

## **CORPORATE GOVERNANCE DECLARATION 2019**

For the supervisory board of Ströer SE & Co. KGaA and the board of management of the general partner of Ströer SE & Co. KGaA, Ströer Management SE, good corporate governance forms the basis of all decision and control processes. It stands for responsible, efficient and transparent collaboration between the board of management of Ströer Management SE and the supervisory board, protecting the interests of our limited shareholders [Kommanditaktionäre] and employees as well as taking responsibility for and providing transparency on all business decisions and risks.

### **Declaration of compliance with the German Corporate Governance Code pursuant to Sec. 161 AktG [“Aktengesetz”]: German Stock Corporation Act]**

The board of management of the general partner of Ströer SE & Co. KGaA, Ströer Management SE (the board of management), and the supervisory board of Ströer SE & Co. KGaA (the supervisory board), declare pursuant to Sec. 161 AktG:

Since the last declaration of compliance on 13 December 2018, Ströer SE & Co. KGaA has complied with the recommendations made by the government commission on the German Corporate Governance Code (GCGC) as amended on 7 February 2017 and will continue to comply with them in the future with the following exceptions:

- Contrary to the recommendation in 3.8 Paragraph 3 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 to remain on or become active for the supervisory board.
- The remuneration of the board of management is disclosed for each individual member, broken down by performance and non-performance-related benefits, in accordance with the legal provisions. Contrary to the recommendation in 4.2.5 second indent GCGC, the sample table provided as an exhibit to the GCGC has not been used to present additional information to that contained in the remuneration report because the table and the breakdown prescribed therein, in particular by benefits granted, allocations and service cost, largely comprises information that is disclosed elsewhere and using it would not provide better insight into the remuneration of the members of the board of management despite the justified informational needs of shareholders.
- Contrary to the recommendation in 5.3.3 GCGC, the supervisory board did not establish a nomination committee in addition to the existing audit committee until 13 September 2019 because Ströer SE Co. KGaA did not need a special committee to propose shareholder representatives as candidates. A nomination committee was set up in September 2019.
- Contrary to the recommendation in 5.4.1 Paragraph 2 Sentence 1 GCGC, there is no regular limit of length of membership for the members of the supervisory board. Ströer SE & Co. KGaA focuses solely 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.
- Pursuant to 5.4.5 Sentence 2 GCGC, a management board member of a listed company should not have more than three positions on supervisory boards of other non-group listed entities or be a member of comparable oversight bodies of non-group entities. This recommendation has not been followed by Christoph Vilanek, who is CEO of freenet AG, chairman of the supervisory board of Ströer SE & Co. KGaA and Ströer Management SE as well as a member

of two other supervisory boards of listed companies. Given his long-established knowledge of the Company, his excellent industry knowledge and his qualifications as well as his experience on other oversight bodies, he is very well suited to be both a member of the supervisory board of Ströer SE & Co. KGaA and be its chair. The supervisory board satisfied itself that Mr. Vilanek has sufficient time to be able to perform his duties adequately. The supervisory board and the Company therefore do not wish to lose Mr. Vilanek as a supervisory board member.

- Pursuant to 5.4.6 Paragraph 1 Sentence 2 GCGC, the status as chair or deputy chair of the supervisory board as well as chair and membership of a committee should be taken into consideration when determining remuneration. This recommendation is complied with in relation to the remuneration of members of the supervisory board of Ströer Management SE. In accordance with the resolution of the shareholder meeting of Ströer SE & Co. KGaA, the members of the supervisory board of Ströer SE & Co. KGaA, however, only receive an attendance fee and a refund of out-of-pocket expenses. Against this background, special tasks and functions within the supervisory board of Ströer SE & Co. KGaA are not remunerated separately.

The Company will continue to comply with the GCGC as amended on 7 February 2017 with the abovementioned exceptions but disregarding the limitation regarding the nomination committee. A nomination committee has now been established on the supervisory board such that there is no longer any divergence from 5.3.3 GCGC.

