

## **Corporate governance declaration according to Section 289f and Section 315d Commercial Code (HGB)**

### **Disclosures as per Section 289f and Section 315d (HGB)**

The corporate governance declaration to be made according to Section 289f and Section 315d HGB is part of the summarised management report and Group management report of MEDICLIN Aktiengesellschaft. Accordingly the following remarks apply to both MEDICLIN Aktiengesellschaft (MEDICLIN AG) and the Group (MEDICLIN).

We, the Management Board and the Supervisory 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, in the version applicable to corporate governance declarations in the 2019 financial year as per Art. 83 (1) Introductory Act to the German Commercial Code (EGHGB), specifically demands that the declaration comprises the following:

1. the conformity declaration pursuant to Section 161 Stock Corporation Act (AktG),
2. 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,
3. 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; if the information is publicly accessible on the Company website, a reference to such information is deemed sufficient,
4. the determinations pursuant to Section 76 (4) and Section 111 (5) German Stock Corporation Act (AktG) and information on whether the stipulated targets have been reached during the period under review and, if they have not, the reasons,
5. information on whether the Company complied with minimum proportions regarding the composition of the Supervisory Board of women and men during the period under review and, if it has not, the reasons,
6. a description of the diversity policy that is pursued for the composition of the body representing the Company and 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.

Furthermore, the Management Board and the Supervisory Board use the corporate governance declaration to report on the corporate governance of the Company (in particular in item 7) in ac-

cordance with Principle 22 of the German Corporate Governance Code (DCGK) as amended on 16 December 2019 and entered into force on March 20, 2020.

## 1. Declaration of conformity pursuant to Section 161 German Stock Corporation Act (AktG)

### A. German Corporate Governance Code in the version of 7 February 2017

The Management Board and Supervisory Board of MEDICLIN Aktiengesellschaft (MEDICLIN AG) declare that since issuing the last declaration of conformity in March 2019 and until the new version of the German Corporate Governance Code of 16 December 2019 came into force on 20 March 2020 MEDICLIN has complied with the recommendations of the version of the German Corporate Governance Code (Code) of 7 February 2017 applicable at that time since it was published in the official section of the Federal Gazette by the Federal Ministry of Justice, with the exceptions outlined below:

#### Number 4.2.2 (2) Sentence 3 of the Code

In accordance with Number 4.2.2 (2) Sentence 3, the Supervisory Board shall, in determining the criteria for the appropriateness of the Management Board remuneration, also consider the relation of the Management Board remuneration to the remuneration of the senior management and the workforce as a whole, and how remuneration has developed over time, and the Supervisory Board determines how senior management and the relevant staff is defined in the scope of this comparison.

The Supervisory Board discusses the appropriateness of the Management Board's remuneration as is its duty. In determining the Management Board remuneration, the Supervisory Board also takes the Company's internal remuneration structure into consideration. However, the Supervisory Board is of the opinion that the formal approach as recommended by the Code is not required, because it does not enhance the decision quality. Therefore, the Supervisory Board declares that its approach deviates from this recommendation.

#### Number 4.2.5 (3) Sentence 1 and 2 of the Code

In accordance with Number 4.2.5 (3) Sentence 1 and 2 of the Code, the remuneration report shall detail certain information on the Management Board remuneration for each individual member of the Management Board using the templates attached to the Code.

The remuneration of the Management Board is disclosed in accordance with the statutory requirements and in accordance with the Annual General Meeting's opting-out decision of 25 May 2016. Therefore, in accordance with Section 286 (5) Sentence 1 and Section 314 (3) Sentence 1 of the Commercial Code in the versions still applicable pursuant to Art. 83 (1) Introductory Act to the German Commercial Code (EGHGB), the individual remuneration of Management Board members is not specified in the Company's annual and consolidated financial statements for the

years 2016 up to and including 2020 and consequently the templates attached to the Code are not used.

As long as the opting-out decision by the Annual General Meeting is valid, the Company will refrain from including the information recommended as per the Code in its remuneration report. Therefore these recommendations were not followed.

