

# CORPORATE GOVERNANCE STATEMENT AND CORPORATE GOVERNANCE REPORT

## Part of Group Management Report

The Executive Board and Supervisory Board of Viscom AG are committed to the principles of sound corporate governance. These principles constitute a vital element of the modern capital market. This is intended to promote the trust of investors and the public in the management and supervision of listed German companies. The principles of responsible and effective company management and controlling aimed at transparency and value creation determine the actions of Viscom AG's management and supervisory bodies.

In accordance with section 3.10 of the German Corporate Governance Code as well as section 289a of the German Commercial Code (HGB), Viscom AG's Executive Board, also on behalf of the Supervisory Board, reports on the company's corporate governance in this section.

### Declaration pursuant to section 161 of the German Stock Corporation Act (AktG)

The Executive Board and Supervisory Board of Viscom AG submitted the annual compliance statement pursuant to section 161 of the German Stock Corporation Act (AktG) on 24 February 2017. It has been published and is permanently accessible on the Viscom AG website at [www.viscom.com/europe](http://www.viscom.com/europe) in the section Investor Relations/Corporate Governance.

### Wording of the 2017 compliance statement

The German Corporate Governance Code sets out important statutory regulations regarding the management and supervision of listed German companies and contains internationally and nationally recognised standards for sound and responsible company management. The purpose of the Code is to make the German corporate governance system clearer and more transparent. It aims to increase the confidence of international and national investors, customers, employees and the public in German company management and supervision. Section 161 of the German Stock Corporation Act (AktG) obliges listed companies to declare once a year whether the recommendations of the Government Commission on the German Corporate Gover-

nance Code as published by the Federal Ministry of Justice have been complied with or which recommendations have not been or will not be followed ("comply or explain").

The following compliance statement refers to the recommendations by the Government Commission on the German Corporate Governance Code in the version dated 5 May 2015 as published by the Federal Ministry of Justice in the official section of the Bundesanzeiger (Federal Gazette) on 12 June 2015.

In conformity with section 161 of the German Stock Corporation Act (AktG), the Executive Board and Supervisory Board of Viscom AG declare that, in principle, the recommendations by the Government Commission on the German Corporate Governance Code have been and are being complied with. The statement has been made permanently available to the public on the company's website. The following recommendations have not been and will not be followed:

#### 1. The company has decided to exclude deductibles from its liability insurance (D&O insurance) for the Supervisory Board (Code section 3.8).

The company has complied with the legal requirement to implement a deductible for Executive Board members pursuant to section 93 (2) sentence 3 of the German Stock Corporation Act (AktG) in conjunction with section 23 (1) sentence 1 of the Introductory Act to the German Stock Corporation Act (EGAktG) effective 1 July 2010, but continues to refrain from implementing a corresponding deductible for the Supervisory Board as well. In the company's view, the nature of the Supervisory Board mandate, which is also emphasised by differences in remuneration, makes it seem reasonable to differentiate between the Executive Board and Supervisory Board. Extending the D&O insurance deductible to members of the Viscom AG Supervisory Board therefore did not appear appropriate. Furthermore, a deductible for intentional infringement of obligations does not come into question and a deductible in cases of negligence in other countries has been rather uncommon to date. There was and is,

therefore, the concern that the agreement of a deductible may present an obstacle in the future with regard to the search for appropriate Supervisory Board candidates who also have international experience.

**2. The company has no Chairperson or Speaker of the Executive Board (Code section 4.2.1).**

Taking into account the number of Executive Board members, the Executive Board and the Supervisory Board are consequently of the opinion that, on a board with only three members, a Chairperson or a Speaker is not required. In addition, the law for stock corporations is based on a principle of consensus, i. e. on a collegial rather than a hierarchical Executive Board. A strong principle of consensus has prevailed within the Executive Board (and previously within the management) since the company was founded. All significant decisions are made together by the full Executive Board at all times.

**3. The employment contracts with the members of the Executive Board of Viscom AG provide for no payment caps on severance compensation in the case of early termination of the Executive Board mandate (Code section 4.2.3).**

The Executive Board contracts do not contain any provisions for a payment cap on severance compensation in the case of early termination of the Executive Board mandate of a maximum of two years' remuneration, including in the form of (modified) tying clauses. Legal enforcement of a cap on severance pay for the member of the Executive Board would often not be possible in the relevant cases. If there is neither good cause for dismissal in accordance with section 84 (3) sentence 1 of the German Stock Corporation Act (AktG) nor good cause for extraordinary termination of the employment contract in accordance with section 626 of the German Civil Code (BGB), the contract with the Executive Board member concerned can only be terminated subject to mutual agreement. In such cases, Executive Board members have no obligation to agree to caps on severance pay within the meaning of the recom-

dations of the Code. These (modified) tying clauses that link the termination of the Executive Board contract to dismissal for good cause and anticipate a cap on severance pay in such cases cannot be implemented unilaterally by the Supervisory Board against the will of the Executive Board member in question (deviation from Code section 4.2.3 paragraph 4).

