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# CORPORATE GOVERNANCE STATEMENT AND CORPORATE GOVERNANCE REPORT

Part of Group Management Report

The Executive Board and Supervisory Board of Viscom AG are committed to the principles of sound Corporate Governance. The actions of the governing and supervisory bodies at Viscom AG are based on the principles of responsible management and control, focused on transparency and value creation.

In this chapter the Executive Board of Viscom AG, also on behalf of the Supervisory Board, reports on the company's Corporate Governance, published in accordance with section 3.10 of the German Corporate Governance Code as well as Section 289a of the German Commercial Code (HGB) on Corporate Governance.

## **Declaration pursuant to section 161 of the German Stock Corporation Act (AktG)**

The Executive Board and Supervisory Board of Viscom AG submitted the annual Compliance Statement pursuant to section 161 of the German Stock Corporation Act (AktG) on 27 February 2015. It has been published and is permanently accessible on the Viscom AG website under [www.viscom.com/europe](http://www.viscom.com/europe) in the section "Investor Relations/Corporate Governance".

## **Wording of the 2015 Compliance Statement**

In conformity with section 161 of the German Stock Corporation Act (AktG), the Executive Board and Supervisory Board of Viscom AG declare that the recommendations by the Government Commission on the German Corporate Governance Code have been and are being complied with. The declaration has been made permanently available to the public on the company's website. The following recommendations have not been and will not be followed:

**1. The Company has decided to exclude deductibles from its liability insurance (D&O insurance) for the Supervisory Board (Code section 3.8).**

The company has complied with the legal requirement

to implement a deductible for Executive Board members pursuant to Section 93 paragraph 2 sentence 3 of the German Stock Corporation Act (AktG) in conjunction with Section 23 paragraph 1 sentence 1 of the Introductory Act to the German Stock Corporation Act (EgAktG) effective 1 July 2010, but continues to refrain from implementing a corresponding deductible for the Supervisory Board as well. In the Company's view, the nature of the Supervisory Board mandate, which is also emphasised by differences in remuneration, makes it seem reasonable to differentiate between the Executive Board and Supervisory Board. Extending the D&O insurance deductible to members of the Viscom AG Supervisory Board therefore did not appear appropriate. Furthermore, a deductible for intentional infringement of obligations does not come into question and a deductible in cases of negligence in other countries is rather uncommon to date. There was and is, therefore, the concern that the agreement of a deductible may present an obstacle in the future with regard to the search for appropriate Supervisory Board candidates that also have international experience.

**2. The company has no Chairman or Speaker of the Executive Board (Code section 4.2.1).**

Taking into account the number of Executive Board members, the Executive Board and the Supervisory Board are consequently of the opinion that, on a board with only three members, a Chairman or a Speaker is not required. In addition, the law for stock corporations is based on a principle of consensus, i.e. on a collegial rather than a hierarchal Executive Board. A strong principle of consensus has prevailed within the Executive Board (and previously within the executive) since the company was founded. All significant decisions are made together by the entire Executive Board.

**3. The service contracts with the members of the Executive Board of Viscom AG provide for no payment caps on severance compensation in the case of early termination of the Executive Board mandate (Code section 4.2.3).**

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The Executive Board contracts do not contain any provisions for a payment cap on severance compensation in the case of early termination of the Executive Board mandate of a maximum of two years' remuneration, including in the form of (modified) tying clauses. Legal enforcement of a cap on severance pay for the member of the Executive Board would often not be possible in the relevant cases. If there is neither a significant ground for dismissal in accordance with Section 84 paragraph 3 sentence 1 of the German Stock Corporation Act (AktG) nor significant ground for the extraordinary termination of the employment contract in accordance with Section 626 of the German Civil Code (BGB), the contract with the Executive Board member can only be terminated subject to mutual agreement. In such cases, Executive Board members have no legal obligation to agree to caps on severance pay within the meaning of the recommendations of the Code. These (modified) tying clauses that link the termination of the Executive Board contract to dismissal on significant grounds and anticipate a cap on severance pay in such cases cannot be implemented unilaterally by the Supervisory Board against the will of the Executive Board member in question (deviation from Code section 4.2.3 paragraph 4).