## **Number 5.4.1 (2) Sentence 2 of the Code**

In accordance with Number 5.4.1 (2) 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 22 March 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 Incorporation defines a reasonable timeframe for the terms of office. Therefore these recommendations of the Code were not followed.

## **Number 5.4.1 (5) Sentence 2 of the Code**

In accordance with Number 5.4.1 (5) Sentence 2, 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 financial statements and in the notes to the consolidated financial statements. 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 these recommendations of the Code were not followed.

## **Number 5.4.6 (2) Sentence 2 of the Code**

In accordance with Number 5.4.6 (2) Sentence 2 any performance-oriented remuneration pledged to the Supervisory Board members shall be geared to the Company's sustainable and long-term development.

In accordance with Article 12 (2) of the Articles of Incorporation, the members of the Supervisory Board receive a variable capped remuneration for each percentage point of dividend that is paid

out above a percentage rate of 4 % on the basis of the amount of the subscribed capital. Since the decision regarding the payout of a dividend depends on ratios (distribution criteria), which, in turn, consider aspects of performance-oriented Company development, we therefore believe that the variable remuneration component is geared, in compliance with the Code, to “the Company’s sustainable long-term development”. As it cannot be excluded that other opinions exist in this respect, however, we declare deviation from this recommendation of the Code as a matter of precaution.

## **Number 5.4.6 (3) Sentence 1 of the Code**

In accordance with Number 5.4.6 (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 26 May 2010, taking into account the recommendation of the Code as valid at that time. They are regulated in detail and described transparently in the Articles of Incorporation (Article 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 disclosure of the remuneration of the Management Board (opting-out resolution of the Annual General Meeting of 25 May 2016). Therefore, the Code recommendation for an individualised presentation of the Supervisory Board remuneration is not followed.

## **B. German Corporate Governance Code in the version of 16 December 2019**

The Management Board and Supervisory Board of MEDICLIN AG declare that MEDICLIN has complied with and continues to comply with the recommendations of the version of the German Corporate Governance Code (Code) of 16 December 2019 since it came into force and was published in the official section of the Federal Gazette of 20 March 2020 by the Federal Ministry of Justice, with the exceptions outlined below:

### **Recommendation C.14 of the Code**

The contents of Recommendation C.14, which is not followed, correspond with Number 5.4.1 (5) Sentence 2 of the Code in its version of 7 February 2017. We therefore refer to the corresponding explanations above.

### **Recommendation D.1 of the Code**

In accordance with Recommendation D.1, the Supervisory Board shall adopt its own rules of procedure and shall publish these on the Company’s website.

The Supervisory Board of MEDICLIN AG has adopted its own rules of procedure that specify additional provisions on how the Board exercises the tasks delegated to the Board in accordance with the law and the Articles of Incorporation. However, the Board does not see any additional

value to publish these rules of procedure on the Company website as the report of the Supervisory Board already contains information on the Board's work in the financial year under review. Furthermore, the tasks and responsibilities of the Supervisory Board are already largely regulated by law and the Articles of Incorporation. Therefore this Code recommendation was not followed.

## **Recommendations G.1 to G.16 of the Code**

Recommendations G.1 to G.16 contain detailed provisions regarding the remuneration of the Management Board.

However, according to the official reasoning for the new wording of the Code, these recommendations in the Code of 16 December 2019 do not need to be considered in ongoing Management Board contracts until such ongoing contracts are renewed. Therefore, the Supervisory Board will not make a final decision on whether to follow Recommendations G.1 to G.16 until it concludes new Management Board contracts. Therefore, we hereby declare deviation from these recommendations of the Code as a matter of precaution.

With regard to Recommendation G.4, the contents of which do not exceed the contents of Number 4.2.2 (2) Sentence 3 of the Code of 7 February 2017 which we have not followed to date, we refer to the corresponding explanations above.

## **Recommendation G.18 of the Code**

In accordance with Recommendation G.18 Sentence 1 of the Code, the Supervisory Board remuneration should be fixed remuneration. If members of the Supervisory Board are granted performance-related remuneration, it shall be geared to the long-term development of the Company in accordance with Recommendation G.18 Sentence 2.

