closely related to the above group. The following notifications of directors’ dealings were made in fiscal year 2018:

Name	Reason for announcement	Purchase/sale	Date	Place	Number	Price in EUR	Trade volume in EUR
Udo Müller	Board of management	Discretionary order without any time limitations to sell up to a total of 168,443 shares acquired from exercising stock options at a price of at least EUR 55.00 per share	27 March 2018	OTC	0	0.00	0.00
Udo Müller	Board of management	Purchase of shares due to the exercise of options within the scope of an employee stock option plan	27 March 2018	OTC	168,443	6.77	1,140,359.11
Christian Schmalzl	Board of management	Discretionary order without any time limitations to sell up to a total of 70,624 shares acquired from exercising stock options at a price of at least EUR 54.00 per share	7 June 2018	OTC	0	0.00	0.00
Christian Schmalzl	Board of management	Purchase of shares due to the exercise of options within the scope of an employee stock option plan	7 June 2018	OTC	70,624	6.77	478,124.48
Bernd Metzner	Board of management	Discretionary order without any time limitations to sell up to a total of 72,727 shares acquired from exercising stock options	20 June 2018	OTC	0	0.00	0.00
Bernd Metzner	Board of management	Purchase of shares due to the exercise of options within the scope of an employee stock option plan	20 June 2018	OTC	72,727	13.00	945,451.00
Bernd Metzner	Board of management	Discretionary order without any time limitations to sell up to a total of 82,372 shares acquired from exercising stock options	14 August 2018	OTC	0	0.00	0.00
Bernd Metzner	Board of management	Purchase of shares due to the exercise of options within the scope of an employee stock option plan	14 August 2018	OTC	82,372	13.00	1,070,836.00

Christian Schmalzl	Board of management	Discretionary order without any time limitations to sell up to a total of 47,709 shares acquired from exercising stock options at a price of at least EUR 49.30 per share	16 August 2018	OTC	0	0.00	0.00
Christian Schmalzl	Board of management	Purchase of shares due to the exercise of options within the scope of an employee stock option plan	16 August 2018	OTC	47,709	6.77	322,989.93
Udo Müller	Board of management	Discretionary order without any time limitations to sell up to a total of 94,224 shares acquired from exercising stock options at a price of at least EUR 49.88 per share	20 August 2018	OTC	0	0.00	0.00
Udo Müller	Board of management	Purchase of shares due to the exercise of options within the scope of an employee stock option plan	20 August 2018	OTC	94,224	6.77	637,896.48
Udo Müller	Board of management	Pledge of 1,000,000 shares in Ströer SE & Co. KGaA on the basis of a loan agreement	24 August 2018	OTC	0	0.00	0.00
Dirk Ströer	Board of management	Pledge of 950,000 shares in Ströer SE & Co. KGaA on the basis of a loan agreement	24 September 2018	OTC	0	0.00	0.00
Dirk Ströer	Board of management	Pledge of 3,000,000 shares in Ströer SE & Co. KGaA on the basis of a loan agreement	25 October 2018	OTC	0	0.00	0.00
Udo Müller	Board of management	Sale of put warrants for 20,000 shares in Ströer SE & Co. KGaA with an expiry date of 14 June 2019 and a strike price of EUR 36.00.	20 November 2018	OTC	20,000	0.61	12,200.00
Udo Müller	Board of management	Sale of put warrants for 20,000 shares in Ströer SE & Co. KGaA with an expiry date of 14 June 2019 and a strike price of EUR 38.00.	20 November 2018	OTC	20,000	0.91	18,200.00
Udo Müller	Board of management	Sale of put warrants for 20,000 shares in Ströer SE & Co. KGaA with an expiry date of 14 June 2019 and a strike price of EUR 40.00.	20 November 2018	OTC	20,000	1.34	26,800.00
Udo Müller	Board of management	Sale of put warrants for 20,000 shares in Ströer SE & Co. KGaA with an expiry date of 14 June 2019 and a strike price of EUR 42.00.	20 November 2018	OTC	20,000	1.88	37,600.00
Udo Müller	Board of management	Sale of put warrants for 20,000 shares in Ströer SE & Co. KGaA with an expiry date of 14 June 2019 and a strike price of EUR 44.00.	20 November 2018	OTC	20,000	2.61	52,200.00
Udo Müller	Board of management	Pledge of 1,300,000 shares in Ströer SE & Co. KGaA on the basis of a loan agreement	21 November 2018	OTC	0	0.00	0.00
Udo Müller	Board of management	Sale of put warrants for 14,400 shares in Ströer SE & Co. KGaA with an expiry date of 31 May 2019 and a strike price of EUR 40.00.	21 November 2018	OTC	14,400	1.19	17,136.00
Udo Müller	Board of management	Sale of put warrants for 14,400 shares in Ströer SE & Co. KGaA with an expiry date of 31 May 2019 and a strike price of EUR 44.00.	21 November 2018	OTC	14,400	2.43	34,992.00
Udo Müller	Board of management	Sale of put warrants for 14,400 shares in Ströer SE & Co. KGaA with an expiry date of 31 May 2019 and a strike price of EUR 38.00.	21 November 2018	OTC	14,400	0.79	11,376.00
Udo Müller	Board of management	Sale of put warrants for 14,400 shares in Ströer SE & Co. KGaA with an expiry date of 31 May 2019 and a strike price of EUR 42.00.	21 November 2018	OTC	14,400	1.74	25,056.00
Udo Müller	Board of management	Sale of put warrants for 14,400 shares in Ströer SE & Co. KGaA with an expiry date of 31 May 2019 and a strike price of EUR 36.00.	21 November 2018	OTC	14,400	0.50	7,200.00
Udo Müller	Board of management	Sale of put warrants for 5,600 shares in Ströer SE & Co. KGaA with an expiry date of 31 May 2019 and a strike price of EUR 36.00.	22 November 2018	OTC	5,600	0.43	2,408.00