**4. The Executive Board and Supervisory Board have not prepared any detailed long-term succession planning up to now (Code section 5.1.2).**

The Executive Board members Dr Martin Heuser and Volker Pape are also the founders of the company. It is not possible to anticipate at this time if or when the Executive Board members will leave the company. As a result, the Executive Board and Supervisory Board have not prepared any detailed long-term succession planning for the Executive Board up to now. The Executive Board and Supervisory Board also believe that this recommendation in the Code pertains solely to internal succession planning, as external appointments cannot be planned for the long term.

**5. The Supervisory Board has not formed any committees, especially an audit committee (Code sections 5.3.1, 5.3.2).**

The Supervisory Board consists of only three members. In the view of the Supervisory Board, the formation of an audit committee is not expedient under the specific circumstances of the company and – unlike in larger governing bodies – does not increase efficiency. All matters are addressed by all members of the Supervisory Board, so that the formation of additional committees is not considered necessary.

**6. The Articles of Association and the standing rules for the Executive Board do not call for a maximum age limit for Executive Board members (Code section 5.1.2).**

Given the age structure of the current occupants of the Executive Board, this status quo needs not be questioned. The company is also committed to ensuring access to the expertise of experienced members of the Executive Board. Any exclusion based solely on age does not appear expedient to the Executive Board and Supervisory Board, since the optimum composition of the Executive Board could thereby be prevented for merely formal reasons. An age limitation in the Articles of Association or the standing rules has been and is therefore deemed unnecessary.

**7. The fixed and variable remuneration for the Supervisory Board stipulated in the Articles of Association does not take account of the Chairman or committee members (Code section 5.4.6)..**

The lack of committees due to the small size of the Supervisory Board renders any further plan for the distribution of remuneration for chairpersons and committee members unnecessary.

As of 29 September 2014, Viscom AG had complied with the recommendations by the Government Commission on the German Corporate Governance Code (in the version dated 13 May 2013). Since 30 September 2014, the recommenda-

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tions by the Government Commission on the German Corporate Governance Code in the version dated 24 June 2014 as published in the official section of the German Federal Gazette have been and continue to be complied with.

### **Working Methods of the Executive Board and the Supervisory Board**

The Executive Board and the Supervisory Board of Viscom AG work together consistently and closely, in keeping with sound and responsible Corporate Governance. They coordinate regularly and on a timely basis in the areas recommended by the Corporate Governance Code, but also on issues beyond those in the Corporate Governance Code.

### **Executive Board**

Viscom AG is a company incorporated under German law which is also the basis of the German Corporate Governance Code. The two-tier system of management comprising the Executive Board and the Supervisory Board as corporate bodies which hold separate powers is a basic tenet of German stock corporation law. The Executive Board and the Supervisory Board of Viscom AG cooperate in all matters relating to control and supervision of the company in a close and trusting fashion.

The Executive Board of Viscom AG currently consists of three members: Dr Martin Heuser (Technology), Volker Pape (Sales) and Dirk Schwingel (Finances). The Executive Board is solely responsible for the management of the company taking into consideration the law, the Articles of Association, standing rules and service contract. The primary tasks of the Executive Board are determining the strategic alignment, managing the company, and planning, establishing and monitoring a risk management and a compliance system. All members of the Executive Board are involved in the day-to-day management of the company and bear responsibility for operations.

The Supervisory Board has resolved standing rules for the Executive Board regulating its work and mode of coopera-

tion with the Supervisory Board. According to these, members of the Executive Board wield executive powers in the areas of responsibility assigned to them in the allocation of duties. Insofar as measures or transactions of one area of responsibility overlap with those of one or more other areas, the involved members of the Executive Board must reach an agreement. Should there be any continuing conflict, the entire Executive Board must reach a joint decision. These assignments notwithstanding, each member of the Executive Board remains responsible for all management issues (principle of overall responsibility). Only the entire Executive Board together can decide on matters or transactions which are of exceptional importance or carry an extraordinary economic risk.