In accordance with Article 12 (2) of the Articles of Incorporation, the members of the Supervisory Board receive a variable capped remuneration for each percentage point of dividend that is paid out above a percentage rate of 4 % on the basis of the amount of the subscribed capital. In our view, such a performance-oriented remuneration component promotes the identification of the Company's Supervisory Board members with the Company and is therefore in the interest of MEDICLIN AG. Therefore Recommendation G.18 Sentence 1 of the Code was not followed.

With regard to Recommendation G.18 Sentence 2 (gearing of the Supervisory Board's performance-oriented remuneration to the long-term development of the Company), reference is made to the reasons given with regard to Number 5.4.6 (2) Sentence 2 of the Code in the version of 7 February 2017, as the contents of this Number correspond with the new Recommendation G.18 Sentence 2.

Offenburg, March 2020

MEDICLIN Aktiengesellschaft

The Supervisory Board

The Management Board

## **Additional information on Management Board remuneration pursuant to SRD II**

The act to implement the Second Shareholder Rights Directive (SRD II) came into force on 1 January 2020 and contains significant changes regarding management board remuneration among others (e.g. in Section 87a, 120a and 162 German Stock Corporation Act (AktG)). However, the transitional provision in Section 26j Introductory Act to the German Stock Corporation Act (EAGAktG) stipulates certain transition periods for the implementation (pursuant to Section 87a EAGAktG, for instance, the establishment of a new remuneration system for the members of the management board and the resolution of the annual general meeting on such remuneration system must be effected by the first ordinary annual general meeting in 2021; the new remuneration report, which has to be additionally prepared, is for the first time required in financial years beginning in 2021).

Until the statutory requirements set forth in SRD II are implemented, the following applies: the remuneration of the Management Board is disclosed in the 2019 Annual Report in accordance with the statutory requirements and with the Annual General Meeting's opting-out decision of 25 May 2016. According to this decision, the Company does not need to disclose individual Management Board remuneration for financial years 2016 through 2020.

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

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

### **Compliance Guidelines**

MEDICLIN has prepared internal rules of procedure defining specific requirements for impeccable legal and ethical behaviour. In addition, the Group issued binding requirements for employees in individual spheres of responsibility, for instance in connection with handling patient data, company information, cooperation with other partners in the healthcare sector and the industry, financial benefits and corruption, etc.

The Management Board instructed the compliance officer to report regularly on compliance matters and to prepare an annual report. Moreover, the Management Board regularly initiates random controls in the form of 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. The aim is to raise awareness of compliance issues and promote responsible behaviour.

MEDICLIN's employees are protected when they report violations against the law or policies or other misconduct to the Company. This information is passed on the compliance officer confidentially for further examination.

The Management Board, the Group's executives and employees have explicitly undertaken to comply with all the relevant legal requirements and the principle of ethical and moral integrity.

The Compliance Guidelines are available on the MEDICLIN website at <https://www.mediclin.de/corporate-governance/>.

## **Code of Conduct**

The Code of Conduct is binding for all employees and includes the compliance duties to be fulfilled. It is available on the MEDICLIN website at <https://www.mediclin.de/corporate-governance/> and governs the following issues:

### **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 executives in particular, in their function of acting as a role model, are required to comply with these guidelines to a particularly strong extent.

#### 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 is 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 relatives 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 every employee complies with the competition regulations in their 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. All of our employees promote safety and health protection in their working environment and contribute 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 AG 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 a 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.

## **Ethical and moral integrity**

### Code of Conduct

The employees of MEDICLIN are committed to treating each other respectfully. Any discrimination in dealings with colleagues, employees and patients for reasons of age, disability, origin, skin colour, 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 involvement**

MEDICLIN supports local activities promoting health in clubs or schools. Volunteer activities of employees are not supported. Political parties or lobbying are supported neither financially nor by providing staff resources.

