

STATEMENT ON CORPORATE GOVERNANCE

Below, the management of the general partner, Borussia Dortmund Geschäftsführungs-GmbH, and the Supervisory Board of Borussia Dortmund GmbH & Co. KGaA are reporting on the management of the company according to § 289a HGB (German Commercial Code) and at the same time on Corporate Governance (Corporate Governance Report) according to Clause 3.10 of the German Corporate Governance Code ("DCGK").

Apart from the Compliance Statement according to § 161 AktG (German Companies Act) which is inclu-

ded in the appendix of the Corporate Governance Report, the statement on corporate governance also contains information on corporate governance practices. Furthermore, the methods of the management of the general partner and the Supervisory Board as well as of other existing governing bodies are described. The statement on corporate governance is permanently accessible on the company's website at <http://eng.borussia-aktie.de> in the area "Corporate Governance (CG)" / "Statement on Corporate Governance".

CORPORATE GOVERNANCE REPORT

Clearly structured and implemented Corporate Governance is very important at Borussia Dortmund. It represents responsible and transparent term company management and control oriented to long-term added value. Efficient cooperation between management and Supervisory Board, respect of the shareholders' interest, openness and trans-

parency of corporate communication are key aspect of good corporate governance. This is a key issue for the management of Borussia Dortmund Geschäftsführungs-GmbH as general partner of Borussia Dortmund GmbH & Co. KGaA ("Group") and the advisory board of the group.

GENERAL INFORMATION ON CORPORATE GOVERNANCE AT BORUSSIA DORTMUND GmbH & Co. KGaA

The statutory framework of Corporate Governance is regulated by the German Corporate Law. According to § 161 AktG (German Companies Act), executive committee and Supervisory Board of a public company are obliged to declare once every year whether and in how far the recommendations of the "Government Commission German Corporate Governance Code" in the German Corporate Governance Codex ("Codex") published in the official part of the electronic Federal Gazette were observed (with reference to the past) and are observed (with reference to the future); in case recommendations are not followed, § 161 (1) first clause AktG (German Companies Law) stipulates that an explanation is made with regard to the reasons.

As a rule, the Codex is reviewed once annually and amended as required. It contains basic statutory provisions on the management and supervision of German listed companies based on internationally and nationally recognised standards for good and responsible corporate governance. It aims to make the German

system of corporate governance transparent and understandable in an effort to boost the confidence of international and national investors, customers, employees and the general public in the management and supervision at German listed companies.

Many of the Codex's recommendations ("should" provisions) are tailored exclusively to stock corporations and are at most applicable by analogy to partnerships limited by shares (Kommanditgesellschaften auf Aktien, "KGaA"), i.e. to our Company.

A KGaA is a hybrid corporate form combining elements of a German stock corporation (Aktiengesellschaft) and a limited partnership (Kommanditgesellschaft). It is a separate legal entity whose share capital is divided into shares which are held by at least one shareholder (the general partner) that has unlimited liability as against creditors of the Company and limited partners (Kommanditaktionäre) that are not personally liable for the debts of the Company (§ 278 (1) AktG – German Companies Act).

The key differences between a KGaA and a German stock corporation can be characterized as follows:

- Borussia Dortmund GmbH & Co. KGaA has no Management Board. Instead the general partner, Borussia Dortmund Geschäftsführungs-GmbH, is solely responsible for its management and representation. This company in turn is represented by one or more managing directors; its sole shareholder is Ballspielverein Borussia 09 e.V. Dortmund.
- The rights and duties of the Supervisory Board appointed by the General Shareholders' Meeting of the KGaA are limited. Specifically, it has no authority to appoint and dismiss managing directors at Borussia Dortmund Geschäftsführungs-GmbH or regulate the terms of their contracts. Nor does the Supervisory Board have authority to adopt rules of procedures for the general partner or a catalogue of business transactions requiring its approval. Rather, such rights and duties are vested in the governing bodies of Borussia Dortmund Geschäftsführungs-GmbH, namely its Advisory Board and the Executive Committee created by the Advisory Board.
- Additional distinctions exist with respect to the General Shareholders' Meeting of the KGaA, which are primarily controlled by § 285 and 286 (1) AktG (German Company Law) and the statutes of our company.