If premature termination of the Executive Board mandate is carried out for good cause for which the Executive Board member is responsible, no severance payments may be made.

**4. The Executive Board and Supervisory Board have not prepared any detailed long-term succession planning to date (Code section 5.1.2).**

The Executive Board members Dr. Martin Heuser and Volker Pape are also the founding members of the company. It is not possible to anticipate at this time if or when these Executive Board members will leave the company. As a result, the Executive Board and Supervisory Board have not prepared any detailed long-term succession planning for the Executive Board to date. The Executive Board and Supervisory Board also believe that this recommendation in the Code pertains solely to internal succession planning, as external appointments cannot be planned for the long term.

**5. The Articles of Association and the standing rules for the Executive Board do not call for a maximum age limit for Executive Board members (Code section 5.1.2).**

Given the age structure of the current members of the Executive Board, this status quo is not open to question. The company is also committed to ensuring access to the expertise of experienced members of the Executive Board. Any exclusion based solely on age does not appear expedient to the Executive Board and Supervisory Board, since the optimum composition of the Executive Board could thereby be prevented for merely formal reasons. An age limitation in the Articles of Association or the standing rules has been and is therefore deemed unnecessary.

**6. The Supervisory Board has not formed any committees, and in particular has not formed an audit committee (Code sections 5.3.1, 5.3.2, 5.3.3).**

The Supervisory Board consists of only three members. In the view of the Supervisory Board, the formation of an audit committee is not expedient under the specific circumstances of the company and – unlike in larger governing bodies – does not increase efficiency. All matters are addressed by all members of the Supervisory Board, meaning that the formation of additional committees is not considered necessary.

**7. The fixed remuneration for the Supervisory Board stipulated in the Articles of Association does not take account of Chairpersons or committee members (Code section 5.4.6).**

The lack of committees due to the small size of the Supervisory Board renders any further plan for the distribution of remuneration for Chairpersons and committee members unnecessary.

**Working methods of the Executive Board and the Supervisory Board**

The Executive Board and the Supervisory Board of Viscom AG work together consistently and closely, in keeping with sound and responsible corporate governance. They coordinate regularly and promptly in the areas recommended by the Corporate Governance Code, but also on issues beyond these areas.

**Executive Board**

Viscom AG is a company incorporated under German law, which is also the basis of the German Corporate Governance Code. The two-tier system of management comprising the Executive Board and the Supervisory Board as corporate bodies which hold separate powers is a basic tenet of German stock corporation law. The Executive Board and the Supervisory Board of Viscom AG cooperate in all matters relating to control and supervision of the company in a close and trusting fashion.

The Executive Board of Viscom AG currently consists of three members: Dr. Martin Heuser (Technology), Volker Pape (Sales)

and Dirk Schwingel (Finance). The Executive Board is solely responsible for managing the company in compliance with the law, Articles of Association, standing rules, resolutions of the Supervisory Board and employment contracts. The primary tasks of the Executive Board are determining strategic alignment, managing the company, and planning, establishing and monitoring a risk management and a compliance system. Furthermore, the Executive Board is required to consider diversity and in particular the fair inclusion of women in the process of filling management positions in the company. According to Code section 4.1.5 and section 76 (4) of the German Stock Corporation Act (AktG) in conjunction with section 25 (1) of the Introductory Act to the German Stock Corporation Act (EGAktG), Viscom AG's Executive Board is obliged to determine targets for the proportion of women in the two management levels below the Executive Board. The top two national management levels below Viscom AG's Executive Board have a total of 6 and 28 employees respectively. Currently 0 and 5 of these respectively are women. The proportion of women in the top two management levels below the Executive Board is therefore 0 % and 17.86 % respectively at this time. On 10 September 2015, after detailed discussion, the Executive Board of Viscom AG set a target of 0 % for the proportion of women in the top national management level and a target of 17.86 % for the management level below that. These targets are to be reached by or maintained until 30 June 2017 and were actually reached or maintained in the company's 2016 financial year. Employees are to be hired and promoted without regard to gender within these targets in the future, which has also been the case in the past.