## 3. 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 AG has a Management Board consisting of two persons. At the end of October 2018 the Management Board initiated steps to expand the Supervisory Board from six each to the legally prescribed number of eight members each for the shareholders and employees side respectively, in accordance with Section 101 (1) Sentence 1 German Stock Corporation Act (AktG) in conjunction with Section 1 (1), Section 7 (1) Sentence 1 No. 2 German Codetermination Act (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, which will continue to represent the shareholders and employees in equal shares in accordance with the Codetermination Act, were presented during the Annual General Meeting taking place on 29 May 2019. The shareholders' representatives were elected at this Annual General Meeting.

Effective on 15 November 2019, Dr. Ulrich Wandschneider, Chairman of the Supervisory Board, resigned from the Supervisory Board. Since 16 November 2019 Dr. Jan Liersch has been a court-appointed member of the Supervisory Board and its Chairman.

The term of office of the newly elected Supervisory Board members (shareholder and employee representatives) ends upon conclusion of the Annual General Meeting that will resolve on the approval of the acts of the Management and Supervisory Board for the 2023 financial year. The appointment of Dr. Liersch will end upon conclusion of the Annual General Meeting on 26 May 2020 during which he will stand for election to the Supervisory Board by the Annual General Meeting.

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). Information on the Supervisory Board members' additional occupations and memberships in other supervisory boards or similar committees can be found on page 169 ff. of the Annual Report for 2019.

## **Tasks of the Management Board**

The Management Board currently comprises two 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 Company's other stakeholders. It ensures observance of the statutory regulations and Company's 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 consolidated 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, business performance, 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 performance, 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 review 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 consolidated financial statements. Key management decisions depend on the consent of the Supervisory Board.

For the 2019 financial year MEDICLIN has also published a non-financial statement or report according to Section 289c and Section 315c German Commercial Code (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 each 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.

Article 11 of the Articles of Incorporation provides the possibility to constitute committees and to delegate decision-making 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 of MEDICLIN AG.

The following committees were constituted as of 31 December 2019:

#### Mediation Committee pursuant to Section 27 (3) MitbestG

The members of this committee are the Chairman of the Supervisory Board and the Vice Chairman elected under the terms of Section 27 (1) and (2) German Codetermination Act (MitbestG) and in each case one Supervisory Board member elected by majority vote of the shareholder representatives and the employee representatives. The chairman of this committee is the Chairman of the Supervisory Board. The Mediation Committee did not hold any meetings during the 2019 reporting year. On 31 December 2019, the Mediation Committee was composed of the following members: Dr. Jan Liersch (Chairman), Hans Hilpert (Vice Chairman), Frauke Schwedt and Cornelia Wolf.

#### 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 convened for one meeting with personal attendance during the 2019 reporting year. On 31 December 2019 the General and Personnel Committee was composed of Dr. Jan Liersch (Chairman), Hans Hilpert (Vice Chairman), Dr. Bernard große Broermann, Rainer Laufs, Thomas Müller and Dr. Thomas Witt.

#### 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 compliance. 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/she is independent of the Company and the Management Board and the controlling shareholder and has not been a member of the Company's Management Board for the last two years. In determining the independence of the current Chairman of the Audit Committee, Michael Bock, the shareholder representatives also considered that Mr. Bock has been a member of MEDICLIN AG's Supervisory Board for more than twelve years. Nevertheless, Mr. Bock is still considered to be independent of the Company as, in the view of the shareholder representatives, the term of office alone does not constitute a material and permanent conflict of interests. Mr. Bock was considered an independent member during his entire office; during his office, he benefited the Company by contributing beneficial expertise and sector knowledge and by gaining ever deeper knowledge of company-specific aspects. However, he also has the required experience to maintain the professional distance to the Company that is required to independently fulfil his office. The Audit Committee convened for seven meetings with personal attendance and one conference call during the 2019 reporting year. On 31 December 2019 the Audit Committee was composed of Michael Bock (Chairman), Walburga Erichsmeier, Matthias H. Werner and Cornelia Wolf.

## 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 convened for one meeting with personal attendance and four conference calls during the 2019 reporting year. On 31 December 2019 the Nomination Committee was composed of Dr. Jan Liersch, Michael Bock and Cornelia Wolf.

