

# COMPLIANCE STATEMENT

## PERSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

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 Governance 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”).

For the period up to and including 23 April 2017, 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. For the period from 24 April 2017, the statement refers to the recommendations by the Government Commission on the German Corporate Governance Code in the version dated 7 February 2017 as published by the Federal Ministry of Justice in the official section of the Bundesanzeiger (Federal Gazette) on 24 April 2017.

In conformity with section 161 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 (3)).**

The company has complied with the legal requirement to implement a deductible for Executive Board members pursuant

to section 93 (2) sentence 3 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 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 multi-year assessment basis for variable remuneration components is not essentially forward-looking and negative developments are not taken into account when determining variable remuneration components (Code section 4.2.3 (2)).**

The multi-year variable remuneration paid to the Executive Board of Viscom AG (bonus II) is calculated on the basis of average EBIT for the last three years in conjunction with the achievement of a defined minimum average EBIT over the

assessment period. The Executive Board and Supervisory Board are of the opinion that this variable remuneration structure compels the members of the Executive Board to focus on the multi-year success of their activities, as they can expect to receive variable remuneration at the end of the respective three-year period only if average EBIT develops positively during this period. This arrangement therefore has a corresponding multi-year incentive effect with positive forward-looking characteristics. In the view of the Executive Board and the Supervisory Board, the rolling nature of the three-year assessment period means there is no need to introduce instruments to take further account of negative developments.

**4. 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 (4)).**

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 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 be terminated only 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 recommendations 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, severance payments may not be made anyway.

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

With respect to the age structure of the Executive Board, the Executive Board and Supervisory Board will develop detailed long-term succession planning for the Executive Board in future. This was not done previously as there was no need to do so.

**7. 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.

**8. 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.

Hanover, 28 February 2018

The Executive Board

The Supervisory Board