

## **CORPORATE GOVERNANCE DECLARATION**

The management of the general partner, Borussia Dortmund Geschäftsführungs-GmbH, and the Supervisory Board of Borussia Dortmund GmbH & Co. KGaA (hereinafter "Company") have submitted the following corporate governance declaration for the financial year from 1 July 2019 to 30 June 2020 in accordance with § 289f and §315d of the German Commercial Code (*Handelsgesetzbuch*, "HGB") in conjunction with Article 83 (1) sentence 2 of the Introductory Act to the German Commercial Code (*Einführungsgesetz zum Handelsgesetzbuch*, "EGHGB").

This corporate governance declaration comprises:

- disclosures on corporate governance practices, and
- descriptions of the working principles of the management of the general partner, the Supervisory Board and further governing bodies,
- stipulations regarding the proportion of women on the supervisory board and on the two management levels below the general partner in accordance with § 278 (3) in conjunction with § 76 (4) sentences 1 to 3 and § 111 (5) sentences 1 to 3 of the German Stock Corporation Act (*Aktengesetz*, "AktG"),

- the other corporate governance reporting in accordance with principle 22 of the German Corporate Governance Code (the "Code") in the current version dated 16 December 2019 (prevailing version since publication in the Federal Gazette (*Bundesanzeiger*) on 20 March 2020, the "2020 Code"), and also
- the Declaration of Conformity in accordance with § 161 AktG.

It is made permanently available for inspection at the Company's website <http://aktie.bvb.de/eng> under "Corporate Governance" / "Corporate governance declaration".

**CORPORATE GOVERNANCE PRACTICES**

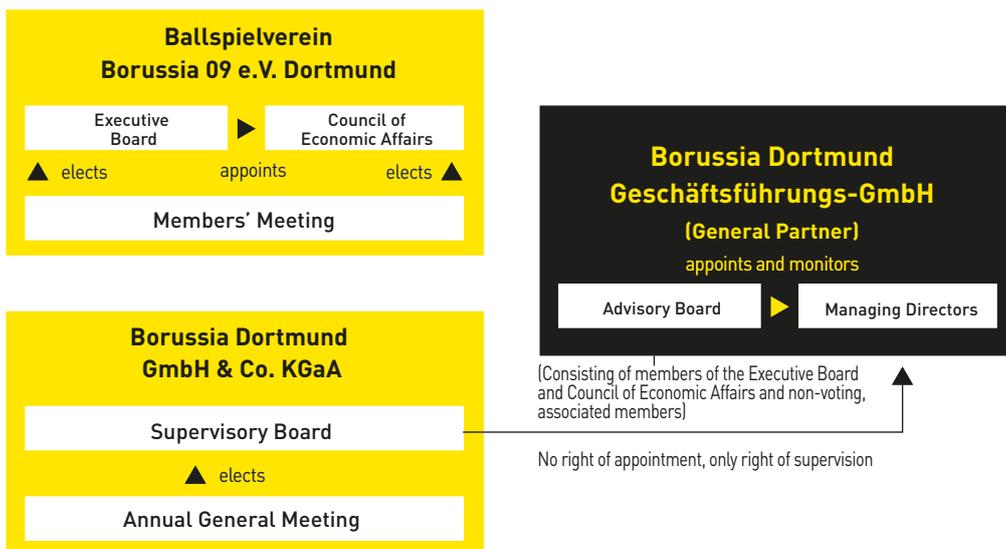
The management conducts the business of the Company in accordance with the applicable statutes, the Articles of Association and other relevant provisions. It works to ensure that Group companies comply with statutory and regulatory provisions as well as with internal Company guidelines. Unless otherwise disclosed in the declaration of conformity, the management and the Supervisory Board follow the recommendations of the German Corporate Governance Code. The business of Borussia Dortmund GmbH & Co. KGaA is managed with the objective of creating sustainable added value in the interests of the Company. The management sets the Company's strategic course in consultation with the

Supervisory Board and ensures that the strategies adopted are implemented. Our corporate culture rests on the pillars of sustainability, integrity and sound corporate leadership. These inform our dealings with customers, suppliers, employees, limited liability shareholders and the Company as a whole. The management is responsible for defining and communicating its strategic objectives. We rely on our executives and employees to demonstrate a sense of responsibility and initiative when carrying out their functions, and have agreed clear management principles with them. We define and agree to clear objectives and regularly review the progress made in realising them.