The current members of the Management Board, the Supervisory Board and the Committees are also 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 consolidated financial statements provide a detailed report on the business relations (Other information/Report concerning related parties pursuant to IAS 24).

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

##### **Targets and deadlines for reaching these targets at management levels below the Management Board**

The Management Board is committed to diversity in 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. The Management Board had planned to reach a share of women in management positions of 15 % by 30 June 2017. On 30 June 2017 the share of women was 20 %, therefore the target was surpassed. On 1 July 2017 the Management Board passed a new resolution that adjusted the target to maintain the share of women of at least 20 % until 30 June 2022.

##### **Targets and deadlines for reaching these targets on the Management Board**

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

#### 5. Minimum proportion of women and men on the Supervisory Board

Since the Supervisory Board has objected to the general fulfilment pursuant to Section 96 (2) Sentence 3 of the German Stock Corporation Act (AktG), the Company's minimum proportion of 30 % of women and 30 % of men must be met separately, both by the shareholder representatives and the employee representatives on the Supervisory Board. In consideration of the current number of eight seats on each side, at least two must be held by women and at least two by men (figures were rounded). Both the employees' and shareholders' side already meet the quota of 30 % women.

#### 6. Diversity concept in leadership functions

Section 289f HGB and Section 315d German Commercial Code (HGB) require that the corporate governance declaration to be published includes a description of the diversity policy that is pursued for the composition of the body representing the Company and 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.

## **Diversity on the Management Board**

### **Share of women on the Management Board**

In accordance with Section 111 (5) German Stock Corporation Act (AktG) and Number 5.1.2 (1) of the Code in the version of 7 February 2017 or Recommendation B.1 of the Code in the version of 16 December 2019, the Supervisory Board should consider diversity in the composition of the Management Board. In accordance with Section 111 (5) German Stock Corporation Act (AktG) and Number 5.1.2 (1) of the Code in the version of 7 February 2017 or Principle 9 of the Code in the version of 16 December 2019, the Supervisory Board sets targets for the proportion of women on the management Board. In its meeting on 31 May 2017 the Supervisory Board of MEDICLIN resolved to maintain its target of 0 % until 30 June 2020. The Supervisory Board wants to be able to select the members of the Management Board on the basis of skills profiles without having to adhere to binding quotas.

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

In its diversity concept in accordance with Section 289f (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. Both 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 on the Supervisory Board**

### **Objectives for the composition of the Supervisory Board and for the skills profile of the entire body – diversity concept**

In accordance with Recommendation C.1 Sentence 1 of the Code in the version of 16 December 2019 (or Number 5.4.1 (2) of the Code in the version of 7 February 2017), the Supervisory Board shall specify concrete objectives for its composition and develop a skills profile for the entire Supervisory Board. Previously the Code (in the version of 7 February 2017 that ceased to be effec-

tive when the Code in the version of 16 December 2019 came into force) recommended that the Supervisory should include the Company's international activities, potential conflicts of interest, the number of independent Supervisory Board members in accordance with Number 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 aspects in the composition of the Board. In accordance with Recommendation C.1 Sentence 2 of the Code in the version of 16 December 2019, the Supervisory Board shall take the principle of diversity into account regarding its composition and the skills profile. The supervisory boards of publicly traded companies to which the German Codetermination Act applies must comprise 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, thereby setting new targets in addition to the original goals. It also created a skills profile for the entire body.

The Supervisory Board will continuously work towards presenting the, in its view, most appropriate candidates to the Annual General Meeting, with specific regard to technical expertise and taking into account the following goals. The Supervisory Board will furthermore, in accordance with the recommendations of the Code in the version of 7 February 2017, ascertain that the presented candidates are able to fulfil the expected time requirements for the Board membership.

#### Professional and educational background

Due to the Company's business activities 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 comparable positions (management board, managing director), and
- have 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, and
- sufficient knowledge about finance, accounting, law and compliance.

If possible, the following additional qualifications/skills 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 independent member with expertise in accounting and auditing in accordance with Section 100 (5) German Stock Corporation Act (AktG).

