

CORPORATE GOVERNANCE



*Code of Conduct, Corporate
Governance Statement and
Corporate Governance Report*
[www.deutsche-beteiligung.de/
corporate-governance](http://www.deutsche-beteiligung.de/corporate-governance)

Corporate governance refers to the way a company is responsibly managed and controlled. The Supervisory Board and the Board of Management acknowledge and endorse the principles of good corporate governance. We have therefore set out the central values and guiding principles for Deutsche Beteiligungs AG in a Code of Conduct. Our intention is to give every member of our staff a set of fundamental rules and to communicate to our business partners and investors that our dealings are firmly rooted in ethical principles and that we will always interact fairly in good partnership. Our guiding principles also encompass the avoidance of conflicts of interest and acknowledgement of our social responsibility. We act politically neutrally, but support social projects and commit to fair competition.

Our Corporate Governance Statement sets out the basic principles behind the conduct of our business; it is published on the Internet and is accessible there together with this report.

Consistent with the recommendation of the German Corporate Governance Code, the following is a combined report by the Supervisory Board and the Board of Management on the corporate governance practised at Deutsche Beteiligungs AG. Further information can be found in the Corporate Governance Statement and the Report of the Supervisory Board (page 4ff.); that information is an integral part of our combined Corporate Governance Report. We will refer to other sections of this Annual Report on particular issues, if appropriate.

COMPLIANCE: EMPLOYEES, TRANSACTION PROCESS, PORTFOLIO COMPANIES

Compliance by the management and staff with all legal requirements applicable to Deutsche Beteiligungs AG and its subsidiaries and with all internal rules has long been a Company objective and an integral part of our corporate culture. However, as a private equity firm, that objective extends not just to our own Company. DBAG also endorses the installation and ongoing development of compliance schemes at current and future portfolio companies. The compliance system of DBAG therefore consists of three components:

- compliance for DBAG staff
- compliance in transactions
- compliance at portfolio companies

A compliance manager oversees adherence by **DBAG STAFF** to the Code of Conduct and the rules set out in the compliance guideline. He is independent in his role and reports directly to the Spokesman of the Board of Management. Practical effects and changes over past practice have occurred, for example, in the acceptance of invitations and gifts.

DBAG acts as a responsible investor. Compliance aspects have therefore also been integrated into the **TRANSACTION PROCESS**, specifically in the due diligence process and in purchase agreements. An examination of compliance issues is required as an integral part of every due diligence process to ensure that potential portfolio companies also fulfil DBAG's values. The basis for this is a questionnaire which, depending on the situation, can be integrated into the due diligence process in collaboration with the legal consultant for the transaction or with the assistance of a specialised compliance adviser, who may be commissioned additionally, if required. To minimise the liability risk for DBAG in connection with compliance issues, warranty clauses to that effect will be included in every purchase agreement for a portfolio company.

DBAG employees who hold offices on a supervisory board or in an advisory council at a **PORTFOLIO COMPANY** or act on behalf of a shareowner of a portfolio company are required to firmly endorse the introduction or ongoing development of a compliance system within the portfolio company. The "DBAG Compliance Standard for Portfolio Companies" serves as guidance.

COMPOSITION OF THE SUPERVISORY BOARD: OPERABILITY IS KEY OBJECTIVE

The German Corporate Governance Code recommends that the Supervisory Board specify concrete objectives regarding its composition and report on these and on their implementation.

The key objective is the Supervisory Board's operability; this objective is best addressed when the majority of its members are independent and not exposed to conflicts of interest and when its members are experienced in the multifaceted operations of DBAG and have expert knowledge of applicable accounting principles. The Supervisory Board is also of the opinion that the majority – or four – of its members should be independent, and the Chairman of the Supervisory Board should be one of them.

The current composition of the Supervisory Board reflects this objective. A further objective of more appropriately considering women in the Supervisory Board's composition has not yet been reached. Achieving that objective will be the duty of the Nominations Committee when preparing for the next elections to the Supervisory Board. The Supervisory Board will stand for re-election at the 2016 Annual Meeting.