**WORKING PRINCIPLES OF THE MANAGEMENT AND THE SUPERVISORY BOARD AND FURTHER GOVERNING BODIES**

Borussia Dortmund Geschäftsführungs-GmbH, the general partner of Borussia Dortmund GmbH & Co. KGaA, is responsible for management and representation of the latter; its sole shareholder is Ballspielverein Borussia 09 e.V. Dortmund.

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



---

## MANAGEMENT

Borussia Dortmund Geschäftsführungs-GmbH is represented by Managing Directors **Hans-Joachim Watzke** (CEO), **Thomas Treß** and **Carsten Cramer**. Within Borussia Dortmund GmbH & Co. KGaA there are five independent areas of responsibility below the management level, namely, "Communications", "Sports", "Finance & Facilities", "Sales & Marketing, Digitalisation" and "Organisation". They are assigned as follows:

- **Mr Watzke** is responsible for "Communications" and "Sport", as well as for the "Human Resources" department and for setting the Company's strategic course,
- **Mr Treß** is responsible for "Finance & Facilities" and "Organisation",
- **Mr Cramer** is responsible for "Sales & Marketing, Digitalisation".

Their areas of responsibility have been sufficiently defined in their service agreements. The Managing Directors exercise the authority granted to them by law and the Articles of Association jointly and in close cooperation with each other. Therefore, the relevant executive bodies of Borussia Dortmund Geschäftsführung-GmbH have considered and continue to consider it unnecessary to adopt additional rules of procedure for the management. The management provides the Supervisory Board with regular, timely and detailed reports on all relevant issues related to the business development, planning, financing and the risks facing the Company and how they are managed.

---

## SUPERVISORY BOARD

In accordance with Art. 8 (1) of the Articles of Association of Borussia Dortmund GmbH & Co. KGaA, the Supervisory Board comprises nine members, all of whom are shareholder representatives pursuant to § 96 (1) clause 6 AktG. The Chairman of the Supervisory Board is elected from its midst. The Supervisory Board had the following members during the reporting period (1 July 2019 to 30 June 2020):

- **Mr Gerd Pieper**  
**(Chairman)**  
Retired; former Managing Partner of Stadt-Parfümerie Pieper GmbH, Herne
- **Dr Werner Müller**  
**(Deputy Chairman until 15 July 2019)**  
(passed away on 15 July 2019)
- **Mr Christian Kullmann**  
**(Deputy Chairman from 28 August 2019)**  
Chairman of the Executive Board of Evonik Industries AG, Essen
- **Mr Bernd Geske**  
Managing partner of Bernd Geske Lean Communication, Meerbusch
- **Mr Bjørn Gulden**  
Chief Executive Officer of PUMA SE, Herzogenaurach
- **Mr Ulrich Leitermann**  
Chairman of the Managing Boards of group parent companies of the SIGNAL IDUNA Group (SIGNAL Krankenversicherung a.G., Dortmund; SIGNAL IDUNA Lebensversicherung a.G., Hamburg; SIGNAL IDUNA Unfallversicherung a.G., Dortmund)
- **Mr Bodo Löttgen** (from 25 November 2019)  
Chair of the CDU parliamentary group in the state parliament of North Rhine-Westphalia, detective chief inspector (*Kriminalhauptkommissar*) (ret.), public administration graduate
- **Dr Reinhold Lunow**  
Internist, Medical Director and Partner of Internistische Naturheilkundliche Gemeinschaftspraxis, Bornheim
- **Ms Silke Seidel**  
Senior Executive at Dortmunder Stadtwerke Aktiengesellschaft and Managing Director of Hohenbuschei Beteiligungsgesellschaft mbH, Westfalentor 1 GmbH and Dortmund Logistik GmbH, all in Dortmund
- **Mr Peer Steinbrück**  
Senior Advisor to the Management Board of ING-DiBa AG, Frankfurt am Main

The above information on the occupations of the Supervisory Board members was most recently updated on 30 June 2020. For information on their activities on other statutory supervisory boards or comparable German or foreign supervisory bodies of commercial enterprises, please refer to the disclosures in the notes to the annual financial statements and the notes to the consolidated financial statements.