Cologne, 11 December 2019

The supervisory board

Christoph Vilanek  
Chairman of the Supervisory Board  
Ströer SE & Co. KGaA

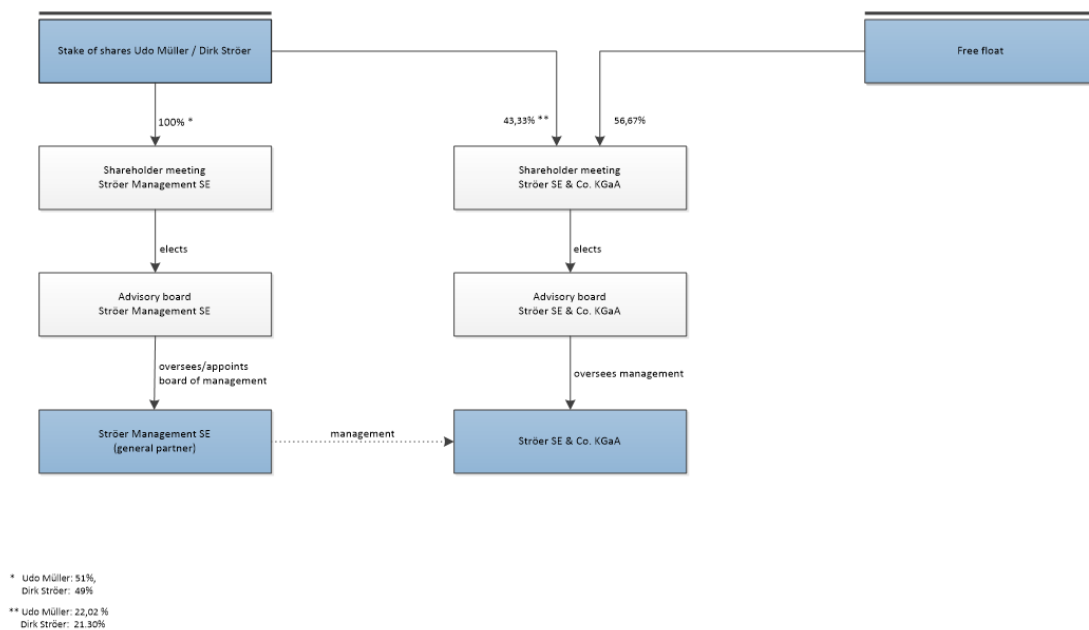
The board of management

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

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

### **Management and governance structures of the Ströer Group**

Ströer SE & Co. KGaA is a German partnership limited by shares (KGaA). It is subject to a dual governance structure characterized by the separation of management and monitoring functions. The legally prescribed corporate bodies are the general partner, Ströer Management SE, represented by its board of management, the supervisory board of Ströer SE & Co. KGaA and the shareholder meeting of the limited shareholders of Ströer SE & Co. KGaA. The general partner is responsible for managing the Company. The supervisory board of Ströer SE & Co. KGaA oversees management by the general partner. The supervisory board of Ströer Management SE appoints the board of management of the general partner. The group structure is presented in the illustration below.



### Cooperation between the board of management and supervisory board of Ströer SE & Co. KGaA

The board of management of the general partner, Ströer Management SE (the board of management), and the chairman of the supervisory board of Ströer SE & Co. KGaA hold regular meetings to discuss individual issues. The other members of the supervisory board of Ströer SE & Co. KGaA are informed about the content of these meetings by the chairman of the supervisory board of Ströer SE & Co. KGaA. 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 of Ströer SE & Co. KGaA 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 of Ströer SE & Co. KGaA can be found in the annual report, which is published on Ströer SE & Co. KGaA's website (<http://ir.stroeer.com/websites/stroeer/English/5100/financial-reports.html>).

### Board of management

The general partner, Ströer Management SE, represented by the board of management, is responsible for managing the Company without instructions from third parties. The board of management of the general partner currently comprises three members appointed by the supervisory board of Ströer Management SE. No member of the board of management has more than three positions on supervisory boards of non-group entities or on comparable bodies of non-group entities. The principle of overall responsibility applies. This means that all members of the board of management collectively bear responsibility for the Company's activities. As the governing body of Ströer SE & Co. KGaA, the board of management of the general partner manages the business and is bound by German stock corporation law 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. 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 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 of Ströer SE & Co. KGaA. The board of management is responsible for the preparation of the quarterly statements, half-year financial reports and annual financial statements which it distributes regularly to the supervisory board of Ströer SE & Co. KGaA.