The Executive Board passes its resolutions either at meetings or, in the absence of objections from Board members, outside of meetings using modern means of communication. Two members of the Executive Board constitute a quorum. All resolutions of the Executive Board require a simple majority. Meetings of the Executive Board are to be scheduled on a regular basis, if possible, a weekly basis. They must take place when required to ensure the well-being of the company. The Executive Board member designated accordingly by the Supervisory Board is responsible for determining meeting dates, convening meetings, setting the agenda, chairing the meetings and ensuring the minutes are taken.

The Executive Board is also obligated to regularly inform the Supervisory Board of the company of all matters of interest to it concerning the company and companies affiliated with the company, especially of all matters covered by section 90 of the German Stock Corporation Act (AktG). These reporting duties apply to the full Executive Board. As a rule, Executive Board reports must be presented in written form except when urgency allows or necessitates a verbal report. Furthermore, the Executive Board members must regularly report jointly to the Chairman of the Supervisory Board on strategy, business planning and progress, the situation of the compa-

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ny, including its affiliated companies, the risk situation and risk management as well as compliance, in written or verbal form. The management of the Group is based on a reporting system that takes the form of monthly reports submitted to members of the Supervisory Board. These monthly reports include the consolidated income statement and individual breakdowns for the various Group companies. The reports also include a detailed presentation of the cost structure at Viscom AG and its Group companies, revenue in its machine installation regions, incoming orders, order backlog, the number of employees, cash and cash equivalents, total receivables and receivables from subsidiaries, orders placed for the purchase of goods and the inventories of goods as well as partially completed and completed systems.

The Executive Board also reports on significant issues pertaining to the current situation of the company and directly and indirectly associated companies and events that exceed normal business operations of the company and affiliated companies and are of special importance for the company as occasion requires. Any information relevant for decision making will be made available to the members of the Supervisory Board in a timely manner prior to the meeting.

Members of the Executive Board are subject to comprehensive restraint of competition during their Board membership. They are bound to the interests of the company. No member of the Executive Board may allow personal interests to affect his decisions or make use of business opportunities to which the company is entitled for his own benefit. Any possible conflicts of interest are to be disclosed promptly to the Supervisory Board, and the other members of the Executive Board are to be informed. All transactions between the company and the Executive Board members, as well as related parties, must be in line with the standards that are customary within the branch of industry.

In addition, Executive Board members require the consent of the Supervisory Board to assume other professional roles,

particularly the assumption of mandates in other companies.

Both the Executive Board and the Supervisory Board are bound to the interests of Viscom AG. There were no conflicts of interest to be reported to the Supervisory Board in the past financial year. No Executive Board member is a member of any Supervisory Boards at listed stock corporations outside the Group.

Viscom AG has obtained liability insurance (D&O insurance) with a commensurate deductible for all members of the Executive Board.

#### **Mandates of the Board Members**

The members of the Executive Board hold no other mandates in other Supervisory Boards required by law or comparable domestic and foreign governing bodies.

#### **Supervisory Board**

The Supervisory Board of Viscom AG consists of three members who are elected at the Annual General Meeting, without being bound by any proposals for suitable candidates and with identical terms of office, in compliance with section 11 paragraph 1 of the Articles of Association in conjunction with sections 95, 96 paragraph 1 and section 101 paragraph 1 of the German Stock Corporation Act (AktG). The company has no co-determination.

Prof. Dr Claus-Eberhard Liedtke left his position on the Supervisory Board with effect from 27 May 2014.

The current members of the Viscom AG Supervisory Board are Bernd Hackmann (Chairman), Klaus Friedland (Deputy Chairman) and Prof. Dr Ludger Overmeyer. They were individually elected at the Annual General Meeting on 27 May 2014 pursuant to the recommendations of the German Corporate Governance Code. None of the Supervisory Board members were over 70 years of age at the time of the elec-

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tion. The term of office for the Supervisory Board is five years. The current term ends with the regular Annual General Meeting, which will approve the actions of the members of the Supervisory Board for the 2018 financial year of the company.

