

## **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 11 December 2019 deviates six times from the recommendations of the GCGC as amended on 7 February 2017 (the Code), although one deviation can be disregarded for the future. 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 ([www.stroeer.com/investor-relations](http://www.stroeer.com/investor-relations), 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 Code's 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 2019, 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 annual report and the quarterly statements were published in the reporting year within the legally prescribed periods in line with the recommendations of the Code.

### **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.

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. It is of importance to the Company that the supervisory board members on the shareholder side as well as the employee representatives on the board have an active role in the Company's day-to-day operations, based on the view that such supervisory board members are more able to assess and initiate the required digital transformation. There are seven women on the supervisory board. 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, whose term ended on 19 June 2019, Angela Barzen, whose term commenced on 19 June 2019, and Dirk Ströer, none of them 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. But for the above exceptions, based on the stated independence criteria and assuming that employee representatives also meet the criteria for supervisory board members as defined by the GCGC, the supervisory board regards 14 of the 16 supervisory board members as independent, those being: Christoph Vilanek, Ulrich Voigt, Vicente Vento Bosch, Petra Sontheimer, Martin Diederichs and Sabine Thiäner, in addition to the employee representatives: Sabine Hüttinger, Rachel Marquardt, Tobias Meuser, Dr Thomas Müller, Petra Loubek, 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 2019, the proportion of female executives at the two management levels below management board level was 29,7%. Special qualification measures, such as participation in the program “Frauen in Führung” [Women in the Lead] in fiscal year 2019, 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”]. Seven members of the supervisory board are female, which equates with a proportion of around 44%. 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 (until 31 December 2019). This obligation also applies to individuals closely related to the above group. The following notifications of directors’ dealings were made in fiscal year 2019:

Name	Reason for announcement	Purchase/sale	Date	Place	Number	Price in EUR	Trade volume in EUR
Udo Müller	Board of management	Sale of put warrants for 83,000 shares in Ströer SE & Co. KGaA with an expiry date of 14 June 2019 and a strike price of EUR 42.00.	17 January 2019	OTC	83,000	2.83	234,890.00
Udo Müller	Board of management	Sale of put warrants for 25,000 shares in Ströer SE & Co. KGaA with an expiry date of 14 June 2019 and a strike price of EUR 42.00.	18 January 2019	OTC	25,000	3.06	76,500.00
Udo Müller	Board of management	Purchase	22 January 2019	Aquis Exchange	204	44.08	8,991.84
Udo Müller	Board of management	Purchase	22 January 2019	Turquoise	979	44.06	43,139.08
Udo Müller	Board of management	Purchase	22 January 2019	XETRA	1,823	44.24	80,650.34
Udo Müller	Board of management	Purchase	22 January 2019	BATS-Europe	1,243	44.10	54,773.50
Udo Müller	Board of management	Purchase	23 January 2019	OTC	38,143	45.41	1,732,074.00
Udo Müller	Board of management	Purchase	24 January 2019	OTC	19,126	45.60	872,145.60
Udo Müller	Board of management	Purchase	25 January 2019	OTC	38,453	47.20	1,815,000.00
Udo Müller	Board of management	Purchase	4 February 2019	Aquis Exchange	106	49.78	5,276.88
Udo Müller	Board of management	Purchase	4 February 2019	Turquoise	1,245	49.89	62,108.00
Udo Müller	Board of management	Purchase	4 February 2019	BATS-Europe	1,420	49.89	70,845.12

Udo Müller	Board of management	Purchase	4 February 2019	XETRA	1,829	49.89	91,240.70
Udo Müller	Board of management	Purchase	6 February 2019	Turquoise	671	52.38	35,146.20
Udo Müller	Board of management	Purchase	6 February 2019	BATS-Europe	1,307	52.37	68,448.55
Udo Müller	Board of management	Purchase	6 February 2019	XETRA	3,022	52.32	158,119.90
Udo Müller	Board of management	Sale of put warrants for 22,000 shares in Ströer SE & Co. KGaA with an expiry date of 18 December 2020 and a strike price of EUR 52.00.	27 March 2019	OTC	22,000	8.86	194,920.00
Udo Müller	Board of management	Purchase of shares due to the exercise of options within the scope of an employee stock option plan.	29 March 2019	OTC	354,700	13.00	4,611,100.00
Udo Müller	Board of management	Discretionary order to sell up to a total of 354,700 shares acquired from exercising stock options at a price of at least EUR 66.00 per share until 31 December 2019 inclusive.	29 March 2019	OTC	354,700	0.00	0.00
Udo Müller	Board of management	Sale of put warrants for 23,000 shares in Ströer SE & Co. KGaA with an expiry date of 18 September 2020 and a strike price of EUR 54.00.	3 April 2019	OTC	23,000	8.21	188,830.00
Udo Müller	Board of management	Sale of put warrants for 19,000 shares in Ströer SE & Co. KGaA with an expiry date of 18 September 2020 and a strike price of EUR 60.00.	3 April 2019	OTC	19,000	12.56	238,640.00
Udo Müller	Board of management	Sale of put warrants for 31,000 shares in Ströer SE & Co. KGaA with an expiry date of 18 September 2020 and a strike price of EUR 60.00.	4 April 2019	OTC	31,000	12.57	389,515.00
Udo Müller	Board of management	Sale of put warrants for 100,000 shares in Ströer SE & Co. KGaA with an expiry date of 20 March 2020 and a strike price of EUR 72.00.	21 June 2019	OTC	100,000	12.14	1,214,000.00
Udo Müller	Board of management	Sale of put warrants for 8,500 shares in Ströer SE & Co. KGaA with an expiry date of 20 March 2020 and a strike price of EUR 72.00.	25 June 2019	OTC	8,500	11.42	97,070.00
Udo Müller	Board of management	Udo Müller withdrew the order dated 29 March 2019 (see notification of 29 March 2019) to sell shares acquired under the stock option program. No part of this order was executed.	28 June 2019	OTC	0	0.00	0.00
Sabine Hüttinger	Supervisory board	Purchase	19 July 2019	XETRA	100	65.80	6,580.00
Christian Schmalzl	Board of management	Purchase of shares due to the exercise of options within the scope of an employee stock option plan.	12 December 2019	OTC	50,000	50.92	2,546,000.00
Christian Schmalzl	Board of management	Discretionary order without any time limitations to sell up to a total of 50,000 shares acquired from exercising stock options at a price of at least EUR 72.00 per share.	12 December 2019	OTC	50,000	0.00	0.00

In fiscal year 2019, we published one ad hoc announcement.

## **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 2019: 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 21.30% of the total shares in Ströer SE & Co. KGaA. Sabine Hüttinger, member of the supervisory board, holds around 0.00018% of the shares in Ströer SE & Co. KGaA. The other members of the supervisory board do not have any shares. Udo Müller, Co-CEO, holds 22.02% and Christian Schmalzl, 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 2019 by the shareholder meeting and audited both the consolidated and separate financial statements for 2019. 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 2019. 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

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Christoph Vilanek  
Chairman of the Supervisory Board

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