

## **Corporate Governance Declaration according to section 289f and section 315d Commercial Code (HGB)**

According to section 289f and section 315d HGB the Corporate Governance Declaration is part of the Summarised Management Report and Group Management Report of MEDICLIN Aktiengesellschaft (MEDICLIN AG) and the Group. Accordingly the following remarks apply to both MEDICLIN AG and the Group (MEDICLIN).

We, the Management Board of MEDICLIN AG, view this Corporate Governance Declaration as an opportunity to communicate the stability and sustainability of corporate governance at MEDICLIN. We want our declaration to be easily accessible and have therefore published it as well as the Corporate Governance Report on our website (<http://www.mediclin.de/corporate-governance>).

Section 289f HGB specifically demands that the declaration comprises the following:

- The Compliance Declaration pursuant to section 161 Stock Corporation Act (AktG),
- Relevant information on corporate governance methods applied in addition to the statutory requirements along with a reference to where this information can be publicly accessed,
- A Description of the working methods of the Management Board and Supervisory Board as well as of the composition and working methods of their respective committees.
- Information on the proportion of women in the two management levels below the Management Board as well as target values and deadlines for reaching these targets.
- Information on the proportion of women on the Supervisory Board and Management Board as well as target values and deadlines for reaching these targets.
- A description of the diversity concept that is pursued with regard to the composition of the Supervisory Board with regard to aspects such as age, gender, educational or professional background, as well as the objectives of this diversity concept and the manner in which it is implemented and the results achieved within the financial year.

### **Compliance Declaration pursuant to section 161 (AktG)**

The Management Board and Supervisory Board of MEDICLIN declare that since the issuing of the last declaration of compliance in March 2018 MEDICLIN has complied with the regulations of the version of the German Corporate Governance Code (Code) of February 7, 2017 since it has been published in the official section of the Federal Gazette on April 24, 2017, with the exceptions outlined below:

#### **Number 4.2.2, subsection 2 and sentence 3 of the Code**

In accordance with number 4.2.2, subsection 2, sentence 3, the Supervisory Board shall consider the relationship between the compensation of the Management Board and that of senior management and the overall staff, particularly considering its development over time. Furthermore the Supervisory Board shall determine how senior managers and the relevant staff are to be delimited.

The Supervisory Board considers the appropriateness of the compensation of the Management Board in accordance with its duties. The Supervisory Board also takes into account the Company's internal compensation structure. In the view of the Supervisory Board the formal procedure specified in the Code is not necessary, as it does not lead to an improvement of the quality of the decision. Therefore a deviation from this recommendation is declared.

**Number 4.2.5 subsection 3 sentence 1 and sentence 2 of the Code**

In accordance with number 4.2.5 subsection 3 sentence 1 and sentence 2, certain information about the remuneration of each member of the Management Board is to be presented in the remuneration report for financial years. In doing so, the table templates appended to the Code are to be used.

The disclosure of the Management Board Members remuneration is made in accordance with the legal requirements taking into account the opting-out decision of the Annual General Meeting of the Company on May 25, 2016. Therefore, in accordance with section 286 subsection 5 sentence 1 and section 314 subsection 2 sentence 2 of the Commercial Code the individual remuneration of Management Board Members is not specified in the company's annual and group financial statements for the years 2010 to 2020 (including) and consequently the sample tables attached to the Code are not used.

As long as opting-out resolution of the Annual General Meeting exists, the company will not make use of the recommended presentation of the Code in the remuneration report. Therefore a deviation from this recommendation of the Code is made.

**Number 5.4.1 subsection 2 and sentence 2 of the Code**

In accordance with number 5.4.1 subsection 2 and sentence 2 the Supervisory Board shall specify a regular limit on the length of membership for members of the Supervisory Board.