Consequently, the management of the general partner and the Supervisory Board of Borussia Dortmund GmbH & Co. KGaA are required to provide a

Compliance Statement (Entsprechenserklärung) pursuant to § 161 AktG (German Company Law), taking into account the organisational distinctions of the legal form of a KGaA and their configuration in the Articles of Association. The Compliance Statement must be made permanently accessible to the shareholders on the website of the company. This is done on our investor relations website at <http://eng.borussia-aktie.de>, category "Corporate Governance (CG)". The Compliance Statement made in 2011 is also printed in the appendix of this Corporate Governance Report.

This Corporate Governance Report of our company will be published in the annual report for the financial year 2010/2011 which will be published on our investor relations website at <http://eng.borussia-aktie.de>, category "Publications".

Transparency

Our company informs the limited partners and shareholder associations, financial analysts and the interested public regularly as to the company's condition and any material changes in its business.

On our website, we publish in particular ad hoc information, corporate news as well as the directors' dealings information, shareholder structure, the currently valid statutes and the financial calendar we have received. A summarising overview as to the company's important publications in the fiscal year 2010/2011 is also provided in the "Annual Document" according to § 10 WpPG (Securities Prospectus Act) which is also entered on our website <http://eng.borussia-aktie.de> in the category "Corporate Governance (CG)".

The financial calendar includes the company's key dates and can also be viewed at <http://eng.borussia-aktie.de>, category "Financial Calendar".

The financial statement press conference on the "preliminary" figures of the previous fiscal year will be – as in the previous years – shown in real time via live stream on the internet and can be followed by the interested public.

The General Shareholders' Meeting in the previous year was held on 30 November 2010 in Dortmund in compliance with the relevant notice and form requirements for its convening. In compliance with the German Corporate Governance Codex, the reports and documents required by law were available; they were sent to the limited partners at their request and also published on the website of the company together with the agenda. The resolutions on all items of the agenda were made with approval in a range between 92.7% to 99.9% of the votes.

The next General Shareholders' Meeting of Borussia Dortmund GmbH & Co. KGaA is scheduled for Monday, 21 November 2011 in Dortmund.

The financial reports in the course of the year will be published at the intervals recommended by the Codex. Our company provides detailed information on this by means of so-called "Preliminary Announcements". Compilation of the consolidated accounts and the interim financial reports follows the IFRS accounting standards. The annual results of Borussia Dortmund GmbH & Co. KGaA have been drawn up in accordance with the HGB (German Commercial Code).

Following the suggestions of the Codex, the information has been made available on our website and also in English.

Publication of analysts' recommendations and research studies on our website <http://eng.borussia-aktie.de> under the category "Capital Market View" also serves purpose of communication with market participants. In addition, extensive further information on the company is published on this website. Further information on the company for our customers and fans as well as the interested public is published on our website www.bvb.de.

Compensation of the Managing Directors

The Executive Committee of the Advisory Board of the general partner and not the Supervisory Board of our company is responsible for determining the compensation of the members of the management. Compensation of the managing directors consists of two components: A fixed amount and a variable component. The fixed amount is defined in the contract and paid in twelve equally monthly rates. The variable part of the compensation depends on the course of business and is defined according to the net income before taxes and management compensation. Additionally granted non-cash and fringe benefits essentially include insurance benefits at normal market rates and provision of a company car. There are no stock option programmes or similar incentives. The compensation components provided are individually and in total adequate. The compensation of the members of the management are stated in total as well as itemised in the appendix of the annual statement and consolidated accounts.

Compensation of the Members of the Supervisory Board

The Supervisory Board supervises the management. In our company, it consists of six members who are all appointed by the General Shareholders' Meeting. According to § 13 (1) of the statutes, the members of the Supervisory Board receive exclusively a fixed and comparatively small compensation of annually € 7,000; the chairman twice the amount and his deputy one and a half times the amount. The compensation of the members of the Supervisory Board is stated in the appendix of the consolidated accounts. With consideration of the easy calculability according to the above explanation, this information is not itemised but stated as a total sum. In the fiscal year 2010/2011 the company did not pay any other compensation or benefits to the members of the Supervisory Board.