All members of the Executive Board are involved in the day-to-day management of the company and bear responsibility for operations.

The Supervisory Board has resolved standing rules for the Executive Board regulating its responsibilities, work and its mode of co-operation with the Supervisory Board. According to these, members of the Executive Board wield executive powers in the areas of

responsibility assigned to them in the allocation of duties. Insofar as measures or transactions of one area of responsibility overlap with those of one or more other areas, all involved members of the Executive Board must be in agreement. Should there be any continuing differences of opinion, the entire Executive Board must reach a joint decision. These assignments notwithstanding, each member of the Executive Board remains responsible for all management issues (principle of overall responsibility). The entire Executive Board exclusively decides on any matters or transactions which are of extraordinary importance or carry an extraordinary economic risk.

The Executive Board passes its resolutions either at meetings or, in the absence of objections from Executive Board members, outside of meetings using modern means of communication. Two members of the Executive Board constitute a quorum. All resolutions of the Executive Board require a simple majority of the votes cast. Meetings of the Executive Board are to be scheduled on a regular basis, if possible a weekly basis. They must take place when required to ensure the well-being of the company. The Executive Board member designated accordingly by the Supervisory Board is responsible for determining meeting dates, convening meetings, setting the agenda, chairing the meetings and ensuring the minutes are taken.

The Executive Board is also obliged to regularly inform the Supervisory Board of the company of all matters reasonably of interest to it concerning the company and companies affiliated with the company, especially of all matters covered by section 90 of the German Stock Corporation Act (AktG). These reporting duties apply to the full Executive Board. As a rule, Executive Board reports must be presented in written form except when urgency allows or necessitates a verbal report. Furthermore, the Executive Board members must regularly report jointly to the Chairman of the Supervisory Board on strategy, business planning and progress, the situation of the company, including its affiliated companies, the risk situation and risk management as well as compliance, in written or verbal form. The management

of the Group is based on a reporting system that takes the form of monthly reports submitted to members of the Supervisory Board. These monthly reports include the consolidated income statement and individual breakdowns for the various Group companies. The reports also include a detailed presentation of the cost structure at Viscom AG and its Group companies, revenue in its system installation regions, incoming orders, order backlog, the number of employees, cash and cash equivalents, total receivables and receivables from subsidiaries, orders placed for the purchase of goods and the inventories of goods as well as partially completed and completed systems.

The Executive Board also reports on significant issues pertaining to the current situation of the company and directly and indirectly associated companies and events that go beyond normal business operations of the company and affiliated companies and are of special importance for the company as occasion requires. Any information relevant to decision making will be made available to the members of the Supervisory Board in a timely manner prior to the meeting.

Members of the Executive Board are subject to comprehensive restraint on competition during their Board membership. They are bound to the interests of the company. Consequently, no member of the Executive Board may allow personal interests to affect his decisions or make use of business opportunities to which the company is entitled for his own benefit. Any possible conflicts of interest are to be disclosed promptly to the Supervisory Board, and the other members of the Executive Board are to be informed. All transactions between the company and the Executive Board members or closely related persons or companies have to be in accordance with standards of the trade. Significant transactions with an Executive Board member or related parties require the consent of the Supervisory Board.

In addition, Executive Board members require the consent of the Supervisory Board to assume other professional roles, particularly the assumption of mandates in other companies.

Both the Executive Board and the Supervisory Board are bound to the interests of Viscom AG. There were no conflicts of interest to be reported to the Supervisory Board in the past financial year. No Executive Board member is a member of any Supervisory Boards at listed stock corporations outside the Group.

Viscom AG has obtained liability insurance (D&O insurance) with a commensurate deductible for all members of the Executive Board.

#### **Mandates of the Executive Board Members**

The members of the Executive Board hold no other mandates in other Supervisory Boards required by law or comparable domestic and foreign governing bodies.

#### **Supervisory Board**

The Supervisory Board of Viscom AG consists of three members who are elected at the Annual General Meeting, without it being bound by any proposals for suitable candidates and with identical terms of office, in compliance with section 11 (1) of the Articles of Association in conjunction with sections 95, 96 (1) and 101 (1) of the German Stock Corporation Act (AktG). The company has no co-determination.

The current members of the Viscom AG Supervisory Board are Bernd Hackmann (Chairman), Klaus Friedland (Deputy Chairman) and Prof. Dr. Ludger Overmeyer. They were individually elected at the Annual General Meeting on 27 May 2014 pursuant to the recommendations of the German Corporate Governance Code. None of the Supervisory Board members were over 70 years of age at the time of the election. The term of office for the Supervisory Board is five years. The current term ends with the regular Annual General Meeting that will approve the actions of the members of the Supervisory Board for the 2018 financial year of the company.