The proposals for suitable candidates not only consider the skills, expertise and experience necessary for the duties of the Supervisory Board but also aim to ensure diversity of Board members. Former members of the Viscom AG Executive Board are not members of the Supervisory Board. There are a sufficient number of independent members of the Supervisory Board who maintain no business or personal relations to the company or to its Executive Board.

The Supervisory Board monitors and advises the Executive Board on company management. It is involved in strategy and planning as well as all matters fundamental to the company. The Supervisory Board has resolved standing rules for the Executive Board, in accordance with the company's Articles of Association. The Articles of Association include the provision that specifies the types of major transactions of the Executive Board that require the Supervisory Board's approval. The Supervisory Board's further responsibilities include appointing Executive Board members, determining the remuneration system for the Executive Board and its individual members, and examining the company's annual financial statements.

Work within the Supervisory Board is coordinated by the Chairman of the Supervisory Board or, in case of his absence, by the Deputy Chairman. The Chairman of the Supervisory Board chairs the Supervisory Board meetings and upholds the Board's interests when representing it. Furthermore, he is authorised to make the declarations of intention on behalf of the Supervisory Board that are necessary to implement Supervisory Board resolutions. In urgent cases, this also includes the provisional approval of company transactions that, in accordance with the standing rules for the Execu-

tive Board, require the Supervisory Board's approval. Tasks and rules of procedure are stipulated in the standing rules governing the Supervisory Board that have been resolved by the Supervisory Board in accordance with the Articles of Association. This includes rules regarding the authority of the Chairman of the Supervisory Board and his deputy, as well as rules pertaining to conflicts of interest and efficiency reviews. According to these, the Chairman of the Supervisory Board is required to remain in regular contact with the Executive Board and discuss strategy, business development and the company's risk management with it. Should he become aware of significant events of material importance for the assessment of the company's situation and development and for its management, he is obligated to inform the Supervisory Board and to convene an extraordinary Supervisory Board meeting if necessary.

In the 2014 financial year, the Supervisory Board held seven regular meetings including a meeting for the purposes of an efficiency assessment that excluded the Executive Board. The Chairman of the Supervisory Board or, in case of his absence, the Deputy Chairman, convenes meetings in written form with a 14 day notification period. In urgent cases, the Chairman of the Supervisory Board can shorten the notification period appropriately and convene the meeting via verbal notification or via telephone, in writing, fax or e-mail. The agenda and proposals for resolutions must be included with the invitations.

Pursuant to the standing rules of the Supervisory Board, all meetings should be held in person. But meetings can also be held as video conferences or conference calls, or individual Supervisory Board members can take part in the meeting via phone or video. It is also possible to pass resolutions using votes in written form or by using modern (including electronic) forms of communication as long as this follows the Chairman's directive and there are no objections raised by other members of the Supervisory Board during a reasonable period of time set by the Chairman of the Supervisory

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Board. The Chairman of the Supervisory Board must keep a record of and sign all resolutions made in a written or other form.

All resolutions of the Supervisory Board require a simple majority unless stated otherwise by law or the Articles of Association. The Chairman of the Supervisory Board or, in case of his absence, the Deputy Chairman, casts the deciding vote in the case of a tie. Barring different arrangements made by the Supervisory Board for individual cases, all members of the Executive Board attend the quarterly meetings of the Supervisory Board. The Executive Board's written reports for the Supervisory Board are handed out to the Supervisory Board members, unless the Supervisory Board has decided on a different approach in a given case.

The members of the Supervisory Board are independent from the management and maintain no business relationships with the company that could influence the independence of their opinion. Consultancy, service or work contracts between Supervisory Board members and the company have not existed and do not exist. Supervisory Board approval has to be sought in exceptional cases involving Supervisory Board members who intend to become active for the company beyond the functions of the Supervisory Board. In its report at the Annual General Meeting, the Supervisory Board provides information about any conflicts of interest that may have arisen during that financial year. There were no conflicts of interest to be reported to the Supervisory Board in the past financial year.

The company has obtained D&O insurance with no deductible for its Supervisory Board members.

Detailed information on Supervisory Board activities during the 2014 financial year is included in the "Report of the Supervisory Board".