Report on ownership of company shares by members of the company management and the Supervisory Board

By 30 June 2011, one member of the company management owned 4,545 registered shares of our company. The members of the Supervisory Board at the same time owned a total of 6,536,553 registered shares. The (total) ownership of shares by members of the company management and the Supervisory Board is 6,541,098 registered shares and thus more than 1% of the shares issued by Borussia Dortmund GmbH & Co. KGaA.

Dortmund, the 14th September 2011

For the Supervisory Board

For Borussia Dortmund Geschäftsführungs-GmbH



Gerd Pieper



Hans-Joachim Watzke



Thomas Treß

COMPLIANCE STATEMENT OF THE MANAGEMENT AND THE SUPERVISORY BOARD OF BORUSSIA DORTMUND GMBH & CO. KGaA PURSUANT TO §161 AKTG DATED 14 SEPTEMBER 2011

The company management of the general partner (Borussia Dortmund Geschäftsführungs-GmbH) and the Supervisory Board of Borussia Dortmund GmbH & Co. KGaA declare pursuant to §161 AktG that for Borussia Dortmund GmbH & Co. KGaA since the last compliance statement dated 09 September 2010 the recommendation of the German Corporate Governance Codex ("DCGK") in the version dated 26 May 2010 have been and are followed, apart from the following differences which are partly due to the organisational distinctions of the legal form of a KGaA and their configuration in the statutes of our company:

At Section 2.3.3 Clause 2: Support of the limited partners is not carried out in absentee ballot, because the statutes of the company do not provide permission for this type of voting procedure.

At Section 3.8 Paragraph 3: The D&O insurance does not provide for a deductible and it is not intended to change this, because changing in our understanding would not have any behaviour-guiding effect on members of the board nor would it be suitable as motivational aid.

At Section 4.2.1 Clause 2: The Supervisory Board of Borussia Dortmund GmbH & Co. KGaA does not have competence to appoint or discharge of managing directors at Borussia Dortmund Geschäftsführungs-GmbH or regulate the terms of their contracts; this is executed by the Executive Committee of Borussia Dortmund Geschäftsführungs-GmbH. Since January 2006, the management consists of Hans-Joachim Watzke (chairman of the management) and Thomas Treß (managing director). Their business areas were

sufficiently defined in the terms of their contracts; furthermore, the managing directors execute their authorities in the sense of legal provisions and the provision of the statutes together in close cooperation; therefore the competent bodies of Borussia Dortmund Geschäftsführungs-GmbH do not deem it necessary to prepare additional standing orders for the company management.

At Section 4.2.2 Paragraph 1: § 7 of the statutes of Borussia Dortmund GmbH & Co. KGaA stipulates that the general partner has the right to compensation for the personnel and material costs incurred for management of the company plus remuneration of 3% of the otherwise generated annual surplus of the company. Compensation and the compensation system for the management of Borussia Dortmund Geschäftsführungs-GmbH have been and are otherwise decided and revised regularly by the executive committee created there (difference to the competence of the Supervisory Board stipulated in Section 4.2.2 Paragraph 1 due to the legal form).

At Section 4.2.3 Paragraph 2 Clause 4 and paragraph 3 Clause 3: The executive committee of Borussia Dortmund Geschäftsführungs-GmbH decides on the compensation structure of its managing directors without including negative developments for the configuration of variable compensation components of managing directors; also, retroactive change of the success objectives or of comparing parameters is not excluded. With regard to organisational distinctions of the legal form of a KGaA, the corresponding recommendations do not seem applicable nor are they regarded as sensible in this case.

At Section 4.2.3 Paragraph 4 and Paragraph 5: The Codex recommends for joint-stock companies that they include so-called "compensation caps" for cases of premature termination of activity on the Supervisory Board without important reason in the contracts of the Supervisory Board or on the occasion of premature termination of activity on the Supervisory Board as a result of change of control. The executive committee has decided and will decide in the future in case of imminent (re-) appointments of managing directors of Borussia Dortmund Geschäftsführungs-GmbH without making provisions in terms of so-called "compensation caps", because executive committee and managing directors do not regard the above recommendations with regard to the organisational distinctions of the legal form of a KGaA and their configuration in the statutes of the company.