In its meeting on March 22, 2016 the Supervisory Board decided to specify no regular limit on the length of membership for members of the Supervisory Board. In the Company's best interest the membership of the Supervisory Board shall only focus on knowledge and professional qualification of the members. The Supervisory Board does not consider a fixed regular limit of length to be appropriate, particularly as the respective period of office for Supervisory Board members regulated by law and in the articles of association defines a reasonable timeframe for the mandates. Therefore a deviation from this recommendation of the Code is made.

**Number 5.4.1 subsection 4 and sentence 3 of the Code**

In accordance with number 5.4.1 subsection 4 and sentence 3 the appropriate number of independent members of the shareholder side (as defined in number 5.4.2 of the Code), assessed by the Supervisory Board, and their names shall be published in the Corporate Governance Report.

With regard to its composition, the Supervisory Board has set various targets in 2010 and updated them in 2012, 2015, 2017 and 2018, especially with regard to revisions of the respective new

versions of the Code. The corporate governance report provides detailed information on the objectives. As a concrete objective for the composition of the Supervisory Board, it remains unchanged that at least one member of the shareholders' side should be independent. Therefore the definition of independence is part of the competency profile of the full board. The members of the Supervisory Board are disclosed on the website of the Company. The Supervisory Board fulfils the aforesaid target by at least one independent member of the shareholder side. Therefore, the Supervisory Board does not see any additional value to publish all names of independent members of the shareholders' side according to its assessment in the Corporate Governance report; especially as the attribute of independence in legal terms is not fully clarified according to the Supervisory Board's opinion. Therefore a deviation from this recommendation of the Code is made.

#### **Number 5.4.1 subsection 5 sentence 2 of the Code**

In accordance with number 5.4.1 subsection 5 sentence a curriculum vitae of the proposed candidate shall be included for the election to the Supervisory Board during the Annual General Meeting. The CV shall inform about relevant knowledge, skills and experience. It shall be supplemented by an overview of all important activities besides the mandate in the Supervisory Board and for all members of the Supervisory Board it should be annually updated and published on the website of the Company.

The Supervisory Board fulfils all legal requirements and complies with the recommendations of the Code regarding the disclosure of detailed information about candidates which are proposed for election to the Annual General Meeting. Apart from that it follows the regulation to disclose in detail all Supervisory Board Members and their respective mandates updated annually in the notes to the annual report and in the notes to the consolidated statements. Therefore, the Supervisory Board does not see any additional value to publish an annually updated overview of all Supervisory Board Members main activities besides their mandate on the Supervisory Board on the website of the Company. Therefore a deviation from this recommendation of the Code is made.

#### **Number 5.4.6, subsection 2 sentence 2 of the Code**

In accordance with number 5.4.6, subsection 2, sentence 2 to the extent that the Supervisory Board members have been pledged a performance-oriented compensation; said compensation is to be geared to the company's long-term development.

In accordance with section 12, subsection 2 of the Articles of Association, the members of the Supervisory Board receive a variable capped compensation for each percentage point of dividend paid out over the percentage of 4%, the calculation being based on the amount of the share capital. As the decision on payment of a dividend depends on ratios (distribution criteria) which, for their part, consider aspects of a performance-oriented company development, we therefore assume the variable section of the compensation to be geared, in compliance with the Code, to the "company's long-term development". As, however, a possibility of other opinions is being considered a declaration of deviation from this recommendation of the Code is made pre-emptively.

### **Number 5.4.6 subsection 3 sentence 1 of the Code**

In accordance with section 5.4.6 subsection 3 sentence 1 the remuneration of the members of the Supervisory Board is to be disclosed individually, broken down by element in the notes to the financial statements or in the management report.

The currently applicable rules on remuneration of the Supervisory Board as well as the amount were determined by the Annual General Meeting on May 26, 2010, taking into account the recommendation of the Code as published in the respective time. They are regulated in detail and described transparently in the Articles of Incorporation (§ 12 Remuneration) of the company. Therefore the remuneration of the Supervisory Board is published as a total value in the management report of the Company. This also corresponds to the currently applicable procedure regarding the publication of the remuneration of the Management Board (opting-out resolution of the Annual General Meeting of May 25, 2016). The Code recommendation for an individualised presentation of the Supervisory Board remuneration is therefore not met.