### **Mandates of the Supervisory Board Members**

Bernd Hackmann, Chairman of the Supervisory Board of Viscom AG, has been Deputy Chairman of the Supervisory Board of LPKF Laser & Electronics AG since May 2012 and a member of the Supervisory Board of SLM Solutions Group AG since April 2014. Klaus Friedland and Prof. Dr Ludger Overmeyer, members of the Supervisory Board of Viscom AG, hold no other mandates in other Supervisory Boards required by law or comparable domestic and foreign governing bodies.

### **Structure and Working Methods of Executive Board and Supervisory Board Committees**

The company's Articles of Association allow the Supervisory Board to form committees from among its members. The Supervisory Board does not see committee formation as advisable under the circumstances of the company. The purpose of forming a committee, i.e. increasing the efficiency of the decision-making process, would not be achieved with a committee of only three members. All matters are addressed by all members of the Supervisory Board, so that the formation of additional committees is not considered necessary.

No Executive Board committees with the purpose of increasing efficiency were formed because of the small size of the Executive Board.

### **Shareholdings of Board Members**

The following members of the Executive Board presently hold shares in the company:

- Dr Martin Heuser:  
255,000 shares held directly; Dr Heuser also holds 50 % of HPC Vermögensverwaltung GmbH, which in turn holds 6,169,085 Viscom AG shares

- Volker Pape:  
255,000 shares held directly; Mr Pape also holds 50 % of HPC Vermögensverwaltung GmbH, which in turn holds 6,169,085 Viscom AG shares
- Dirk Schwingel:  
5,000 shares held directly.

The following members of the Supervisory Board presently hold shares in the company:

- Bernd Hackmann: 5,000 shares.
- Klaus Friedland: 3,000 shares.
- Prof. Dr Ludger Overmeyer: 1,500 shares.

### Shareholders and Annual General Meeting

Shareholders of Viscom AG exercise their participation and control rights at the Annual General Meeting. The Annual General Meeting, which takes place at least once a year, decides on all legally regulated issues with a binding effect for all shareholders and for the company. Each share grants one vote (one share, one vote) in the decision-making process.

The Annual General Meeting elects the Supervisory Board members and decides on approving the actions of the Executive Board and Supervisory Board. It resolves on the use of retained earnings, on capital market measures and on the approval of company contracts. Further responsibilities include the determination of Supervisory Board remuneration, as well as changes to the company's Articles of Association. At the Annual General Meeting, the Executive Board and Supervisory Board render account of the past financial year. The German Stock Corporation Act provides for convening an extraordinary General Meeting in special cases.

Shareholders are entitled to take part in the Annual General Meeting if they register in advance and provide proof of

their right to attend the Annual General Meeting and exercise their voting right. Shareholders who cannot attend in person can exercise their voting right via a bank, shareholder association or any other authorised representative. The company offers shareholders who do not wish to or are unable to exercise their voting right themselves the right to vote at the Annual General Meeting via a proxy determined by Viscom AG and bound by the shareholders' instructions. This facilitates the exercising of shareholders' rights in compliance with the provisions of the Code.

The invitation to the Annual General Meeting and all information and reports necessary for passing resolutions are made accessible to the public on the website of Viscom AG in German, as stipulated by the laws governing stock companies.

### Remuneration Report

Viscom AG complies with the recommendations of the German Corporate Governance Code by disclosing the individual remuneration of the Executive Board and Supervisory Board. The remuneration report forms part of the management report.

#### Remuneration of Executive Board Members

Remuneration of Executive Board members is determined by the Supervisory Board, and consists of a fixed annual salary and a profit-related bonus. The fixed component remains constant over a period of several years.

The variable component is determined in a bonus agreement concluded in advance with Executive Board members, taking the respective amount of the basic salary as a reference.

The Executive Board members receive a performance-related bonus, which comprises a bonus I relating to the recently expired financial year and a long-term bonus II. The

total bonus is limited to 100 % of the annual fixed remuneration for Dr Martin Heuser and Volker Pape and to 50 % of the annual fixed remuneration for Dirk Schwingel.