The Supervisory Board exercises a supervisory function and monitors the management in the conduct of the Company's business.

The responsibilities of a supervisory board for a German partnership limited by shares (*Kommanditgesellschaft auf Aktien*, "KGaA") are less extensive than the responsibilities of a supervisory board for a German stock corporation (*Aktiengesellschaft*, "AG"). Specifically, the Supervisory Board has no authority to appoint and dismiss Managing Directors of Borussia Dortmund Geschäftsführungs-GmbH or to stipulate the terms of their service agreements. Nor is the Supervisory Board authorised to adopt internal rules of procedure or a list of transactions requiring its consent on behalf of the general partner as authorised governing body of our Company. 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. With respect to appointing managing directors, Borussia Dortmund Geschäftsführungs-GmbH is therefore not subject to the obligation incumbent on the supervisory board of a German stock corporation (*Aktiengesellschaft*) pursuant to § 111 (5) AktG to define a target proportion of women on the executive board. Accordingly, no diversity policy pursuant to § 289f (2) no. 6 and (3), and § 315d HGB can be described with respect to the composition of our Company's authorised governing body.

However, the fact that the Supervisory Board has no ability to exert a direct influence on the actions of the management limits neither its right to receive information nor its obligation to monitor and review the actions of the management. The Supervisory

Board discusses the quarterly financial reports and half-yearly annual reports, and reviews the annual and consolidated financial statements of Borussia Dortmund GmbH & Co. KGaA, taking into account the reports of the auditor. The annual financial statements are adopted not by the Supervisory Board but rather in turn by the Annual General Meeting.

The Supervisory Board meets at least four times per year and can convene additional meetings if so requested by a member of the Supervisory Board or by the general partner. Issues are deliberated and all resolutions are passed by the full Supervisory Board; the Supervisory Board has not formed any committees. The resolutions of the Supervisory Board are generally adopted during meetings. It is also possible, if so ordered by the Chairman, for the Supervisory Board to pass resolutions by other means described in greater detail in the Articles of Association of the Company and the rules of procedure for the Supervisory Board.

In the assessment of the Supervisory Board, which comprises solely shareholder representatives, all of the members currently in office (Ms Silke Seidel, Mr Bernd Geske, Mr Bjørn Gulden, Mr Christian Kullmann, Mr Ulrich Leitermann, Mr Bodo Löttgen, Dr Reinhold Lunow, Mr Gerd Pieper and Mr Peer Steinbrück) are classified as independent within the meaning of recommendations C.6 to C.8 of the 2020 Code; recommendation C.10 of the Code was not taken into consideration in making this assessment as the Company has no controlling shareholder. Ms Silke Seidel, Mr Bernd Geske, Mr Bjørn Gulden, Mr Christian Kullmann, Mr Ulrich Leitermann and Mr Gerd Pieper are likewise considered independent with respect to the indicators specified in recommendation C.7 of the 2020 Code. The reasons for this are as follows:

- Mr Geske has been a member of the Supervisory Board since 22 November 2005. Under the previous version of the Code ("2017 Code"), he was considered an independent member of the Supervisory Board. In accordance with one of the indicators in the new recommendation C.7 of the 2020 Code, it must now be taken into

consideration when assessing the independence of Supervisory Board members that Mr Geske has been a member of the Supervisory Board for more than 12 years. The Supervisory Board is convinced that Mr Geske will continue to perform his duties as he has done to date, and will continue to contribute his economic expertise to discussions. By comparison, the length of his service on the Supervisory Board seems of secondary importance. Consequently, the Supervisory Board continues to consider Mr Geske to be independent.

