

**Report on bmp Holding AG's Observing of Best Practices  
Corporate Governance Rules Set Out  
in a Document  
"Code of Best Practices for WSE Listed Companies"**



**For the period  
between 1 January 2015 and 31 December 2015**

Berlin, 29 April 2016

The Company's Managing Board hereby presents information on the observance of the Corporate Governance Rules in 2015.

## **I. Indication of the Corporate Governance Rules not applied by the Company in 2015**

In 2015, the Company adopted for application the Corporate Governance Rules set out in a Document "Code of Best Practices for WSE Listed Companies" (in accordance with the current version in 2015 – appendix No.1 to the Supervisory Board's Resolution No. 19/1307/2012 of 21 November 2012) except for the following rules:

### *II. Best Practice for Management Boards of Listed Companies*

1. A company should operate a corporate website and publish, in addition to information required by legal regulations:
  - 1) basic corporate regulations, in particular the statutes and internal regulations of its governing bodies.

Company's Comment:

The main regulations for the Managing and the Supervisory Board are mainly provided for in the Company's statute, which is published on the company's corporate website. However the Company's internal Management and Supervisory Board also regulate issues which constitute confidential information of the Company. Therefore, the Company does not comply with this rule and will not comply with this rule in the future.

1. A company should operate a corporate website and publish, in addition to information required by legal regulations:
  - 7) shareholders' questions on issues on the agenda submitted before and during a General Meeting together with answers to those questions.

Company's Comment:

Shareholders' questions on issues on the agenda submitted before a General Meeting are not answered ahead of the General Meeting. Questions asked within the General Meeting as well as the answers to these questions are in general not documented in written form and thus cannot be published on the company's website.

1. A company should operate a corporate website and publish, in addition to information required by legal regulations:
  - 9a) a record of the General Meeting in audio or video format.

Company's Comment:

Under consideration of costs and shareholders' benefits the company refrains from recording the General Meeting in audio or video format and thus will not publish such a record on the company's website.

### *III. Best Practice for Supervisory Board Members*

3. A General Meeting should be attended by members of the Supervisory Board who can answer questions submitted at the General Meeting.

#### Company's Comment:

The Supervisory Board members participate in General Meetings however the questions of the shareholders are answered by the Management Board members.

### *IV. Best Practices of Shareholders*

2. The rules of General Meetings should not restrict the participation of shareholders in General Meetings and the exercising of their rights. Amendments of the rules should take effect at the earliest as of the next General Meeting.

#### Company's Comment:

The issues relating to conducting General Meetings and voting at General Meetings are regulated in the Company's statute, and they are not subject to any separate internal regulations of the Company.

6. The date of setting the right to dividend and the date of dividend payment should be set so to ensure the shortest possible period between them, in each case not longer than 15 business days. A longer period between these dates requires detailed grounds.

#### Company's Comment:

The Company meets the requirements of German law, pursuant to which the record day is three weeks before the General Meeting. Therefore, the Company does not comply with this rule and will not comply with this rule in the future.

10. A Company should enable its shareholders to participate in a General Meeting using electronic communication means through:
  - 1) real-life broadcast of General Meetings;
  - 2) real-time bilateral communication where shareholders may take the floor using during a General Meeting from a location other than the General Meeting.

#### Company's Comment:

Under consideration of costs and shareholders' benefits the company refrains from real-life broadcast of the company's General Meeting.

Furthermore, according to the company's statutes shareholders are not allowed to participate online in the General Meeting. This would be an indispensable requirement for real-time bilateral communication as well as for exercising voting rights using electronic communication means.

## **II. Description of the procedures of the General Meeting and its main powers and the rights of the shareholders and procedures of their execution**

Within the General Meeting, which is convened at least once a year by the Managing Board during the first eight (8) months of the current turnover year, bmp Holding AG'S shareholders exercise their rights. There they can use their rights to vote with respect to such matters which are explicitly stated in legal regulations and the statute. In case shareholders could not participate in the meeting they can authorize a proxy. A proxy who represents shareholders' voting rights in accordance with their instructions is appointed by the company. Any reports and documents required by the law for the use of the General Meeting are made available in time on our Company's website. Thus the shareholders are able to make their decisions how to vote. Furthermore they can ask for information on the company within the meeting as long as the questions relate to the matters being discussed. This right can nevertheless be limited in accordance with bmp Holding AG's Statute by the Chairman of the General Meeting.