Bonus I amounts to one monthly fixed remuneration payment plus 1.3 % of earnings before interest and taxes (EBIT) recorded in the consolidated financial statements for Dr Martin Heuser and Volker Pape. Bonus I for Dirk Schwingel amounts to 0.65 % of earnings before interest and taxes (EBIT) recorded in the consolidated financial statements. EBIT must total at least € 1 million, otherwise the entitlement to bonus I ceases.

Bonus II also amounts to one monthly fixed remuneration payment plus 1.3 % of average earnings before interest and

taxes (EBIT) recorded in the consolidated financial statements for Dr Martin Heuser and Volker Pape. Bonus II for Dirk Schwingel also amounts to 0.65 % of earnings before interest and taxes (EBIT) recorded in the consolidated financial statements. The bonuses are calculated on the basis of EBIT generated in the three most recent financial years – e.g. the recently expired year plus the two before that (= average EBIT). Average EBIT must total at least € 1 million, otherwise the entitlement to bonus II ceases.

There is no stock option programme at Viscom AG for management and employees.

The following table shows the grants awarded for the financial year:

#### Grants awarded for the financial year

in K€		Dr Martin Heuser	Volker Pape	Dirk Schwingel	Gesamtsumme
Fixed remuneration (non-performance related fixed remuneration)	2014	182	182	169	533
	2013	182	182	169	533
Additional benefits *	2014	22	24	16	62
	2013	20	24	16	60
Annual variable remuneration (provision for performance-based remuneration)	2014	182	182	85	449
	(Min.)	54	54	26	134
	(Max.)	182	182	85	449
	2013	182	182	85	449
Total remuneration	2014	386	388	270	1.044
	2013	384	388	270	1.042

\* Additional benefits include use of company vehicle for business and private purposes, capital-formation benefits and a telephone allowance and contributions to private health insurance, direct insurance and accident insurance.



The following table shows the inflows for the financial year:

#### Inflows for the financial year

in K€		Dr Martin Heuser	Volker Pape	Dirk Schwingel	Gesamtsumme
Fixed remuneration (non-performance related fixed remuneration)	2014	182	182	169	533
	2013	182	182	169	533
Additional benefits *	2014	22	24	16	62
	2013	20	24	16	60
Annual variable remuneration (performance-based remuneration)	2014	182	182	85	449
	2013	182	182	85	449
Total remuneration	2014	386	388	270	1,044
	2013	384	388	270	1,042

\* Additional benefits include use of company vehicle for business and private purposes, capital-formation benefits and a telephone allowance and contributions to private health insurance, direct insurance and accident insurance

#### Remuneration of Supervisory Board Members

All Supervisory Board Members receive fixed and variable remuneration for every full business year of Supervisory Board membership. Supervisory Board members joining during the course of the financial year receive pro rata fixed and variable remuneration for their actual time served on the board. Fixed remuneration is € 10,000.00 per Supervisory Board member per year. The Chairman of the Supervisory Board receives double and his Deputy one and a half times the fixed remuneration. Variable remuneration is comprised of two components. Per Supervisory Board member and per year it amounts to:

- € 250.00 per full cent of the dividend distributed to shareholders for each of the company's no-par value shares in the corresponding financial year, and

- € 1,000.00 per € 1 million of average positive EBIT recorded. Average EBIT are calculated over a rolling three-year period on the basis of the company's audited and approved IFRS consolidated financial statements for the three most recent financial years.

The Chairman of the Supervisory Board receives double and his Deputy one and a half times the variable remuneration. Total variable remuneration is limited to seven tenths of annual fixed remuneration.