### **Supervisory board of Ströer SE & Co. KGaA**

In its role of supervisory body, the supervisory board of Ströer SE & Co. KGaA advises the board of management on the management of the Company and monitors its management of the Company. The supervisory board comprises 16 members and has an equal number of shareholder representatives and employee representatives. The rights and obligations of the supervisory board are determined by the AktG [“Aktengesetz”: German Stock Corporation Act], the articles of incorporation and bylaws of Ströer SE & Co. KGaA 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 shareholder representatives on the supervisory board are appointed by the shareholder meeting and the employee representatives on the supervisory board are elected in a universal and secret ballot by company employees. Detailed information on the work of the supervisory board and of the audit committee are presented in the supervisory board report. Information on the supervisory board members and their resumes is available on the Company’s website.

As general partner of Ströer SE & Co. KGaA, Ströer Management SE has its own supervisory board. This supervisory board appoints the board of management of Ströer Management SE.

### **Committee procedures and members**

The board of management has not set up any committees.

The supervisory board of Ströer SE & Co. KGaA has established an audit committee, comprising three members, to help it fulfill its review duties efficiently. 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.

Furthermore, the supervisory board of Ströer SE & Co. KGaA has a nomination committee which proposes suitable candidates to the supervisory board for election as shareholder representatives by the general shareholder meeting. The nomination committee is composed of three members.

More information on the composition and procedures of the committees of the supervisory board can be found in the supervisory board report to the shareholder meeting which is publicly available on Ströer SE & Co. KGaA’s website (<http://ir.stroer.com/websites/stroer/English/5100/financial-reports.html>).

## **Avoiding conflicts of interest**

The board of management and supervisory board of Ströer SE & Co. KGaA 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 of Ströer SE & Co. KGaA without delay. In the course of its routine efficiency audit, the supervisory board of Ströer SE & Co. KGaA 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 of Ströer SE & Co. KGaA. Each share entitles the holder to one vote. The annual general meeting of Ströer SE & Co. KGaA is held within the first eight 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 approval of the separate and consolidated financial statements and on the exoneration of the general partner (Ströer Management SE) and the supervisory board of Ströer SE & Co. KGaA. It elects the shareholder representatives to the supervisory board of Ströer SE & Co. KGaA and the auditor. It also decides on capital measures, the appropriation of the accumulated profit and the approval of intercompany agreements, in addition to the remuneration of the supervisory board of Ströer SE & Co. KGaA and amendments to the Company’s articles of incorporation and bylaws. Save where the law applicable to Ströer SE & Co. KGaA or its articles of incorporation and bylaws require a larger majority, the shareholder meeting’s decisions are taken by a simple majority of the votes cast. 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 cases, the AktG provides for an extraordinary shareholder meeting to be convened. The Company has set the morning of the 21st day prior to the annual general meeting as the record date for determining those shareholders entitled to vote. Limited 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 the German Corporate Governance Code (GCGC) as amended on 7 February 2017, Ströer SE & Co. KGaA reports on its corporate governance in addition to this corporate governance declaration. That report is available on Ströer SE & Co. KGaA’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 & 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 of the general partner was 29.7%. 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”]. The target set by the supervisory board of having two female members on the supervisory board by 30 June 2017 has been met. Currently seven members of the supervisory board are female, which equates with a proportion of around 44%. The target quota for female management board members is not applicable to Ströer SE & Co. KGaA or the board of management of Ströer Management SE. Ströer SE & Co. KGaA does not have a board of management due to its legal form. The general partner, Ströer Management SE, which manages Ströer SE & Co. KGaA, is not listed on a stock exchange.

## **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 of Ströer Management SE and supervisory board of Ströer SE & Co. KGaA of risks and their development. The early warning system for the detection of risks 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**

Ströer SE & Co. KGaA ensures the appropriateness of the accounting system using an internal control system. For more information on this control system, see the notes to Sec. 315 HGB [“Handelsgesetzbuch”: German Commercial Code] including the report by the general partner of Ströer SE & Co. KGaA in the group management report for fiscal year 2019. A compliance organization ensures compliance with the law and internal guidelines throughout the Group. Its main focus is on ensuring that anti-corruption 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 & Co. KGaA website. We publish press releases and annual reports, quarterly statements and half-year financial 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, as adopted by the EU); Ströer SE & Co. KGaA's separate financial statements are prepared in accordance with the HGB. Before audit work begins, the supervisory board of Ströer SE & Co. KGaA 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.