The proposals for suitable candidates consider the skills, expertise and experience necessary for the duties of the Supervisory

Board. The company's international activities, potential conflicts of interest, the number of independent Supervisory Board members considered adequate by the Supervisory Board, the age limit for Supervisory Board members and the time limit for Supervisory Board membership as well as diversity in the composition of the Supervisory Board are all considered. According to Code section 5.4.1 and section 111 (5) of the German Stock Corporation Act (AktG) in conjunction with section 25 of the Introductory Act to the German Stock Corporation Act (EGAktG), Viscom AG's Supervisory Board is obliged to set targets for the proportion of women on the Supervisory Board. The current members of the Supervisory Board were appointed by the Annual General Meeting on 27 May 2014 with a term of office until the end of the Annual General Meeting voting on the resolution to approve the actions of the Supervisory Board members for the 2018 financial year. Therefore, after detailed discussion, Viscom AG's Supervisory Board decided on 10 August 2015 to leave the target for the proportion of women on the Supervisory Board at the current proportion of zero percent until 30 June 2017. This target was reached and/or maintained in the company's 2016 financial year. Should a member of the Supervisory Board resign early, the Supervisory Board shall give preference to a female candidate with equal qualifications in nominations to fill the vacant position.

Former members of the Viscom AG Executive Board are not members of the Supervisory Board. The Supervisory Board only has independent members who maintain no business or personal relations with the company or its Executive Board.

The Supervisory Board monitors and advises the Executive Board on management of transactions. It is involved in strategy and planning as well as all matters fundamental to the company. The Supervisory Board has resolved standing rules for the Executive Board, in accordance with the company's Articles of Association. The standing rules include the provision that specifies the types of major transactions of the Executive Board that require the Supervisory Board's approval. The Supervisory Board's further

responsibilities include appointing Executive Board members, determining the remuneration system for the Executive Board and its individual members, and examining the company's annual financial statements. The Supervisory Board also has to consider diversity in the composition of the Executive Board. According to Code section 5.1.2 and section 111 (5) of the German Stock Corporation Act (AktG) in conjunction with section 25 of the Introductory Act to the German Stock Corporation Act (EGAktG), Viscom AG's Supervisory Board is obliged to set targets for the proportion of women on the Executive Board. In the opinion of the Supervisory Board, Viscom AG's current Executive Board is highly successful in its work. For this reason, the Supervisory Board does not intend to change the composition of the Executive Board before the end of 30 June 2017. Therefore, after de-tailed discussion, Viscom AG's Supervisory Board decided on 10 August 2015 to leave the target for the proportion of women on the Executive Board at the current level of zero percent until 30 June 2017. This target was reached or maintained in the company's 2016 financial year. Should a member of the Executive Board resign early, the Supervisory Board shall give preference to a female candidate with equal qualifications to fill the vacant position.

Work within the Supervisory Board is coordinated by the Chairman of the Supervisory Board or, in case of his absence, by the Deputy Chairman. The Chairman of the Supervisory Board also chairs the Supervisory Board meetings and upholds the Board's interests when representing it. Furthermore, he is authorised to issue the declarations of intent on behalf of the Supervisory Board that are necessary to implement Supervisory Board resolutions. In urgent cases, this also includes the provisional approval of company transactions that, in accordance with the standing rules for the Executive Board, require the Supervisory Board's approval. Individual tasks and rules of procedure are stipulated in the standing rules governing the Supervisory Board which have been resolved by the Supervisory Board in accordance with the Articles of Association. This includes rules regarding the authority of the Chairman of the Supervisory Board

and his deputy, as well as rules pertaining to conflicts of interest and efficiency reviews. According to these, the Chairman of the Supervisory Board is required to remain in regular contact with the Executive Board and discuss strategy, business development and the company's risk management with them. Should he become aware of significant events of material importance for the assessment of the company's situation and development and of its management, he is obliged to inform the Supervisory Board and to convene an extraordinary Supervisory Board meeting if necessary.

The Supervisory Board held seven regular meetings in the 2016 financial year, including one meeting for an efficiency review under exclusion of the Executive Board. The Chairman of the Supervisory Board or, in case of his absence, the Deputy Chairman, convenes meetings in written form with a 14-day notification period. In urgent cases, the Chairman of the Supervisory Board can shorten the notification period appropriately and convene the meeting via verbal notification or via telephone, in writing, by fax or e-mail. The agenda and proposals for resolutions must be included with the invitations.