At Section 4.2.3 Paragraph 6: The chairman of the Supervisory Board has not reported and will not report to the General Shareholders' Meeting on the basic outlines of the compensation system and its changes, because the Supervisory Board of Borussia Dortmund GmbH & Co. KGaA – as stated above – is not competent to appoint and dismiss managing directors of Borussia Dortmund Geschäftsführungs-GmbH or for regulating the terms of their contracts. Furthermore, system information has been and will be provided in the paragraph "Compensation Report" of the annual report and individual information on compensation for managing directors in the appendix of the annual report and consolidated accounts; this is deemed sufficient.

At Section 4.3.4 Clause 3: Important businesses between the general partner and certain individuals close to it on the one hand with the company and on the other hand in the sense of §§ 89, 112 in connection with §§ 278 Paragraph 3, 283 No. 5 AktG (e.g. granting of loans) require cooperation of the Supervisory Board. In this sense the recommendation has

been followed. Furthermore, the Supervisory Board is not authorised to adopt a catalogue of business transactions requiring its approval for the general partner or its managing directors.

At Section 4.3.5: The Supervisory Board of Borussia Dortmund GmbH & Co. KGaA does not have competence to approve of additional activities of managing directors of the general partner as it has no competence to appoint or discharge of managing directors at Borussia Dortmund Geschäftsführungs-GmbH or regulate the terms of their contracts; this is executed by the Executive Committee of Borussia Dortmund Geschäftsführungs-GmbH.

At Section 5.1.2 Paragraph 1 Clauses 2 and 3: Long-term succession planning in our company is carried out by the managing directors and – since the Supervisory Board has no personnel competence – the executive committee of Borussia Dortmund Geschäftsführungs-GmbH. The latter also ensures the "diversity" to be achieved when staffing the management. With regard to the number of two managing directors that are currently deemed sufficient for the company and whose positions have been filled for the foreseeable future, it does not seem feasible to aspire to an adequate consideration of women recommended by the authors of the Codex in the near future.

At Section 5.1.2 Paragraph 2 Clause 2: The executive committee of Borussia Dortmund Geschäftsführungs-GmbH has decided and will decide on re-appointment of its managing directors in the absence of special circumstances as necessary before the end of one year or the end of the existing appointment. The orientation of the personnel decision towards an element of time and circumstance is not deemed sensible with regard to organisational distinctions of the legal form of a KGaA and the desire to implement a higher degree of flexibility.

At Section 5.1.2 Paragraph 2 Clause 3: The age limit for managing directors of the general partner has been and will be decided by the executive committee of Borussia Dortmund Geschäftsführungs-GmbH whenever (re-)appointments of managing directors are imminent without any general type of definition in this regard. Definition of an age limit is not deemed sensible.

At Section 5.2 Paragraph 2, 5.3.1 Clause 1, 5.3.2 and 5.3.3: Committees, especially and audit committee have not been and will not be installed by the Supervisory Board, because it is comprised of only six persons and decision-making committees must be comprised of three persons. The existing practice of treating all imminent topics in the full Supervisory Board will be maintained in the future. The practiced waiver of forming a nominating committee by the Supervisory Board recommended in the Codex applies accordingly. Furthermore, it is comprised only of representatives of the shareholders as required by the Codex for formation of the nominating committee.

At Section 5.4.1 Paragraph 2 and Paragraph 3: Concrete objectives for its composition with consideration of specific topics described in the Codex with "Age Limit for Members of the Supervisory Board" and "Diversity" or "Adequate Participation of Women" have not been and will not be defined by the Supervisory Board. The Supervisory Board holds the opinion that such restrictions with regard to other criteria for suggestions concerning election of members of the Supervisory Board are not appropriate; rather it wants to decide about its composition individually in any given concrete situation.

At Section 5.4.3 Clause 3: Candidate suggestions for the president of the Supervisory Board have not and will not be published, because the Supervisory Board deems individual election of its members for sufficient and voting in the General Shareholders' Meeting in favour or against a candidate with regard to his position in the Supervisory Board not practicable.

At Section 5.4.6 Paragraph 2 Clause 1 and Paragraph 3 Clause 1 and 2: According to § 13 (1) of the statutes, the members of the Supervisory Board receive exclusively a fixed and comparatively small compensation of annually € 7,000; the chairman twice the amount and his deputy one and a half times the amount. Information on the total compensation of the Supervisory Board in the Corporate Governance Report as well as in the appendix of the consolidated accounts have been and will be deemed sufficient.