Offenburg, March 2019

MEDICLIN Aktiengesellschaft

The Supervisory Board

The Management Board

## **Relevant information on corporate governance methods**

The corporate governance methods applied by MEDICLIN include, in addition to the statutory requirements, important ethical standards which are enshrined in a set of guiding principles, the currently elaborated Code of Conduct and Compliance Guidelines.

### **Guiding principles and Compliance**

The value and principles which direct the actions of the staff are based on the notion of "shaping the future together", and are defined in the guiding principles of MEDICLIN. These guiding principles characterise the behaviour towards customers, suppliers, shareholders as well as to the general public but also the behaviour among staff members. They set forth the foundations and rules for dealing with each other in a fair manner and for responsible corporate governance. They also define strategic company objectives which management and staff aim to achieve under their own authority. Target agreements are a key element of our management philosophy and partially form a component of our compensation system. The principles are published on our website ([www.mediclin.de](http://www.mediclin.de)).

### **Compliance Management System**

According to its own assessment, MEDICLIN possesses an appropriate compliance management system oriented to the company's risk situation, the principles of which are disclosed below.

The Board of Management of MEDICLIN has defined responsibilities and reporting obligations for compliance with applicable law and internal guidelines.

MEDICLIN provides its employees with concrete guidelines for legally and ethically correct behaviour through internal behavioural instructions. Additionally binding guidelines are provided for employees in specific areas, such as dealing with patient data, company information, cooperation with other partners in the health sector and industry, financial contributions and corruption, etc.

The Management Board has instructed the Compliance Officer to report on compliance regularly and to prepare a report once a year. Furthermore the Management Board regularly commissions random checks based on compliance audits.

All executives and employees in a role with a notable risk profile must regularly undergo compliance training concerning legally correct conduct in their specific areas of responsibility. In addition, the topic of compliance was presented and discussed in detail at one of the annual management meetings. The aim is to raise awareness of compliance issues and promote responsible behaviour.

Every employee of MEDICLIN has the ability to provide information about legal and policy violations or other misconduct in the company under protection. The Compliance Officer receives this information confidentially for further prosecution.

The Management Board, management and employees are committed to complying with all legal requirements and the principle of ethical and moral integrity.

The Code of Conduct is binding for all employees and includes the compliance duties to be fulfilled:

## **Code of Conduct**

### **Behaviour in the business and operational environment**

#### Compliance with law and order

All employees of the MEDICLIN Group comply with the applicable legal regulations and internal guidelines. They comply with applicable regulations, even if they involve short-term economic disadvantages or difficulties for the company or individuals. The Management in particular, as part of their function of acting as a role model function, are required to comply with these guidelines to further reaching extend.

#### Avoidance of conflicts of interest

At MEDICLIN, business decisions are taken solely with the best interests of the Group in mind. Conflicts of interest with private interests or other economic or non-economic activities, even of relatives or other related persons or organisations should be avoided right from the start. If they occur anyway, these conflicts must be solved in compliance with the law and the applicable directives. A prerequisite for this is the transparent disclosure of the conflict.

Secondary employment must be indicated and approved as part of the respective employment contract. Secondary employment at competitors not permitted on principle.

### Fair behaviour in competition

MEDICLIN prevails in competition through quality and patient orientation. Any form of corruption is strictly prohibited in order to maintain the trust of patients and their relative as well as referring physicians and coverage providers. This also applies to invitations, gifts or financial donations, the aim of which is to exert influence on entrepreneurial or economic activities.

This means that each employee complies with the competition regulations in his area of responsibility. Suppliers are commissioned according to objective, comprehensible criteria. Non-objective reasons cannot be allowed to play a role in the selection.