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

Furthermore the Supervisory Board will take into account the following additional issues and goals:

- The qualifications of the chairman of the Auditing Committee require special knowledge and experience in the application of accounting principles and internal control procedures. He/she 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 Recommendation C.6 Sentence 1 of the Code in the version of 16 December 2019, the contents of which correspond with Number 5.4.2 Sentence 1 of the Code in the version of 7 February 2017, the Supervisory Board shall include what it considers to be an appropriate number of independent members from the group of shareholder representatives.

According to Number 5.4.2. of the Code in the version of 7 February 2017, Supervisory Board members are not considered independent within the meaning of this recommendation in particular if they have a personal or business relationship with the Company, 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. Within the meaning of Recommendation C.6 of the Code in the version of 16 December 2019, a Supervisory Board member is considered independent if he/she is independent from the Company and its Management Board, and independent from any controlling shareholder. This is further specified in the following Recommendations C.7 to C.9.

The shareholder representatives on the Supervisory Board consider it to be appropriate and seek to ensure that at least one member of the Supervisory Board of the shareholder 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 (e.g. consultants).

## Gender diversity

Currently the Supervisory Board of MEDICLIN consists of sixteen members which, in accordance with the German Codetermination Act represent shareholders and employees in equal parts. Seven Supervisory Board members are women.

Publicly traded companies, to which the German Codetermination Act applies, already are required to have at least 30 % women and at least 30 % men on the Supervisory Board. The Company has already met its previously agreed target of a minimum of 30 % women by achieving a 30 % 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, fulfils the aforementioned objectives for the composition as well as the objectives for the skills profile of the entire body. The members of the Supervisory Board have the required professional 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. Four shareholder representatives have knowledge of all the above areas. In the future, the Supervisory Board will pay particular attention to bringing new skills (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 has been adhered to, except for two justified exceptions.

In the opinion of the Supervisory Board, the Supervisory Board comprises a reasonable number of independent shareholder representatives. In the opinion of the shareholder representatives, of the entire Supervisory Board and of the Management Board, four members of the Supervisory Board are currently independent within the meaning of the Code, namely Ms. Brosius, Dr. Dan-nath-Schuh, Mr. Laufs and Mr. Bock; despite his more than twelve years on the Board, the latter is considered to be independent (please also refer to item 3 above).

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.

## 7. Further corporate governance reporting

In accordance with Recommendation B.2 of the Code in the version of 16 December 2019, the Supervisory Board shall ensure together with the Management Board that there is long-term succession planning. The Supervisory Board regularly discusses these issues, also outside of Supervisory Board meetings. Given that the Board is composed of sector professionals, the Supervisory Board has an overview of the executives active in the healthcare market, while the Management Board knows the potential of the Group's own executives thanks to internal executive development programs. According to the recommendations of the Code, the Supervisory Board has set an age limit of 65 for members of the Management Board.

Please refer to the information in item 6 above for the targets regarding the composition of the Supervisory Board and their implementation, the independent shareholder representatives and the age limit for Supervisory Board members.

The membership term of the members of the Supervisory Board as of 31 December 2019 is as follows:

Supervisory Board member (as of 31 December 2019)	Member of the Supervisory Board since:
Dr. Jan Liersch	16.11.2019
Hans Hilpert	01.01.2003
Michael Bock	25.05.2005
Dr. Bernard große Broermann	28.05.2015
Barbara Brosius	31.05.2017
Dr. Julia Dannath-Schuh	29.05.2019
Walburga Erichsmeier	20.09.2012
Kai Hankeln	28.05.2019
Rainer Laufs	23.10.2014
Thomas Müller	20.09.2012
Elke Schwan	29.05.2019
Frauke Schwedt	01.01.2019
Eleonore Seigel	20.09.2012
Matthias H. Werner	01.08.2014
Dr. Thomas Witt	29.05.2019
Cornelia Wolf	25.05.2016

Please refer to item 3 above with regard to the members of the committees and their chairpersons.