At Section 5.5.3 Clause 1: It has been and will remain reserved not to follow the recommendation that the Supervisory Board in its report to the General Shareholders' Meeting should report on any conflicts of interest and their treatment. The principle of confidentiality of deliberations in the Supervisory Board (cf. § 116 Clause 2 AktG and Clause 3.5 Paragraph 1 Clause 2 of the Codex) has had and will have priority.

At Section 7.1.2 Clause 2: The recommendation to deliberate half-yearly and any quarterly financial reports between management and Supervisory Board before they are published has not been and will not be followed, because the objective of publication of financial reports in the course of the year immediately after they have been drawn up receives priority. However, deliberation and control of such financial reports is carried out by the Supervisory Board.

At Section 7.1.2 Clause 4: Financial reports in the course of the year have been and will be published within due time which in individual cases (i.e. for the half-yearly financial report, since it optionally undergoes a review by the auditor) may exceed 45 days from the end of the reporting period.

At Section 7.1.3: At Borussia Dortmund Geschäftsführungs-GmbH the scope of compensation for its managing directors do not include stock option programmes or similar stock-oriented incentives; therefore no concrete information has been and will be made in the Corporate Governance Report in this regard.

Dortmund, the 14th September 2011

For the Supervisory Board

For Borussia Dortmund Geschäftsführungs-GmbH



Gerd Pieper



Hans-Joachim Watzke



Thomas Treß

MANAGEMENT PRACTICES

The management conducts the business of the company in accordance with the laws in force, the statutes and other relevant regulations. It ensures compliance with the legal regulations and regulations made by authorities as well as the internal corporate guidelines and works toward their observance by the companies of the group. The recommendations of the German Corporate Governance Code are observed by the management and the Supervisory Board insofar as there are no differences stated in the Compliance statement. The business management of Borussia Dortmund GmbH & Co. KGaA is executed with the objective of sustainable added value in the interest of the company. The management develops

the strategic orientation of the company, coordinates it with the Supervisory Board and ensures its implementation. The essential components of our company culture are sustainability, integrity and good company management. They shape our conduct towards customers, suppliers, employees, shareholders and the company as a whole. In the scope of strategic definitions of the company management objectives are defined and communicated. In fulfilling tasks, we emphasize individual responsibility and initiative of our management and employees with whom we have agreed on clear management principles. We agree on clear objectives whose realization is reviewed regularly.

METHODS OF COMPANY MANAGEMENT AND SUPERVISORY BOARD AS WELL AS OTHER COMMITTEES

The general partner, Borussia Dortmund Geschäftsführungs-GmbH is responsible for company management and representation of Borussia Dortmund GmbH & Co. KGaA; its sole partner is Ballspielverein Borussia 09 e.V. Dortmund. The illustration below

shows the structures and responsibilities between Ballspielverein Borussia 09 e.V. Dortmund, Borussia Dortmund GmbH & Co. KGaA as well as Borussia Dortmund Geschäftsführungs-GmbH.



GENERAL MANAGEMENT

Borussia Dortmund Geschäftsführungs-GmbH is represented by the chairman of the management **Hans-Joachim Watzke** and the managing director **Thomas Treß**. Below the managerial level, Borussia Dortmund GmbH & Co. KGaA has five independent areas of responsibility: "Communication", "Sport", "Finances", "Sales & Marketing" and "Organisation". Mr. Watzke is responsible for the strategic orientation of the company as well as the company areas "Communication", "Sales&Marketing" and "Sport"; Mr. Treß is responsible for the company areas "Finances" and "Organisation". The business areas are sufficiently defined in the terms of their contracts. The managing directors execute their authorities in the sense of legal provisions and the provision of the statutes together in close cooperation; therefore the competent bodies of Borussia Dortmund Geschäftsführung-GmbH do not deem it necessary to prepare additional standing orders for the company management. The business management reports to the Supervisory Board regularly, timely and comprehensively on all relevant points of business development, planning financing, risk analysis and risk management.

