

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



**For the period  
between 1 January 2012 and 31 December 2012**

Berlin, 30 April 2013

By virtue of Article 29(5) of the Stock Exchange's Rules and Regulations and the Warsaw Stock Exchange Joint Stock Company Managing Board's Resolution No. 1013/2007 of 11 December 2007, the Company's Managing Board hereby presents information on the observance of the Corporate Governance Rules in 2012.

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

The Company adopted for application the Corporate Governance Rules set out in a Document "Code of Best Practices for WSE Listed Companies" except for the following rules:

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

1.1 A company should operate a corporate website and publish, in addition to information required by legal regulations:

- 1) basic corporate regulations, in particular the statutes and internal regulations of its governing bodies

Company's Comment:

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

1.7 A company should operate a corporate website and publish, in addition to information required by legal regulations:

- 7) shareholders' questions on issues on the agenda submitted before and during a General Meeting together with answers to those questions

Company's Comment:

Shareholders' questions on issues on the agenda submitted before a General Meeting are not answered ahead of the General Meeting.

Questions asked within the General Meeting as well as the answers to these questions are in general not documented in written form and thus can not be published on the company's website.

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

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

Company's Comment:

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

#### *IV. Best Practices of Shareholders*

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

##### Company's Comment:

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

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

##### Company's Comment:

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

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

##### Company's Comment:

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

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

The company however supports its shareholders to exercise their voting rights by authorising the company's proxies who are bound by instruction or a third party. Authorization may be given by email before and for the duration of the General Meeting.

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

The shareholders of bmp media investors AG exercise their rights at the General Meeting where they can use their rights to vote. Each share gives one-vote right. There are no shares of bmp media investors AG which would award special rights.

The General Meeting adopts resolutions with respect to such matters which are explicitly stated in legal regulations and the Statute; this particularly relates to the cases specified in Article 119 of the Law on Stocks. These are regular resolutions concerning the allocation of the balance profit, giving a vote of acceptance to the members of the Managing Board and the Supervisory Board as well as the selection of an independent auditor and the election of the Supervisory Board. In addition to the above, the General Meeting decides in particular on any amendments to the Statute, an increase in the capital and agrees on the signing of certain agreements. The General Meeting agrees on actions related to the company management at the Managing Board's request only.

The Managing Board convenes the General Meeting at least once a year, during the first eight (8) months of the current turnover year, without prejudice to the convening dates. In case that a General Meeting has been summoned on demand of a minority of shareholders whose shares together reach 20% of the authorized capital or at least a proportional amount of 500.000 EUR, the company's Managing Board shall immediately perform the actions it is required to take in connection with organization and execution of a General Meeting.

Any reports and documents required by the law for the use of the General Meeting together with an annual report on the Company's functioning are made available at the same time to our shareholders on our Company's website. In addition to the above, the Company supports its shareholders in the personal representing of their voting rights, by appointing a proxy to act in accordance with a shareholder's instructions who exercises that shareholder's voting rights.

In accordance with Article 21(1) of the bmp media investors AG's Statute, the General Meeting is presided by the Chairman of the Supervisory Board or, if he is absent, by the Vice-Chairman. When the two above mentioned are absent, the General Meeting elects Chairman of the General Meeting.

In accordance with Article 131 of the Law on Stocks, shareholders are entitled to "a right to be informed". Therefore they can ask for information on the Company; however a shareholder's question has to relate to the matters discussed at the General Meeting.

A right to make questions and get answers in accordance with Article 21(2) of the Company's Statute can be limited for a certain period of time by the Chairman of the General Meeting.

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

The German law concerning joint-stock companies imposes a dual managing system on bmp media investors AG which means there are different members of the Managing Board and of the Supervisory Board.

#### *Managing Board*

The Managing Board is responsible for the management of bmp media investors AG.

It determines, in co-operation with the Supervisory Board, the strategic development direction of the enterprise. In addition to the above, the Managing Board is responsible for producing annual reports, the Group's functioning reports and interim financial reports as well as for the introduction of risk managing, controlling and monitoring systems. The Managing Board's duty is to care for the obedience of the law and the Company's internal instructions by the enterprises belonging to the Group.

While taking any actions and making any decisions the Managing Board follows the Company's interests to care for a long-term increase in the Company's value for the good of its shareholders, trade partners and employees.

The Managing Board of bmp media investors AG is appointed by the Supervisory Board (Article 84 of the Law on Stocks). During the reporting period it consisted of two (2) members: Mr. Oliver Borrmann and Mr. Jens Spyrka, who both have been a Member of the Board during the entire reporting period as well as for the day of this Report presentation.