MEDICLIN takes all necessary measures to prevent money laundering within its sphere of influence.

### **Work-safety and Health protection**

The safety and health of our employees are important corporate goals in addition to economic success. Each of our employees promotes safety and health protection in their working environment and contributes to achieving the high demands of the BGW management requirements for occupational safety and health (MAAS-BGW).

### **Sustainable use of resources**

As a healthcare provider, the responsible use of natural resources is limited to the areas of energy, water and waste. Every employee is required to treat natural resources with care and to contribute to the protection of the environment and the climate through their individual behaviour.

### **Handling information**

#### Insider guidelines

MEDICLIN is a publicly traded company. Employees who have specific information about circumstances that are not publicly known and whose public disclosure is likely to significantly influence the stock exchange or market price of the MEDICLIN share may not trade shares or other financial instruments of MEDICLIN AG on the basis of this insider information or disclose this insider information irrespective of whether it be voluntarily or due to gross disregard of due diligence.

#### Data protection and data safety

MEDICLIN attaches great importance to the safety of the data of its patients and employees. When dealing with personal data, especially patient-related data, all employees are obliged to comply with data protection and confidentiality.

#### Reporting

MEDICLIN places great value in transparent and truthful communication in both internal and external reporting. Each employee ensures that reports, records, and other materials are up-to-date, complete, and accurate, and in compliance with applicable law and internal standards and policies.

## **Ethically and morally integrity behaviour**

### Code of Conduct

The employees of MEDICLIN are committed to respectful treatment. Any discrimination in dealings with colleagues, employees and patients for reasons of age, disability, origin, skin color, sex, sexual orientation, religious affiliation, beliefs or other personal characteristics is prohibited.

### Equal opportunity

A culture of equal opportunity, mutual trust and mutual respect is part of MEDICLIN's corporate culture and self-understanding.

### Freedom of expression and external presentation

MEDICLIN respects the right to freedom of expression, and MEDICLIN believes that every employee is aware that through their behaviour and public appearance, they can be perceived as a representative of the company.

## **Social Engagement**

MEDICLIN supports local activities promoting health in clubs or schools. Volunteer activities of employees are not supported. Political parties or lobbying are supported neither through financial nor personal means.

## **Description of the working methods of the Management Board and Supervisory Board and of the composition and working methods of the committees**

## **Management and controlling body of MEDICLIN**

MEDICLIN has a Management Board three persons and a Supervisory Board comprising twelve persons. In accordance with the German Co-Determination Act, the Supervisory Board consists of the same number of shareholder representatives and employee representatives.

At the end of October 2018 the Management Board initiated steps to expand the Supervisory Board to the legally prescribed number of eight members each for the shareholders and employees side respectively, in accordance to § 101 (1) sentence 1 AktG and § 1 para. 1, § 7 para. 1 sentence 1 no. 2 MitbestG, as is necessary due to an expected increase in the workforce to over 10,000 employees. The new total of sixteen Supervisory board members will be presented during Annual General Meeting taking place on May 29, 2019. The shareholders' representatives are elected by the shareholders at the Annual General Meeting.

The term of office of the newly elected Supervisory Board members begins with the conclusion of the coming Annual General Meeting and shall end with the conclusion of the Annual General Meeting respective to the financial year of 2023.

The Management Board and the Supervisory Board are strictly separated from one another in terms of both their members and their competences. Both bodies, however, work closely together in the interests of the company. Information on the Management Board and the Supervisory Board and its committees is available at [www.mediclin.de/vorstand](http://www.mediclin.de/vorstand) and [www.mediclin.de/aufsichtsrat](http://www.mediclin.de/aufsichtsrat). Regarding the Supervisory Board, information on the members additional occupations and memberships in other Supervisory Boards or similar committees can be found on page 150 ff. of the annual report of 2018.