Remuneration of the members of the Supervisory Board in the 2013 financial year was as follows:

Supervisory Board	Fixed Re- muneration 2013 K€	Variable Re- muneration 2013 <sup>1)</sup> K€	Total Re- muneration 2013 K€
Bernd Hackmann	20.0	14.0	34.0
Klaus Friedland	15.0	10.5	25.5
Prof. Dr Claus- Eberhard Liedtke	10.0	7.0	17.0
<b>Total</b>	<b>45.0</b>	<b>31.5</b>	<b>76.5</b>

<sup>1)</sup> maximum

Remuneration of the members of the Supervisory Board in the 2014 financial year is as follows:

Supervisory Board	Start and leaving date 2014	Fixed Re- muneration 2014 K€	Variable Re- muneration 2014 <sup>1)</sup> K€	Total re- muneration 2014 K€
Bernd Hackmann		20.0	14.0	34.0
Klaus Friedland		15.0	10.5	25.5
Prof. Dr Claus- Eberhard Liedtke	Until 27 May 2014	4.0	2.8	6.8
Prof. Dr Ludger Overmeyer	As of 27 May 2014	6.0	4.2	10.2
<b>Total</b>		<b>45.0</b>	<b>31.5</b>	<b>76.5</b>

<sup>1)</sup> maximum

The amount of variable remuneration for financial year 2014 is in part dependent on the dividends paid to shareholders and is therefore subject to a corresponding resolution by the Annual Shareholders' Meeting on the appropriation of the net retained profits from the past financial year.

The Supervisory Board members received no remuneration or benefits from the company for personal services rendered, such as consulting or brokerage services.

### Risk Management

Part of the company's principles of Corporate Governance is the responsible handling of corporate risks. The Executive Board of Viscom AG and the management of the Viscom Group can make use of comprehensive Group and company reporting and control systems which facilitate the detection, evaluation and controlling of risks. These systems are subject to continuous development in order to adapt them to changing conditions and are additionally monitored by auditors. The Executive Board regularly informs the Supervisory Board of existing risks and their development.

Details regarding risk management in the Viscom Group can be found in the risk report. The risk report contains the report on the accounting-related internal control and risk management system in compliance with the German Accounting Law Modernisation Act (BilMoG).

### Transparency

Open and transparent handling of information for the relevant target groups of Viscom AG is a high priority within the company. The company has appointed a Corporate Governance Officer to monitor adherence to the German Corporate Governance Code.

Viscom AG regularly reports to shareholders, financial analysts, shareholder associations, the media and interested parties on the situation of the company, as well as significant corporate changes. All new information that is released to financial analysts and institutional investors by Viscom AG is simultaneously made available to all shareholders and interested members of the public. Viscom uses the Internet and other means of communication to ensure that information is provided in a timely manner.

An overview of all key information throughout the financial year is published on the Viscom AG website at [www.viscom.com/europe](http://www.viscom.com/europe):

- **Ad hoc publicity.** Ad hoc notices are issued when facts arise concerning Viscom AG outside regular reporting that may significantly influence the share price. Viscom AG ad hoc notices are available to shareholders on the Viscom AG website under [www.viscom.com/europe](http://www.viscom.com/europe) in the section "Investor Relations/News/Publications/Ad hoc Notices".
- **Notices concerning voting rights.** In accordance with section 21 of the Securities Trading Act (WpHG), when Viscom AG becomes aware that an entity acquires, exceeds or falls under 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 50 % or 75 % of the voting rights in the company as a result of a purchase, disposal or in any other fashion, this fact will also be promptly disclosed via a Europe-wide notification system.

Pursuant to Section 21 paragraph 1 of the German Securities Trading Act (WpHG), Axxion S.A., Grevenmacher, Luxembourg, informed Viscom AG on 28 April 2014 that its

voting rights in Viscom AG, Hanover, Germany, had fallen below the 3 % threshold on 28 April 2014 and amounted to 2.90 % (equivalent of 261564 voting rights) on that day.

- **Directors' Dealings.** Executive Board and Supervisory Board members of Viscom AG and certain executives who have regular access to insider information and are authorised to make significant company decisions (including related parties as defined by the Securities Trading Act) are required to disclose their securities transactions, in accordance with section 15a of the Securities Trading Act (WpHG). Such transactions will be published as soon as the company is informed via a Europe-wide notification system and on the company website at [www.viscom.com/europe](http://www.viscom.com/europe) in the section "Investor Relations/News/Publications/Directors' Dealings".