SUPERVISORY BOARD

According to § 8 Section 1 of the statutes, the Supervisory Board of Borussia Dortmund GmbH & Co. KGaA has six members and according to § 96 Par. (1) 6th case AktG is comprised exclusively of representatives of the shareholders. The chairman of the Supervisory Board is elected from among the committee. In the reporting period, the committee had the following members:

- Mr. **Gerd Pieper** managing director of Stadt-Parfümerie Pieper GmbH Parfümerie International in Herne, resident of Herne, (Chairman of the Supervisory Board).
- Mr. **Harald Heinze**, chairman of the board (retired) of the Dortmunder Stadtwerke AG, resident of Dortmund, (Deputy chairman of the Supervisory Board).
- Mr. **Bernd Geske**, managing director of Bernd Geske Lean Communication in Meerbusch, resident of Meerbusch.
- Mr. **Christian Kullmann**, head of the chairman's office and corporate communication of EVONIK Industries Aktiengesellschaft in Essen, resident of Hamminkeln.
- **Until 30th November 2010:**
Mr. **Ruedi Baer**, management consultant at B+B Beratungs AG in Watt/Switzerland, resident of Watt/Switzerland.
- **Until 30th November 2010:**
Mr. **Othmar Freiherr von Diemar**, managing owner of Othmar von Diemar Vermögensverwaltung + Beratung in Cologne, resident of Cologne.
- **From 30th November 2010:**
Mr. **Friedrich Merz**, attorney and partner at Mayer Brown LLP, Berlin, resident of Arnsberg.
- **From 30th November 2010:**
Mr. **Peer Steinbrück**, member of the Deutscher Bundestag (MdB), former federal minister, resident of Bonn.

Any other activities executed by the members of the Supervisory Board in other supervisory boards to be formed in compliance with the law or in comparable domestic or foreign controlling bodies of business corporations are listed in the information in the appendix of the annual report.

The Supervisory Board executes a controlling function and supervises the company management in managing the company's business. As compared to the function of a Supervisory Board of a joint-stock company the Supervisory Board of a KGaA has a limited function. Specifically, the Supervisory Board has no authority to appoint and dismiss managing directors at Borussia Dortmund Geschäftsführungs-GmbH or regulate the terms of their contracts. Nor does the Supervisory Board have authority to adopt rules of procedure for the general partner or a catalogue of business transactions requiring its approval. Rather, such rights and duties are vested in the governing bodies of Borussia Dortmund Geschäftsführungs-GmbH, namely its Advisory Board and the Executive Committee created by the Advisory Board. The fact that the Supervisory Board does not have the possibility to effect direct influence on the management does not result in a limitation as to its rights of information or its duties to examine. The Supervisory Board deals with the quarterly reports and the half-yearly statement and examines the annual result of the company and that of Borussia Dortmund GmbH & Co. KGaA with consideration of the audit reports of the auditors. The Supervisory Board has not authority to approve the annual result; rather this is the competence of the General Shareholders' Meeting. The Supervisory Board meets at least four times per year; further meetings can be called if this is required by a member of the Supervisory Board or by the general partner. The Supervisory Board has adopted bylaws. With regard to its composition of six members, the Supervisory Board has formed no

committees; deliberations and resolutions are always made in the full Supervisory Board. As a rule, the resolutions of the Supervisory Board are made in their meetings. At the orders of the chairman, in exceptional cases resolutions can be found in different ways that are described in detail in the bylaws.

For further details we refer to the **Corporate Governance Report** and the **Report of the Supervisory Board**.

SHAREHOLDERS AND GENERAL SHAREHOLDERS' MEETING

Our shareholders execute their rights in the General Shareholders' Meeting. The General Shareholders' Meeting takes place within the first 8 months of the fiscal year. The General Shareholders' Meeting is chaired by the chairman of the Supervisory Board. The General Shareholders' Meeting decides on all the matters assigned to it by law. It is our objective to facilitate participation in the General Shareholders' Meeting for all shareholders as much as possible. Documents necessary for participation are therefore published on the internet. For the General Shareholders' Meeting, the shareholders are appointed a proxy whom the shareholders may assign with the commission to execute their voting rights. Additional distinctions exist with respect to the General Shareholders' Meeting of the KGaA, which are primarily controlled by § 285 and 286 (1) AktG (German Company Law) and the statutes of our company.