### **Tasks of the Management Board**

The Management Board currently comprises three members, with one member holding the office of Chairman of the Management Board. The tasks and responsibilities of the Management Board members are defined in the Rules of Procedure for the Management Board. Without detracting from the overall responsibility of the Management Board, the individual members lead the business areas assigned to them by the business allocation plan on their own responsibility.

The Management Board manages the company in the interests of the Company, the goal being to create lasting value; it performs this task in consideration of the interests of the shareholders, its employees and the other groups affiliated to the Company (stakeholders). It ensures observance of the statutory regulations and company internal directives and their compliance by the Group companies. It makes sure that appropriate risk management and risk controls apply in the company. It develops the company's strategy, coordinates its development with the consent of the Supervisory Board and ensures its realisation. The Management Board is responsible for preparing the interim financial statements of the Group, the annual financial statements of MEDICLIN AG and the Group financial statements.

In the interest of the corporation the Management Board works closely together with the Supervisory Board. The Management Board regularly, promptly and comprehensively informs the Supervisory Board about all questions of relevance to the company with regard to strategy, budgets, company development, risk situation, risk management and compliance and regarding deviations from budgets and targets, including the reasons.

### **Tasks of the Supervisory Board**

The Supervisory Board monitors and counsels the Management Board in the management of the business activities and at regular intervals discusses with it the business development, the corporate planning and corporate strategy and their realisation. The Supervisory Board approves the annual financial statements of MEDICLIN AG and of the Group while taking into account the results of the audit carried out by the Audit Committee and the audit reports of the auditor and Group auditor. On the recommendation of the Audit Committee, the Supervisory Board approves the annual financial statements and approves the Group financial statements. Key management decisions depend on the consent of the Supervisory Board.

For the financial year of 2018 MEDICLIN has also published a non-financial statement or report according to article 289c HGB and article 316c HGB. The Supervisory Board has entrusted the



same auditing company, which audited the annual financial statements of MEDICLIN AG and of the Group, with examining the statement or report and, after consultation, decided to approve it.

According to the Stock Corporation Act and the Rules of Procedure, the Supervisory Board must convene two meetings in the calendar half-year. If required, further Supervisory Board meetings can be convened or resolutions passed using the company's circulation procedure. The Supervisory Board appraises the efficiency of its working methods. The Supervisory Board appoints the members of the Management Board, proposes the auditors to the Annual General Meeting on the recommendation of the Audit Committee and commissions them in accordance with the resolution of the Annual General Meeting.

In paragraph 11 of the Articles of Association the possibility to constitute committees and the delegation of decision making is provided as long as this is in accordance with the law. The formation of committees is defined in the Rules of Procedure of the Supervisory Board.

The following committees were constituted as of December 31, 2018:

#### Mediation Committee pursuant to section 27, subsection 3 Co-Determination Act (MitbestG)

The members of this committee are the Chairman of the Supervisory Board and the Vice Chairman elected under the terms of section 27, subsection 1 and subsection 2 MitbestG and in each case one Supervisory Board member elected by majority vote of the share-holder representatives and the employee representatives. The chairman of this committee is the Chairman of the Supervisory Board. The Mediation Committee has not held any meetings during the financial year of 2018.

#### General and Personnel Committee

According to the Rules of Procedure of the Supervisory Board, the General and Personnel Committee is made up of the Chairman of the Supervisory Board, his Vice Chairman and in each case up to two Supervisory Board members elected at the suggestion of the shareholder representatives and up to two members elected at the suggestion of the employee representatives. The chairman of the General and Personnel Committee is the Chairman of the Supervisory Board. The General and Personnel Committee prepares the personnel decisions of the Supervisory Board. The General and Personnel Committee has held two meetings during the financial year of 2018.