The Supervisory Board regularly assesses how effective the Board and its committees have fulfilled their roles. At the end of the 2018 financial year / beginning of the 2019 financial year, the Supervisory Board carried out the following self-assessment measure: it distributed structured questionnaires, asking the current Supervisory Board members for feedback. The questionnaire contained questions on organisational efficiency, personal efficiency and the efficiency of the Supervisory Board in dealing with the relevant issues and also addressed the structure of the Supervisory Board and its committees, the composition of the Supervisory Board and the procedures governing their usual cooperation. By means of this self-assessment, the Supervisory Board aims to ensure effective communication between the Supervisory Board and the Management Board and to further promote the Supervisory Board members' understanding of themselves as representatives of the shareholders or employees while keeping in mind the corporate objectives and the resulting challenges. The goal is to analyse the activities of the Supervisory Board and the modalities of such work and, on this basis, to develop recommendations for the future Supervisory Board work. In the end, the recommendations are to be incorporated into the work of the Supervisory Board. The answers in the questionnaires are kept confidential and the questionnaires are externally analysed and evaluated by a law firm retained for this purpose. The findings and issues will then be discussed by the Supervisory Board in order to ensure the body continues to work well in the long term.

There are no statutory provisions applicable to MEDICLIN that would override the recommendations of the German Corporate Governance Code (DCGK).

## **Share transactions of the Management Board and the Supervisory Board**

The members of the Management Board and the Supervisory Board are, pursuant to article 19 of the European MAR (Market Abuse Regulation) obliged to disclose the acquisition or sale of securities of MEDICLIN AG if the value of the transactions performed by the members or a related party equals or exceeds the amount of EUR 20,000 within one calendar year. No transactions were reported in the 2019 financial year.

Total MEDICLIN AG shares held by all members of the Management Board and the Supervisory Board on 31 December 2019, not including Dr. Bernard große Broermann, amount to less than 1 % of the shares issued by the Company.

Direct holdings of more than 52.73 % are held by Asklepios Kliniken GmbH & Co. KGaA and indirect holdings by Asklepios Kliniken Management GmbH as the personally liable partner of Asklepios Kliniken GmbH & Co. KGaA and Broermann Holding GmbH as the limited partner of Asklepios Kliniken GmbH & Co. KGaA. Dr. Bernard große Broermann holds an indirect share through the aforementioned companies.

## **Communication with shareholders**

The annual financial statements of the Group and of MEDICLIN AG are presented to the public at the press and analysts' conference on the financial statements in March every year. During the year, the business performance is commented on in detail in the interim reports of the Group. Relevant information is published in news updates. All information is clearly presented on the Company's website and available for download.

The Annual General Meeting usually takes place in Frankfurt am Main in May. Individual talks are held with analysts and investors in the scope of investor relations activities.

## **Treasury stock**

MEDICLIN AG holds no treasury stock at present.

## **D&O insurance**

MEDICLIN AG took out an economic loss liability group insurance for the members of the Management Board and Supervisory Board. This is in the Company's own business interest. The insurance covers the liability risk in the event that Management Board and Supervisory Board members are made liable for economic losses incurred in the performance of their activities.

## **Audit of financial statements**

The annual and interim consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). The financial statements of MEDICLIN AG, which are required by law and are decisive for the dividend payment, are prepared in accordance with the provisions of the German Commercial Code (HGB). The annual financial statements are verified by auditors and approved by the Supervisory Board. The annual non-financial declaration

of the Group that is included in the summarised management report and the Group management report is audited in accordance with the ISAE 3000 audit standard. The consolidated financial statements are made available to the public within 90 days after the end of the financial year; the interim financial statements within 45 days after the end of the quarter.

The auditor has to report all significant audit findings and events arising from the audit to the Chairman of the Audit Committee and the Supervisory Board immediately. Furthermore, the auditor is obliged to inform the Supervisory Board and to record in the auditor's report any facts discovered in the course of the audit which reveal any inaccuracies in the conformity declaration issued by the Management Board and Supervisory Board pursuant to Section 161 of the German Stock Corporation Act (AktG). The auditor for the 2019 financial year is PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt.

Offenburg, 25 March 2020

MEDICLIN Aktiengesellschaft

The Management Board

The Supervisory Board