Acquisition or sales transactions of Viscom AG shares subject to mandatory reporting or of financial instruments based on these that were carried out by Board Members (Directors' Dealings) were reported to the company for the 2014 financial year by Mr Dirk Schwingel and Prof. Dr Ludger Overmeyer:

	Date	Transaction type	No.	Rate/Price €	Total volume €
Dirk Schwingel	16 June 2014	Purchase	1,000	12.28	12,280
Dirk Schwingel	17 September 2014	Purchase	1,000	11.105 *)	11,109
Prof. Dr Ludger Overmeyer	26 September 2014	Purchase	1,500	11.28	16,920
Dirk Schwingel	30 September 2014	Purchase	1,000	10.7525 *)	10,771

\*) average value

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- **Financial calendar.** The company informs the shareholders and the capital market in advance about the dates of key publications (e.g. Annual Report, Interim Report, Quarterly Financial Reports or Annual General Meeting) via the financial calendar, which is printed in the Financial Reports and constantly available on the Viscom AG website. The financial calendar is available to shareholders on the Viscom AG website at [www.viscom.com/europe](http://www.viscom.com/europe) in the section "Investor Relations/Financial Calendar".

#### **Accounting and Annual Audit**

Viscom AG prepares its consolidated financial statements in line with International Financial Reporting Standards (IFRS), as adopted in the European Union. The annual financial statements of Viscom AG are prepared according to the German Commercial Code (HGB). The Executive Board prepares the consolidated financial statements which are audited by the auditor and the Supervisory Board. Shareholders and interested parties are informed of the general situation of the company via the Annual and Interim Reports and Quarterly Reports. At the same time the reports are made accessible on the Viscom AG website for all interested parties.

PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Hanover branch office, was elected by the 2014 Annual General Meeting as auditor and audited the consolidated financial statements and the annual financial statement of Viscom AG. The audit took place in accordance with German auditing regulations and the standards for the audit of financial statements put forward by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer: IDW). Risk management and reporting obligations in compliance with Corporate Governance as stated in section 161 of the German Stock Corporation Act (AktG) were also taken into account.

It was agreed with the auditors that they would promptly inform the Chairman of the Supervisory Board of any grounds for disqualification or conflicts of interest that arise during the audit, if these are not resolved immediately.

The auditors shall also promptly report all findings and occurrences significant to the tasks of the Supervisory Board as they occur during the audit. The auditors also have to inform the Supervisory Board and report in the audit report if facts arise in the course of the audit that do not conform with the Compliance Statement as submitted by the Executive Board and the Supervisory Board in accordance with section 161 of the German Stock Corporation Act (AktG).

#### **Information on relevant company management practices**

Compliance with the law is not just the duty of every business but is also in every company's own interest in order to reduce risks. Viscom sees it as its responsibility to adhere to all laws and internal regulations – voluntary obligations as well as ethical principles also form an integral part of its corporate culture.

In order to actively comply with local and international guidelines and regulations, the Executive Board prepared, approved and introduced compliance guidelines and a relevant annex for its employees that go beyond the statutory obligations applicable to all board members and employees of Viscom Group. This "Corporate Compliance Policy" stipulates how to deal with business partners and government institutions, how to maintain secrecy, independence and objectivity and how to act in cases of conflict of interest. These principles include the avoidance of corruption and cartel agreements, compliance with data security guidelines, equal opportunity and adherence to product safety and occupational health regulations.

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They are available to Group employees on the Intranet, where they can be accessed at all times in German and English. A whistle-blower system allows employees to report certain serious legal infringements to Viscom AG. This allows the Compliance Officer and where applicable the Executive Board to work towards containing damage and preventing further damage.

The Compliance Officer is responsible for maintaining and updating this policy.

Compliance is an integral part of Viscom's business processes and has formed the basis for a comprehensive and long-term management process, which is an ongoing and central task for the company. The topic of compliance must evolve constantly in order to react to the opportunities for improvement and the changing demands of global business. It is the basis for ongoing change and improvement, making it a living process within the company that will never be completed. More information on the compliance guidelines is publicly available on the company website at [www.viscom.com/europe](http://www.viscom.com/europe) under the "Company/Corporate Compliance" section.