#### Audit Committee

According to the Rules of Procedure of the Supervisory Board, the Audit Committee consists of at least two Supervisory Board members elected at the suggestion of the shareholder representatives and two Supervisory Board members elected at the suggestion of the employee representatives. There is no need for equal representation in the Audit Committee. The Chairman of the Audit Committee is elected at the suggestion of the shareholder representatives. The Audit Committee is responsible for monitoring the accounting procedures, the effectiveness of the internal controlling system, the risk management system, the internal auditing system and compli-

ance. It also deals with the auditing of the financial statements, ensuring in particular the necessary independence of the auditors, commissioning the auditors, determining the main focus of the audit and the fee agreement as well as the services additionally rendered by the auditors. The Chairman of the Audit Committee has special knowledge of and experience in the application of accounting principles and internal controlling procedures. He is independent and has not been a member of the company's Management Board within the last two years. The Audit Committee has held four meetings during the financial year of 2018. .

#### Nomination Committee

The Nomination Committee is made up exclusively of shareholder representatives. The task of the Nomination Committee is to propose to the Supervisory Board suitable candidates for the Supervisory Board's election proposals to the Annual General Meeting. The Nomination Committee has held one meeting during the financial year of 2018.

The members of the Management Board, the Supervisory Board and the Committees are listed on the company's website ([www.mediclin.de](http://www.mediclin.de)).

#### **Independence of the Board Members**

Some of the members of the Supervisory Board hold leading positions in other companies to which MEDICLIN maintains business relations. Business is conducted under the same conditions as those applicable to third parties. Thus, in the opinion of MEDICLIN these activities do not influence the independence of the Supervisory Board members.

The notes to the Groups financial statements provide a detailed report on the business relations (Other information/Report concerning related parties pursuant to IAS 24).

#### **Targets for the equal participation of women and men in management positions**

##### **Target values and deadlines for reaching these targets in management levels below the Management Board**

The Management Board is committed to diversity in the assignment of management positions within the company, and in particular strives for the appropriate participation of women. Due to the flat hierarchy within the company, there is only one management level below the Management Board. MEDICLIN committed to reaching a share of women in management positions of 15% by June 30, 2017. On June 30, 2017 the share of women was 20%, therefore the target was surpassed. On July 1, 2017 a new resolution by the Management Board was passed which adjusted the target to maintain the share of women of at least 20% until June 30, 2022.

## **Target values and deadlines for reaching these targets on the Supervisory Board and Management Board**

Since the Supervisory Board has objected to the general fulfilment pursuant to section 96 subsection 2 sentence 3 of the German Stock Corporation Act (AktG), the company's minimum share of 30% of women and 30% of men must be met separately, both by the Supervisory Board members of the Shareholders side as well as of the employees side. In consideration of the current number of six seats on each side, at least two must be held by women and at least two by men. Both the employee's and shareholder's side already meet the quota of 30% women. In relation to the future number of 8 seats on each side and in accordance with article 96 subsection 2 sentence 4 of the AktG, the minimum of at least two female and two male board members on each side remains unchanged.

With regard to the proportion of women on the Management Board level, the Supervisory Board decided at its meeting on September 9, 2015 that no women's quota was to be implemented due to the (at that time) two-man Executive Board so that the target rate to be achieved until June 30, 2017 for the share of women in the Management Board was set at 0%. In its meeting on May 31, 2017 the Supervisory Board decided to maintain this target until June 30, 2020.

## **Diversity concept in leadership functions**

§ 289f HGB and § 315d HGB require a description of the diversity concept to be published as a part of the declaration on corporate governance, with regard to the composition of the authorized body and the Supervisory Board with respect to aspects such as age, gender, educational or professional background, and the objectives of this diversity concept, the way in which it was implemented and the results achieved in the financial year.

## **Diversity in the Management Board**

### **Share of women on the board**

Pursuant to article 111 section 5 AktG and number 5.1.2 section 1 of the Code, the Supervisory Board should consider diversity in the composition of the Management Board, in particular with regard to the proportion of women on the Management Board. The Supervisory Board sets targets for the proportion of women on the management Board. It should work together with the Management Board to ensure long-term succession planning. At its meeting on May 31, 2017, the Supervisory Board of MEDICLIN decided to maintain the target of 0% until June 30, 2020. The Supervisory Board wishes to be able to select the members of the Management Board on the basis of competence profiles without a binding quota.