Pursuant to the standing rules of the Supervisory Board, all meetings should be held in person. But meetings can also be held as video conferences or conference calls, or individual Supervisory Board members can take part in the meeting via phone or video. It is also possible to pass resolutions using votes in written form or made via telephone or electronic forms of communication as long as this follows the Chairman's directive and there are no objections raised by other members of the Supervisory Board within a reasonable period of time set by the Chairman of the Supervisory Board. The Chairman of the Supervisory Board must keep a record of and sign all resolutions made in a written or other form.

All resolutions of the Supervisory Board require a simple majority unless stated otherwise by law or the Articles of Association. The Chairman of the Supervisory Board or, in case of his

absence, the Deputy Chairman, casts the deciding vote in the case of a tie.

Barring different arrangements made by the Supervisory Board for individual cases, all members of the Executive Board attend the quarterly meetings of the Supervisory Board. The Executive Board's written reports for the Supervisory Board are handed out to the Supervisory Board members, unless the Supervisory Board has decided on a different approach in a given case.

The members of the Supervisory Board are independent from the management and maintain no business links with the company that could influence the independence of their opinion. Consultancy, service or work contracts between Supervisory Board members and the company have not existed and do not exist. Supervisory Board approval has to be sought in exceptional cases involving Supervisory Board members who intend activity for the company beyond the functions of the Supervisory Board. In its report to the Annual General Meeting, the Supervisory Board provides information about any conflicts of interest that may have arisen during that financial year. There were no conflicts of interest to be reported to the Supervisory Board in the past financial year.

The company has obtained D&O insurance with no deductible for its Supervisory Board members.

Detailed information on Supervisory Board activity during the 2016 financial year is included in the "Report of the Supervisory Board" to the Annual General Meeting.

#### **Mandates of the Supervisory Board members**

Bernd Hackmann, Chairman of the Supervisory Board of Viscom AG, has been Deputy Chairman of the supervisory board of LPKF Laser & Electronics AG since May 2012 and a member of SLM Solutions Group AG's supervisory board since April 2014.

The Supervisory Board members Klaus Friedland and Prof. Dr. Ludger Overmeyer hold no other mandates in other supervisory boards required by law or comparable domestic and foreign governing bodies.

#### **Structure and working methods of Executive Board and Supervisory Board committees**

The company's Articles of Association allow the Supervisory Board to form committees from among its members. The Supervisory Board does not see committee formation as advisable under the circumstances of the company. The purpose of forming a committee, i. e. increasing the efficiency of the decision-making process, would not be achieved with a Supervisory Board of only three members. All matters are addressed by all members of the Supervisory Board, meaning that the formation of additional committees is not considered necessary.

No Executive Board committees with the purpose of increasing efficiency were formed because of the small size of the Executive Board.

#### **Shareholdings of Board members**

The following members of the Executive Board presently hold shares in the company:

- Dr. Martin Heuser:  
255,000 shares held directly; Dr. Heuser also holds 50 % of HPC Vermögensverwaltung GmbH, which in turn holds 4,869,085 Viscom AG shares.
- Volker Pape:  
255,000 shares held directly; Mr Pape also holds 50 % of HPC Vermögensverwaltung GmbH, which in turn holds 4,869,085 Viscom AG shares.
- Dirk Schwingel:  
5,000 shares held directly.

The members of the Supervisory Board presently hold the following amounts of shares in the company:

- Bernd Hackmann:  
5,000 shares held directly.
- Klaus Friedland:  
3,000 shares held directly.
- Prof. Dr. Ludger Overmeyer:  
1,500 shares held directly.

#### **Shareholders and Annual General Meeting**

Shareholders of Viscom AG exercise their participation and control rights at the Annual General Meeting, that takes place at least once a year. The Annual General Meeting decides on all legally regulated issues with a binding effect for all shareholders and for the company. Each share grants one vote (one share, one vote) in the decision-making process.

The Annual General Meeting elects the Supervisory Board members and decides on approving the actions of the Executive Board and Supervisory Board. It regularly decides on the appropriation of retained earnings, the selection of the auditor, capital and structural measures, the approval of company contracts and any changes to the company's Articles of Association. At the Annual General Meeting, the Executive Board and Supervisory Board render account of the past financial year. The German Stock Corporation Act provides for convening an extraordinary General Meeting in special cases.