Normally, in accordance with Article 21(1) of the bmp Holding AG's Statute, the General Meeting is presided by the Chairman of the Supervisory Board or, if he is absent, by the Vice-Chairman. In case both are absent, the General Meeting elects a Chairman of the General Meeting.

## **III. Personal composition and procedures of the Company's managing and supervisory bodies and their committees**

bmp Holding AG is subject to German corporate law and thus has a dual managing system.

### *Managing Board*

The Company is managed by the Managing Board, which determines the strategic development direction of the enterprise and is responsible for the business. It is also in the Managing Board's duty to produce financial reports, to introduce a risk managing, controlling and monitoring systems and to care for the obedience of the law and the Company's internal instructions.

The Managing Board of bmp Holding AG is appointed by the Supervisory Board (Article 84 of the Law on Stocks). All Members of the Managing Board have equal rights and duties. Rules of procedure, which have been adopted by the Supervisory Board, exist to regulate cooperation within the Management Board as well as the Management Board's information obligations towards the Supervisory Board. It furthermore defines important actions which require the Supervisory Board's consent.

In fiscal year 2015, the Management Board consisted of two members until. September 7th. Effective at the close of that day Jens Spyrka resigned from the Company's Management Board. Since then Oliver Borrmann is sole CEO and thus decides alone on all management issues as well as on the strategic direction of the company .

Since July 1<sup>st</sup> 2011 bmp Holding AG is advised by bmp Beteiligungsmanagement AG. Therefore bmp Holding AG's Managing Board members do not receive any direct remuneration by bmp Holding AG but are paid by bmp Beteiligungsmanagement AG.

## *Supervisory Board*

Our Supervisory Board is composed of three (3) members who are elected by the General Meeting of bmp Holding AG in individual voting. Thus being the representatives of the shareholders, the Board's task is to control the Management Board's activities and to advise the Management Board members in all matters. Therefore a regular, close and trustful contact between the Members of both Boards is essential.

The Supervisory Board Members meet at least four times a year to get information about the company's business development and to discuss important matters with the Managing Board Members. It is also its duty to appoint the members of the Managing Board and to determine the amount of their remuneration. In addition they have to agree on an annual budget as well as to check and approve an annual financial report of bmp Holding AG and the Group taking into account an independent auditor's opinion and report.

The Supervisory Board appoints a Chairman and a Vice-Chairman out of its members at the first meeting after their election. The Chairman's task is to coordinate the Board's work, to preside their meetings and to represent the Supervisory Board's interests; the Vice-Chairman might act in place of the Chairman.

For their cooperation, the Supervisory Board Members have adopted rules of procedure, which regulate the tasks, responsibilities and work processes of the Supervisory Board. Due to its size the Board refrains from building special committees.

During the reporting period as well as of the day of the presentation of this Report, the Supervisory Board is composed of the following:

- Mr. Gerd-Schmitz-Morkramer - Chairman of the Supervisory Board,
- Mr. Bernd Brunke - Vice-Chairman of the Supervisory Board,
- Mr. Michael Stammler - Member of the Supervisory Board.

The Supervisory Board Members receive a remuneration, which has been adopted by the General Meeting. It is composed of a basic component and a remuneration for each day of meeting.

Information about the Supervisory Board's activities can be found in the Supervisory Board's Report, which is published within the company's annual financial report.

## **IV. Description of the basic features of the Company's internal control and risk management systems related to the process of preparing financial statements.**

The Company established a risk management system, the design of which is geared to the business activities, size and structure of the company. The system as well as potential risks, processes and controls mechanism are described in a quality manual.

The system's main element is the integrated controlling of all subsidiaries and portfolio companies, which make it possible to compare planned and real data and to generate complete reports. It thus is serving as an information system to support the management process.

We check all our processes continuously and adjust them if necessary on short notice.

The Company established suitable reserves for any noticeable individual risks in the 2015 financial report.

Further information on risk management and control can be found in the management report and the notes to the Annual Report, 2015.

**Managing Board of  
bmp Holding AG**