## **Definition of the diversity concept in the Management Board**

In its diversity concept in accordance with article 289f section 2 number 6 HGB, the Supervisory Board considers aspects of diversity in its personnel decisions for the Management Board. The aim of this concept is to achieve a good understanding of the industry-specific financial, organisational and entrepreneurial aspects of MEDICLIN in the Management Board. A diversity of competencies satisfying these specific requirements should in principle enable the Management Board to make decisions with due consideration of all relevant circumstances and to be receptive to innovative ideas. It should thus contribute to the successful management of the company.

## **Implementation of diversity concept**

The Management Board considers aspects of diversity, with the exception that it does not include a female member. All three board members have industry knowledge and extensive experience in their specific areas of responsibility (departmental responsibility). They have leadership experience in addition to their professional experience and a sound academic education. The Supervisory Board sees the given age structure as appropriate due to the changing requirements in the healthcare sector. According to the recommendations of the German Corporate Governance Code (Code), the Supervisory Board has set an age limit of 65 for members of the Management Board.

## **Diversity in the Supervisory Board**

### **Objectives for the composition of the Supervisory Board and for the competence profile of the whole body – diversity concept**

According to article 5.4.1 section 2 of the Code in its version of February 7, 2017 the Supervisory Board shall specify concrete objectives for its composition and develop a competence profile for the entire Supervisory Board. In terms of its composition, it should include the company's international activities, potential conflicts of interest, the number of independent Supervisory Board members in accordance with section 5.4.2 of the Code, an age limit to be defined for Supervisory Board members, and a regular limit on the length of membership of the Supervisory Board as well as Diversity. In the case of publicly traded companies to which the German Co-Determination act applies the Supervisory board comprises a minimum of 30% female members and 30% male members.

As early as 2010, the Supervisory Board of MEDICLIN adopted various concrete goals for its composition and updated these in 2012, 2015, 2017 and 2018 in light of respective revisions to the Code. These objectives take into account the requirements of the law as well as further goals with regard to its composition. It has also created a competency profile for the entire body.

The supervisory board will continuously work towards presenting the, in its view, most appropriate candidate to the General Annual Meeting, with specific regard to technical expertise and taking into account the following goals. The supervisory board will furthermore, in accordance with the Code, ascertain that the presented candidate is able to fulfil the expected time requirements for the board membership.

### Professional and Educational Background

Due to the company's activity and size the Supervisory Board of MEDICLIN AG strives for a composition in which the board members possess the following professional and educational background, with at least two board members being independent.

The Supervisory Board shall in its totality consist of members, who:

- have experience in leading corporations, associations, networks and cost carriers,
- have experience in leading (publicly traded) corporations of similar size working in operative positions (Management Board), and
- experience in other similar supervisory organs.

Furthermore the Supervisory Board in its totality shall have:

- experience in the health care industry and its value chains,
- sufficient knowledge about finance, accounting, law and compliance.

If possible the following additional qualifications shall be taken into account:

- Experience with digitalisation and information technology and
- practical experience in the areas of medicine, therapy, nursing and services.

In the Supervisory board there shall be:

- at least one member with expertise in accounting and auditing in accordance with article 100 section 5 AktG.

The Supervisory Board intends to achieve an appropriate balance between the aforementioned criteria.

Furthermore the supervisory boards will take into account the following additional characteristics and goals:

- As for the qualification of the chairman of the Auditing Committee special knowledge and experience in the application of accounting principles and internal control procedures should be possessed. He should be independent and should not be a former Management Board member of the company, whose appointment ended less than two years ago.