The Members of the Managing Board have equal rights and duties. The cooperation inside the Managing Board is regulated within the Rules and Regulations of the Managing Board which have been adopted by the Supervisory Board. In addition, the Rules and Regulations define the Management Board's information obligations towards the Supervisory Board as well as some important actions which require the Supervisory Board's consent.

Since July 1<sup>st</sup> 2011 bmp media investors AG – relating to its investment activities - is advised by bmp Beteiligungsmanagement AG. Therefore since this date bmp media investors AG's Managing Board members do not receive any direct remuneration by bmp media investors AG but are paid by bmp Beteiligungsmanagement AG.

### *Supervisory Board*

The Supervisory Board is responsible for giving advice to the Managing Board on any matters related to the managing and supervising of the Company. To this end the Supervisory Board maintains regular and close contacts with the Managing Board which go beyond the formal range set out in the Rules and Regulations of the Managing Board by the Supervisory Board. Thanks to that the Supervisory Board is always comprehensively informed of the current expansion of activity and the Company's plans and strategies.

The Supervisory Board's duty is also to appoint the members of the Managing Board and to determine the amount of their remuneration. In addition to the above the Supervisory Board has to agree on an annual budget as well as to check and approve an annual financial report of bmp media investors AG and the Group taking into account an independent auditor's opinion and report. The Supervisory Board informs in detail about their activities in the Supervisory Board's Report.

In accordance with Article 10(1) of the Statute, our Supervisory Board is composed of three (3) members who are elected by the General Meeting of bmp media investors AG in individual voting. In case a member of the Supervisory Board leaves his office during the term, Article 10(4) of our Statute ensures the election of a new member of the Supervisory Board for the remaining term of office. If a new member of the Supervisory Board is appointed by the court, then in accordance with the Code

recommendation, this appointment is confirmed by the General Meeting at a next meeting.

In accordance with Article 11(1) of our Statute, the Supervisory Board appoints Chairman and Vice-Chairman out of its members at the first meeting after the election.

The Chairman of the Supervisory Board coordinates the Board's work, presides their meetings and represents the Supervisory Board's interests.

During the reporting period the Supervisory Board consisted of four (4) members: Mr. Ulrich Ankele resigned from the Supervisory Board with effect from the end of the Annual General Meeting on June 13<sup>th</sup> 2012 for personal reasons. In his place, Mr. Michael Stammer was elected by the General Meeting on June 13<sup>th</sup> 2012 as a new member of the Supervisory Board. Mr. Gerd Schmitz-Morkramer and Mr. Bernd Brunke have been Member of the Board during the entire reporting period.

As of the day of the presentation of this Report, the Supervisory Board is composed of the following: Mr. Gerd-Schmitz-Morkramer - Chairman of the Supervisory Board, Mr. Bernd Brunke - Vice-Chairman of the Supervisory Board, Mr. Michael Stammer - Member of the Supervisory Board. The Supervisory Board adopted their Rules and Regulations which regulate the tasks, responsibilities and work processes of the Supervisory Board.

The German Corporation Governance Code recommends to establish some special and qualified committees in certain areas such as in particular a committee for personal matters, a committee for inspection and a committee for nomination. Specific conditions of the Company and the number of the Supervisory Board's members should also be taken into account. Article 15 of our Statute provides a possibility to establish committees. Nevertheless, the Supervisory Board, composed of three (3) people as it was mentioned before, gave up the idea of establishing such committees.

The Supervisory Board is properly remunerated for their work. The remuneration is composed of a basic component, remuneration for each day of meeting and remuneration dependent on the results taking into account the fact the particular person occupies the position of the Chairman or Vice-Chairman of the Supervisory Board.

The amount of the remuneration for the Supervisory Board members depends on the decision of the General Meeting.

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

The Company established suitable reserves for any noticeable individual risks in the 2012 financial report. The risk management actions continued in 2012. A quality manual is used. The Company created the integrated controlling of all portfolio companies which facilitates a qualitative and quantitative assessment of risks resulting from the investment activity. In addition to the comparison of planned and real data, the system makes it possible to generate complete reports thus serving as an information system to support the management process.

The economic development of investment portfolio companies is supervised by intensive contacts with those companies. The way of assessment and the increase in

value of these enterprises are verified every quarter with the use of suitable mathematical and financial models. Various assessment models of development are used dependent on the type and extent of development of a given enterprise to check if the assumed current appropriate value is higher than the updated costs of purchase. Thanks to the continuity of registration of current appropriate values and by using the controlling of investments a possibility to combat any incorrectness in the development of those companies was established by applying right preventive measures.

**Managing Board of  
bmp media investors AG**