Shareholders are entitled to take part in the Annual General Meeting if they register in due time and provide proof of their right to attend the Annual General Meeting and exercise their voting right. Shareholders who cannot attend in person can exercise their voting right via a bank, shareholder

association or any other authorised representative. The company offers shareholders who do not wish to or are unable to exercise the voting right themselves the option to vote at the Annual General Meeting via a proxy determined by Viscom AG and bound by the shareholders' instructions. This facilitates the exercising of shareholders' rights in compliance with the provisions of the Code.

The invitation to the Annual General Meeting and all information and reports necessary for passing resolutions are made accessible to the public on the website of Viscom AG in German, as stipulated by the laws governing stock companies.

#### **Remuneration report**

Viscom AG complies with the recommendations of the German Corporate Governance Code by disclosing the individual remuneration of the Executive Board and Supervisory Board. The remuneration report forms part of the management report.

##### **Remuneration of Executive Board members**

Remuneration of Executive Board members is determined by the Supervisory Board, and consists of a fixed annual salary and a profit-related bonus. The fixed component remains constant over a period of several years.

The variable component is determined in a bonus agreement concluded in advance with Executive Board members, based on the respective amount of the basic salary.

The Executive Board members receive a performance-related bonus, which comprises a bonus I relating to the recently ended financial year and a long-term bonus II. The total bonus is limited to 100 % of the annual fixed remuneration for Dr. Martin Heuser and Volker Pape and to 50 % of the annual fixed remuneration for Dirk Schwingel.

Bonus I for Dr. Martin Heuser and Volker Pape is one month's fixed remuneration plus 1.3 % of the earnings before interest and taxes (EBIT) reported in the consolidated financial statements. Bonus I for Dirk Schwingel amounts to 0.65 % of earnings before interest and taxes (EBIT) reported in the consolidated financial statements. EBIT must total at least €1 million, otherwise the entitlement for bonus I ceases.

Bonus II for Dr. Martin Heuser and Volker Pape amounts to one monthly fixed remuneration fixed remuneration plus 1.3 % of the average earnings before interest and taxes (EBIT) reported in the consolidated financial statements. Bonus II for Dirk Schwingel is 0.65 % of the average earnings before interest and taxes

(EBIT) reported in the consolidated financial statements. The bonuses are calculated on the basis of average EBIT generated in the three most recent financial years – i. e. the recently expired year plus the two before that (= average EBIT). Average EBIT must total at least €1 million, otherwise the entitlement for bonus II ceases.

There is no stock option programme at Viscom AG for management and employees.

The following table shows the grants awarded for the financial year:

Grants awarded in K€	Dr. Martin Heuser Technology				Volker Pape Sales				Dirk Schwingel Finances			
	2015	2016	2016 Min.	2016 Max.	2015	2016	2016 Min.	2016 Max.	2015	2016	2016 Min.	2016 Max.
Fixed remuneration	182	208	208	208	182	208	208	208	182	182	182	182
Additional benefits*	17	17	17	17	19	19	19	19	11	11	11	11
<b>Total</b>	<b>199</b>	<b>225</b>	<b>225</b>	<b>225</b>	<b>201</b>	<b>227</b>	<b>227</b>	<b>227</b>	<b>193</b>	<b>193</b>	<b>193</b>	<b>193</b>
Annual variable remuneration	146	152	0	152	146	152	0	152	66	68	0	68
Multi-year variable remuneration (Bonus II: Average EBIT of last three financial years)	128	146	0	146	128	146	0	146	57	65	0	65
<b>Total**</b>	<b>182</b>	<b>208</b>	<b>0</b>	<b>208</b>	<b>182</b>	<b>208</b>	<b>0</b>	<b>208</b>	<b>91</b>	<b>91</b>	<b>0</b>	<b>91</b>
Benefit expense***	5	3	3	3	5	5	5	5	6	6	6	6
<b>Total remuneration</b>	<b>386</b>	<b>436</b>	<b>228</b>	<b>436</b>	<b>388</b>	<b>440</b>	<b>232</b>	<b>440</b>	<b>290</b>	<b>290</b>	<b>199</b>	<b>290</b>

\* Additional benefits include use of a company vehicle for business and private purposes, capital formation benefits and a telephone allowance

\*\* The comprehensive bonus is limited to 100 % of annual fixed remuneration for Dr. Heuser and Volker Pape and to 50 % of the annual fixed remuneration for Mr Schwingel

\*\*\* Contributions to private health insurance, direct insurance and accident insurance

The following table shows the inflows for the financial year:

Inflows	Dr. Martin Heuser Technology		Volker Pape Sales		Dirk Schwingel Finances	
in K€	2015	2016	2015	2016	2015	2016
Fixed remuneration	182	208	182	208	182	182
Additional benefits*	17	17	19	19	11	11
<b>Total</b>	<b>199</b>	<b>225</b>	<b>201</b>	<b>227</b>	<b>193</b>	<b>193</b>
Annual variable remuneration	146	152	146	152	66	68
Multi-year variable remuneration (Average EBIT of last three financial years)	128	146	128	146	57	65
Other**	0	0	0	0	0	0
<b>Total***</b>	<b>182</b>	<b>208</b>	<b>182</b>	<b>208</b>	<b>91</b>	<b>91</b>
Benefit expense****	5	3	5	5	6	6
<b>Total remuneration</b>	<b>386</b>	<b>436</b>	<b>388</b>	<b>440</b>	<b>290</b>	<b>290</b>

\* Additional benefits include use of a company vehicle for business and private purposes, capital-formation benefits and a telephone allowance

\*\* E.g. claw-backs, which carry a negative amount based on previous payments

\*\*\* The comprehensive bonus is limited to 100 % of annual fixed remuneration for Dr. Heuser and Mr Volker Pape and to 50 % of the annual fixed remuneration for Mr Schwingel

\*\*\*\* Contributions to private health insurance, direct insurance and accident insurance

### Remuneration of Supervisory Board members

Since the beginning of the company's 2015 financial year, each member of the Supervisory Board receives fixed remuneration for each full financial year of membership. Supervisory Board members who are only members of the Supervisory Board for part of the financial year receive the fixed remuneration on a pro-rata basis. The fixed remuneration is € 18,000.00 per financial year and Supervisory Board member. The Chairman of the Supervisory Board receives double and his deputy one and a half times the fixed remuneration.

Remuneration of the members of the Supervisory Board in the 2015 financial year was as follows:

Supervisory Board	Role	Fixed remune- ration 2015	Total remune- ration 2015
		K€	K€
Bernd Hackmann	Chairman of the Supervisory Board	36.0	36.0
Klaus Friedland	Deputy Chairman of the Supervisory Board	27.0	27.0
Prof. Dr. Ludger Overmeyer	Member of the Supervisory Board	18.0	18.0
<b>Total</b>		<b>81.0</b>	<b>81.0</b>

Remuneration of the members of the Supervisory Board in the 2016 financial year is as follows:

Supervisory Board	Role	Fixed remuneration 2016 K€	Total remuneration 2016 K€
Bernd Hackmann	Chairman of the Supervisory Board	36.0	36.0
Klaus Friedland	Deputy Chairman of the Supervisory Board	27.0	27.0
Prof. Dr. Ludger Overmeyer	Member of the Supervisory Board	18.0	18.0
<b>Total</b>		<b>81.0</b>	<b>81.0</b>

The Supervisory Board members received no remuneration or benefits from the company for personal services rendered, such as consulting or brokerage services.

### Risk management

Part of the company's principles of corporate governance is the responsible handling of corporate risks. The Executive Board of Viscom AG and the management of the Viscom Group can make use of comprehensive Group and company reporting and control systems which facilitate the detection, evaluation and controlling of risks. These systems are continuously enhanced in order to adapt them to changing conditions and are additionally monitored by auditors. The Executive Board regularly informs the Supervisory Board of existing risks and their development.

Details regarding risk management in the Viscom Group can be found in the risk report. The risk report contains the report on the accounting-related internal control and risk management system in compliance with the German Accounting Law Modernisation Act (BiMoG).

### Transparency

Open and transparent handling of information for the relevant target groups of Viscom AG is a high priority within the company. The company has appointed a Corporate Governance Officer to monitor adherence to the German Corporate Governance Code.

Viscom AG regularly reports to shareholders, financial analysts, shareholder associations, the media and interested parties on the situation of the company, as well as significant corporate changes. All significant new information that is released to financial analysts and institutional investors by Viscom AG is always simultaneously made available to all shareholders and interested members of the public. Viscom uses the internet and other means of communication to ensure that information is provided promptly.

An overview of all significant information released throughout the financial year is published on Viscom AG's website at [www.viscom.com/europe](http://www.viscom.com/europe):

- **Ad-hoc notices.** Ad-hoc notices are issued when facts arise concerning Viscom AG outside regular reporting that may significantly influence the share price. Viscom AG's ad-hoc notices are available to shareholders on the Viscom AG website at [www.viscom.com/europe](http://www.viscom.com/europe) in the section Investor Relations/News/Publications/Ad hoc Notices.
- **Notices concerning voting rights.** In accordance with section 21 of the German Securities Trading Act (WpHG), when Viscom AG becomes aware that an entity acquires, exceeds or falls below 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 50 %, or 75 % of the voting rights in the company as a result of a purchase, disposal or in any other way, this fact will also be promptly disclosed via notification system accessible throughout Europe. No such notifications were received by the company in the 2016 financial year.