Udo Müller	Board of management	Sale of put warrants for 5,600 shares in Ströer SE & Co. KGaA with an expiry date of 31 May 2019 and a strike price of EUR 38.00.	22 November 2018	OTC	5,600	0.71	3,976.00
Udo Müller	Board of management	Sale of put warrants for 5,600 shares in Ströer SE & Co. KGaA with an expiry date of 31 May 2019 and a strike price of EUR 40.00.	22 November 2018	OTC	5,600	1.10	6,160.00
Udo Müller	Board of management	Sale of put warrants for 5,600 shares in Ströer SE & Co. KGaA with an expiry date of 31 May 2019 and a strike price of EUR 42.00.	22 November 2018	OTC	5,600	1.64	9,184.00
Udo Müller	Board of management	Sale of put warrants for 5,600 shares in Ströer SE & Co. KGaA with an expiry date of 31 May 2019 and a strike price of EUR 44.00.	22 November 2018	OTC	5,600	2.36	13,216.00
Udo Müller	Board of management	Sale of put warrants for 20,000 shares in Ströer SE & Co. KGaA with an expiry date of 17 May 2019 and a strike price of EUR 42.00.	28 November 2018	OTC	20,000	1.64	32,800.00
Udo Müller	Board of management	Sale of put warrants for 20,000 shares in Ströer SE & Co. KGaA with an expiry date of 17 May 2019 and a strike price of EUR 44.00.	28 November 2018	OTC	20,000	2.37	47,400.00
Udo Müller	Board of management	Sale of put warrants for 20,000 shares in Ströer SE & Co. KGaA with an expiry date of 17 May 2019 and a strike price of EUR 46.00.	28 November 2018	OTC	20,000	3.28	65,600.00
Udo Müller	Board of management	Sale of put warrants for 20,000 shares in Ströer SE & Co. KGaA with an expiry date of 17 May 2019 and a strike price of EUR 48.00.	28 November 2018	OTC	20,000	4.39	87,800.00
Udo Müller	Board of management	Sale of put warrants for 20,000 shares in Ströer SE & Co. KGaA with an expiry date of 17 May 2019 and a strike price of EUR 50.00.	28 November 2018	OTC	20,000	5.69	113,800.00

In fiscal year 2018, we did not publish any ad-hoc announcements.

Shareholdings of the board of management and supervisory board

The following notifications on shareholdings of the board of management and supervisory board were made for fiscal year 2018: the chairman of the supervisory board, Mr. Christoph Vilanek, holds around 0.01% of the shares in Ströer SE & Co. KGaA. Dirk Ströer, member of the supervisory board, holds 21.46% of the total shares in Ströer SE & Co. KGaA. The other members of the supervisory board do not have any shares. Udo Müller, Co-CEO, holds 21.35% and Christian Schmalz, Co-CEO, holds around 0.05% of the shares in Ströer SE & Co. KGaA.

Independence of the auditor

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Cologne, was appointed as auditor for fiscal year 2018 by the shareholder meeting and audited both the consolidated and separate financial statements for 2018. Ströer SE & Co. KGaA agreed with Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Cologne, that the latter would inform the chairman of the audit committee, immediately, of any possible material findings and events arising during the audit. The supervisory board obtained a comprehensive independence declaration from the auditor before the shareholder meeting resolved to recommend the appointment of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Cologne, as Ströer SE & Co. KGaA's auditor for fiscal year 2018. This declaration states that the auditor has no business, financial, personal or other relations that could cast doubt on its independence.

Stock option plans

Ströer SE & Co. KGaA introduced long-term incentives based on share-based payments (stock option plans) for members of the board of management and executives. Information on the stock option plans is provided in the remuneration report.

The supervisory board
of Ströer SE & Co. KGaA

The board of management
of the general partner
of Ströer SE & Co. KGaA

Christoph Vilanek
Chairman of the Supervisory Board

Christian Schmalzl
Co-Chairman of the Board of Management
of Ströer Management SE