- Mr Gulden is Chief Executive Officer of PUMA SE, Herzogenaurach. Our Company and Group company BVB Merchandising GmbH have mutual business and supply relationships with PUMA SE and its group companies, in particular with regard to sponsorship and the supply of sportswear to professional sports teams, and in the area of merchandising, which are subject to standard market terms and conditions. The Supervisory Board considers Mr Gulden to be independent for the following reasons: Firstly, the above business and supply relationships are not considered sufficiently material that they could cast doubt on his independence. Secondly, at present PUMA SE only holds 5% of the Company's voting rights. Thirdly, Mr Gulden will notify the Supervisory Board should a material conflict of interest nevertheless arise in specific points having regard to his position on the Supervisory Board. He will then refrain from participating in the discussions on such matter to be resolved on and abstain from any vote to be held in that regard. To date, Mr Gulden's membership of the Supervisory Board has not given rise to any conflicts of interest, and the above business and supply relationships do not require the consent of the Supervisory Board in accordance with the law or the Articles of Association. Consequently, the Supervisory Board continues to consider Mr Gulden to be independent.
- Mr Kullmann has been a member of the Supervisory Board since 23 May 2007. Under the 2017 Code, he was considered an

independent member of the Supervisory Board. In accordance with one of the indicators in the new recommendation C.7 of the 2020 Code, it must now be taken into consideration when assessing the independence of Supervisory Board members that Mr Kullmann has been a member of the Supervisory Board for more than 12 years. The Supervisory Board is convinced that Mr Kullmann will continue to perform his duties as he has done to date, and will continue to contribute his economic expertise to discussions. By comparison, the length of his service on the Supervisory Board seems of secondary importance. Consequently, the Supervisory Board continues to consider Mr Kullmann to be independent with respect to the length of his service on the Supervisory Board. Mr Kullmann is also the Chairman of the Executive Board of Evonik Industries AG, Essen. Our Company and Evonik Industries AG maintain mutual business relationships, in particular with regard to sponsorship, that are subject to standard market terms and conditions. The Supervisory Board also considers Mr Kullmann to be independent for the following reasons: Firstly, the above business relationships are not considered sufficiently material that they could cast doubt on his independence. Secondly, at present Evonik Industries AG only holds 9.83% of the Company's voting rights. Thirdly, Mr Kullmann will notify the Supervisory Board should a material conflict of interest nevertheless arise in specific points having regard to his position on the Supervisory Board. He will then refrain from participating in the discussions on such matter to be resolved on and abstain from any vote to be held in that regard. To date, Mr Kullmann's membership of the Supervisory Board has not given rise to any conflicts of interest, and the above business and supply relationships do not require the consent of the Supervisory Board in accordance with the law or the Articles of Association. Consequently, in this respect the Supervisory Board likewise continues to consider him to be independent.