- **Directors' dealings.** Executive Board and Supervisory Board members of Viscom AG and certain executives who have regular access to insider information and are authorised to make significant company decisions (including related parties as defined by the Market Abuse Regulation (MAR)), are required to disclose their securities transactions, in accordance with section 19 of the MAR. These types of transactions are published as soon as the company is informed, via a Europe-wide information system, as well as on our website [www.viscom.com/europe](http://www.viscom.com/europe) in the section Investor Relations/News/Publications/Directors' Dealings.

No acquisition or sales transactions for shares of Viscom AG or for financial instruments based on these by members of governing bodies (directors' dealings) were carried out in the 2016 financial year.

- **Financial calendar.** With the financial calendar published in the financial reports and permanently available on Viscom AG's website, the company informs its shareholders and the capital market in a timely manner of the dates of significant publications such as the annual financial report, half-year financial report and quarterly financial reports as well as the Annual General Meeting, financial press conference and analyst conferences. Viscom AG's financial calendar is available to shareholders on the Viscom AG website at [www.viscom.com/europe](http://www.viscom.com/europe) in the section Investor Relations/Financial Calendar.

#### **Accounting and annual audit**

Viscom AG prepares its consolidated financial statements in line with International Financial Reporting Standards (IFRS), as they are supposed to be applied in the European Union. The annual financial statements of Viscom AG are prepared according to the

German Commercial Code (HGB). The Executive Board prepares the consolidated financial statements, which are audited by the auditor and the Supervisory Board. Shareholders and interested parties are informed of the general situation of the company via the annual and interim reports and quarterly reports. All reports are accessible to all interested parties simultaneously on the Viscom AG website.

PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Hanover, was elected by the 2016 Annual General Meeting as auditor and audited the consolidated financial statements and the annual financial statements of Viscom AG. The audit took place in accordance with German auditing regulations and the standards for the audit of financial statements put forward by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer: IDW). Early risk detections system and reporting obligations in compliance with corporate governance as stated in section 161 of the German Stock Corporation Act (AktG) were also taken into account.

It was agreed with the auditor that the Chairman of the Supervisory Board would be promptly informed of any grounds for disqualification or conflicts of interest that arise during the audit, if these are not resolved immediately.

The auditors shall also promptly report all findings and occurrences significant to the tasks of the Supervisory Board as they occur during the audit. The auditors also have to inform the Supervisory Board and report in the audit report if facts arise in the course of the audit that do not conform with the compliance statement as submitted by the Executive Board and the Supervisory Board in accordance with section 161 of the German Stock Corporation Act (AktG).

### **Information on relevant company management practices**

Compliance with the law is not just the duty of every business but is also in every company's own interest in order to reduce risks. Viscom sees it as its responsibility to adhere to all laws and internal regulations – voluntary obligations as well as ethical principles also form an integral part of its corporate culture.

In order to actively meet local and international responsibilities, the Executive Board has developed, approved and introduced a compliance policy and corresponding annex for the employees that goes beyond the statutory rules of conduct applicable to all members of governing bodies and employees of the Viscom Group. This "Corporate Compliance Policy" stipulates how to deal with business partners and government institutions, how to maintain secrecy, independence and objectivity and how to act in cases of conflict of interest. These principles include the avoidance of corruption and cartel agreements, compliance with data security guidelines, equal opportunity and adherence to product safety and occupational health regulations.

They are available to Group employees on the intranet, where they can be accessed at all times in German and English. A whistleblower system allows employees to report certain serious legal infringements to Viscom AG. This allows the Compliance Officer and where applicable the Executive Board to work towards containing damage and preventing further damage.

The Compliance Officer is responsible for maintaining and updating this policy.

Compliance is an integral part of Viscom's business processes and has formed the basis for a comprehensive and long-term management process, which is an ongoing and central task for the company. The topic of compliance must evolve constantly in order to react to the opportunities for improvement and the changing demands of global business. It is the basis for ongoing change and improvement, making it a living process within the company that will never be completed. More information about the compliance policy is available on the company's website at [www.viscom.com/europe](http://www.viscom.com/europe) in the section Company/Corporate Compliance.