### Independence and Integrity

According to article 5.4.2 of the Code the Supervisory Board shall include what it considers to be an appropriate number of independent members, thereby taking into account the shareholder structure. Within the meaning of this recommendation, Supervisory Board members are to be considered non-independent in particular if they have a personal or business relationship with the corporation, its governing bodies, a controlling shareholder or a company affiliated with the controlling shareholder that may cause a substantial and not merely temporary conflict of interest.

The Supervisory Board considers it to be appropriate and seeks to ensure that at least one member of the Supervisory Board of the shareholders side should be free of any potential conflicts of interest, in particular any such conflicts arising from advisory roles or membership roles at customers, providers, credit providers or other third parties.

Furthermore the Supervisory Board considers it to be appropriate and seeks to ensure that at least one member of the Supervisory Board of the shareholders side is independent.

### Gender diversity

Currently the Supervisory Board consists of twelve members which, in accordance with the the German Co-Determination laws represent shareholders and employees in equal parts. Four of the members are female.

Due to the company now generally employing more than 10.000 (but less than 20.000) employees, the Management Board began during end of October 2018 a status process in accordance with article 97 section 1 AktG by publishing in the German federal gazette as well as through public posting in all of the Groups operations that, in the Management Board's view, the Supervisory is not consistent with the legal framework any more. This statement was not contradicted at the relevant district court in Offenburg by any eligible person in accordance with article 98 section 2 AktG within the time limit of one month after publication. Therefore the supervisory board will henceforth consist of sixteen members, eight elected by shareholders and eight elected by employees in accordance with article 101 section 1 sentence 1 of the AktG ff. and article 1 section 1, 7 section 2 sentence 1 number 2 MitbestG. The mandate for all new Supervisory Board members shall end with conclusion of the General Annual Meeting held in connection with the financial year of 2023.

Since publicly traded companies, to which the German Co-Determination Act applies, already are required to have at least 30 percent women and at least 30 percent men comprising the Supervisory Board and, in accordance with the previously agreed upon minimum of 30 percent women, it has already met its target and achieved a 30 per cent share of women on both the shareholder and employee sides. In this regard, the Supervisory Board has not adopted any new targets or time limits.

### Age Structure

The age limit for Supervisory Board members is usually the completion of seventy years of age. In justified cases, it is possible to deviate from this age limit in the interests of the company. There is no limit to the length of membership on the Supervisory Board.

### **Implementation of diversity concept**

The Supervisory Board of MEDICLIN, in its current composition (twelve members), fulfils the aforementioned objectives for the composition as well as the objectives for the competence profile of the entire body. The members of the Supervisory Board dispose of the required profession-

al and personal qualifications based on their professional experience and expertise as well as their personal qualities.

The Supervisory Board has the requisite knowledge and experience, particularly in the areas of finance, accounting, auditing, risk management, internal control procedures and compliance. Three shareholder representatives have knowledge of all the above areas. In the future, the Supervisory Board will pay particular attention to bringing new competences (e.g. digitalisation, market development, healthcare policy) to the board, while continuing to develop the catalogue of criteria used to date for the selection of Supervisory Board candidates. It will focus on the age structure and pay attention to different trainings and backgrounds.

The age limit is set at the completion of seventy years of age and is taken into account, except for two justified exceptions.

In the opinion of the Supervisory Board, the Supervisory Board comprises a reasonable number of independent members. In the opinion of the Management Board and the Supervisory Board, at least two member of the Supervisory Board is currently independent within the meaning of article 5.4.2 of the Code, namely Dr. Ulrich Wandschneider and Michael Bock.

Aspects of diversity are taken into account in the Supervisory Board. It has a reasonable experience and age structure. There is also an appropriate diversity of educational and professional background in the body. In terms of their knowledge and experience, the members meet the requirements of MEDICLIN as a service provider in the health sector.

Offenburg, March 28, 2019

MEDICLIN Aktiengesellschaft

The Management Board