The members of the Supervisory Board do not have business or personal relationships to the Company or its boards, or to a controlling shareholder or a company with which that shareholder is affiliated, which could constitute a significant and not merely temporary conflict of interest. Should, contrary to expectations, conflicts of interest arise in individual instances, these are disclosed and dealt with appropriately by the Supervisory Board. The members of the Supervisory Board bring with them a wide spectrum of professional and personal experience, including management responsibility abroad or in international companies in Germany. The age limit of 70 means that the Company can benefit as much as possible from these skills on the one hand; on the other hand, it is conducive to introducing changes in the Board's composition.

INDEPENDENCE OF CORPORATE BODIES: NO CONFLICTS OF INTEREST

Conflicts of interest on the part of members of the Board of Management and the Supervisory Board requiring immediate disclosure to the Supervisory Board did not come to our attention.

PRINCIPLE OF EQUAL TREATMENT: TIMELY INFORMATION TO ALL INTERESTED PARTIES

The principle of simultaneously directing information to all interested parties ranks high in our communication policy. All major reports, announcements and presentations are accessible on the Internet synchronously with the respective event. The key presentations we prepare for meetings with investors are also available on our website. Any interested individual can take note of the dates and locations of road shows and investors' conferences that we attend.

Our complete Annual Meeting is webcast live on the Internet. Shareholders may elect to exercise their voting rights personally or through a proxy of their choice or through a proxy appointed by the Company who is bound by their directives. Postal voting is also possible. All documents and information on the Annual Meeting are accessible in German and in English on our website.

REMUNERATION OF THE BOARD OF MANAGEMENT: LINKED TO CORPORATE PERFORMANCE

The remuneration paid to the Board of Management is composed of fixed and performance-related components, most of which have a long-term incentive. We issue an individualised statement of emoluments paid to the members of the Board of Management. Shareholders at the 2011 Annual Meeting approved the remuneration scheme with a vote of approximately 92 percent.

Since the beginning of financial year 2013/14, the remuneration paid to Supervisory Board members is solely composed of a fixed fee.



*Details on the remuneration
for the members of the Board
of Management and the
Supervisory Board
page 101*

STRICT RULES ON SHARE OWNERSHIP

Apart from participating in the employee stock ownership plan once a year (see page 91), members of the staff and the corporate bodies may only purchase shares in Deutscheeteiligungs AG within a limited frame. Shares may only be purchased and sold during specified periods of time. These periods largely begin subsequent to publication of the Annual Report and interim reports and to the Annual Meeting. They are announced on the website of Deutscheeteiligungs AG.

Based on the nature of the business operations of Deutscheeteiligungs AG, there are further rules that apply to trading in securities for DBAG staff. Irrespective of the trading restrictions for shares in Deutscheeteiligungs AG, it is not permitted for members of the staff – or for members of the corporate bodies – to deal in shares of portfolio companies of Deutscheeteiligungs AG, or of companies undergoing the due diligence process or whose portfolio contains companies in which Deutscheeteiligungs AG is considering an investment.

REPORTABLE SECURITIES TRANSACTIONS ("DIRECTORS' DEALINGS")

The members of the Board of Management and the Supervisory Board of DBAG as well as related parties are required to report transactions in DBAG shares (§ 15a WpHG (German Securities Trading Act)).

Reporting individual	Corporate body	Date of transaction	Transaction	Number of shares	Price €
Susanne Zeidler	Board of Management	29 Sept. 2014	Purchase	1,000	21.50

The members of the Board of Management held a total of 32,613 no-par value shares as at 31 October 2014, or less than one percent of the subscribed capital of Deutscheeteiligungs AG.

The members of the Supervisory Board held a total of 33,000 no-par value shares as at 31 October 2014, or less than one percent of the subscribed capital of Deutscheeteiligungs AG.

DECLARATION OF CONFORMITY PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (AKTIENGESETZ – AKTG)

The Board of Management and the Supervisory Board declare that, since issuance of the last Declaration of Conformity, Deutscheeteiligungs AG has complied with the recommendations of the "German Corporate Governance Code" as amended on 13 May 2013 in their entirety and will continue to do so. We have also followed all of the suggestions in the Code and will also follow them in the future.

Frankfurt/Main, November 2014

Deutscheeteiligungs AG
The Board of Management

Supervisory Board