- Mr Leitermann is Chairman of the Managing Boards of group parent companies of the SIGNAL IDUNA Group, Dortmund. Our Company and companies of the SIGNAL IDUNA Group maintain mutual business relationships, in particular with regard to sponsorship and the insurance product "Versicherung09", which are subject to standard market terms and conditions. The Supervisory Board considers Mr Leitermann to be independent for the following reasons: Firstly, the above business relationships are not considered sufficiently material that they could cast doubt on his independence. Secondly, at present SIGNAL IDUNA Group only holds 5.43% of the Company's voting rights. Thirdly, Mr Leitermann will notify the Supervisory Board should a material conflict of interest nevertheless arise in specific points having regard to his position on the Supervisory Board. He will then refrain from participating in the discussions on such matter to be resolved on and abstain from any vote to be held in that regard. To date, Mr Leitermann's membership of the Supervisory Board has not given rise to any conflicts of interest, and the above business relationships do not require the consent of the Supervisory Board in accordance with the law or the Articles of Association. Consequently, the Supervisory Board continues to consider Mr Leitermann to be independent.
  - Mr Pieper has been a member of the Supervisory Board since 25 November 2003. Under the 2017 Code, he was considered an independent member of the Supervisory Board. In accordance with one of the indicators in the new recommendation C.7 of the 2020 Code, it must now be taken into consideration when assessing the independence of Supervisory Board members that Mr Pieper has been a member of the Supervisory Board for more than 12 years. The Supervisory Board is convinced that Mr Pieper will continue to perform his duties as he has done to date, and will continue to contribute his economic expertise to discussions. By comparison, the length of his service on the Supervisory Board seems of secondary importance. Consequently, the Supervisory Board continues to consider Mr Pieper to be independent.
  - Ms Seidel is a senior executive at Dortmunder Stadtwerke Aktiengesellschaft and Managing Director of Hohenbuschei Beteiligungsgesellschaft mbH, both with registered office in Dortmund. Our Company and the companies referred to above maintain mutual business relationships with respect to developing the land on which Borussia Dortmund's training centre in Dortmund-Brackel is located. These relationships are subject to standard market terms and conditions. The Supervisory Board considers Ms Seidel to be independent for two reasons: Firstly, the above business relationships are not considered sufficiently material that they could cast doubt on her independence. Secondly, Ms Seidel will notify the Supervisory Board should a material conflict of interest nevertheless arise in specific points having regard to her position on the Supervisory Board. She will then refrain from participating in the discussions on such matter to be resolved on and abstain from any vote to be held in that regard. To date, no conflicts of interest have arisen during Ms Seidel's membership of the Supervisory Board. Consequently, the Supervisory Board continues to consider Ms Seidel to be independent.
- The Supervisory Board holds regular discussions to assess how effectively it fulfils its tasks (self-assessment) based on various criteria and their evaluation. The material criteria in this respect are compliance with the law and the Articles of Association, in particular cooperation within the Supervisory Board, how regularly meetings are held, the preparation for and conduct of meetings, and the provision of information and cooperation with the Managing Directors of the general partner.
- For further details, please refer to the section entitled "Corporate governance reporting" below and to the separate Report of the Supervisory Board.

---

## **LIMITED LIABILITY SHAREHOLDERS AND ANNUAL GENERAL MEETING**

Our limited liability shareholders exercise their rights at the Annual General Meeting of the Company. The Annual General Meeting is held within the first eight months of each financial year. It is chaired by the Chairman of the Supervisory Board and resolves on all matters for which it is responsible pursuant to the law. Our objective is to render the participation of the limited liability shareholders in the Annual General

Meeting as easy as possible. In that vein, the necessary documents are made available to attendees online. A proxy is appointed for the limited liability shareholders to exercise their voting rights as instructed. However, additional features specific to the KGaA's Annual General Meeting are set forth primarily in §§ 285 and 286 (1) AktG and in the Company's Articles of Association.

---

## **STIPULATIONS REGARDING THE PROPORTION OF WOMEN on the supervisory board and on the two management levels below the general partner as well as disclosures on the achievement of the stipulated targets**

On 30 June 2017, the Supervisory Board resolved to implement an 11.11% target for female members on the Supervisory Board of Borussia Dortmund GmbH & Co. Kommanditgesellschaft auf Aktien ("Company") by 31 December 2020, and issued the following grounds and reasoning: "The Supervisory Board of the Company comprises nine members, currently (30 June 2017) one woman and eight men. Hence the share of female Supervisory Board members is 11.11%. The term of office of all Supervisory Board members currently serving will expire at the conclusion of the Annual General Meeting which will resolve to ratify the actions of the members for financial year 2019/2020. In light of this, the target of 11.11% (equivalent to 1/9), which reflects the status quo, appears appropriate for the ratio of females on the Supervisory Board." On 9 September 2015, the Supervisory Board had previously resolved to implement an 11.11% target for female members on the Supervisory Board by 30 June 2017 (deadline); the current proportion of women on

the Supervisory Board as at 30 June 2017 corresponds to the target previously set on 9 September 2015; the target has thus been met in full.

On 30 June 2017, the management of Borussia Dortmund Geschäftsführungs-GmbH resolved as the Company's general partner to define the target proportion of women on the Supervisory Board and on the two management levels below the general partner as 0% and to set 30 June 2022 (five years) as the deadline for each management level to achieve its respective target, in accordance with the following reasoning and explanation: "At present (30 June 2017), (i) the first level of management beneath the general partner consists of 6 people and (ii) the second level of management beneath the general partner consists of 10 people. At present the members of the two management levels are all men, meaning that the proportion of women is currently 0% in each level. For the period defined, the target set for each management

level appears appropriate, specifically for the following reasons: taking into account the longer-term collaboration with the executives represented here, their age structure and the low level of turnover amongst them in the past, it is not realistic to re-staff at the first or second management level beneath the general partner by the stipulated deadline. As a consequence, for the period until 30 June 2022 the proportion of women is expected to remain at 0%, and this is therefore naturally the according target for the first and second management levels. However, if there should be the need to fill any new positions at the

aforementioned management levels during the defined period, the management will endeavour to include women in the consideration, particularly if they are suitably qualified and capable." On 9 September 2015, the management had previously resolved to implement a 0% target for female members at the two management levels below the general partner by 30 June 2017 (deadline); the current share of women of 0% at these two management levels as at 30 June 2017 means that the target reached the status quo by the defined deadline (by 30 June 2017).

---

## **DIVERSITY POLICY**

Values such as diversity, respect and acceptance are the hallmarks of our corporate culture throughout the Group. This affects all levels of the corporate hierarchy, including appointments to governing bodies. For the reasons already outlined, the Company does not

currently pursue a separate diversity policy pursuant to § 289f (2) no. 6 and (3), and § 315d HGB that goes above and beyond the objectives outlined in this declaration with respect to the composition of the Supervisory Board.

## **CORPORATE GOVERNANCE REPORTING**

Our Company believes it is essential for corporate governance to be clearly structured and effective. Corporate governance embodies a responsible and transparent system of checks and balances designed to ensure a continued focus on sustainable value creation. Efficient cooperation between the management and the Supervisory Board, the

preservation of shareholder interests, and open and transparent corporate communications are vital aspects of sound corporate governance. This is the guiding principle for the Company's Supervisory Board and for the management of Borussia Dortmund Geschäftsführungs-GmbH in its capacity as the general partner of Borussia Dortmund GmbH & Co. KGaA.

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

German stock corporation law sets out the statutory framework of corporate governance. Pursuant to § 161 AktG, the executive board and the supervisory board of a listed company are required to submit each year a declaration as to whether and to what extent that company has complied (retrospective) or will comply (forward-looking) with the recommendations of the "Government Commission of the German Corporate Governance Code" contained in the German Corporate Governance Code as published in the official section of the electronic Federal Gazette. Although companies may opt to deviate from the Code, they are then obligated to disclose this on an annual basis, providing an explanation for their non-compliance ("comply or explain"). This option exists to ensure that companies are able to meet industry- or company-specific requirements. A well-founded deviation from a recommendation of the Code may be in the interest of sound corporate governance.

The Code is generally reviewed once annually and amended as required. It reflects basic statutory guidelines concerning the management and supervision of listed German companies as well as internationally and nationally recognised standards for sound and responsible corporate governance. In addition to formulating best practices for management, the Code is intended to ensure that corporate governance in Germany is transparent and open to scrutiny and to promote confidence in the management and supervision of listed German companies amongst international and national investors, customers, employees and the public.

A large number of the Code's recommendations (expressed using the word "shall") are intended exclusively for German stock corporations (*Aktiengesellschaft*, "AG"), meaning that they are either not applicable at all or must at best be applied *mutatis mutandis* to partnerships limited by shares (*Kommanditgesellschaft auf Aktien*, "KGaA"), i.e., our Company as well.

A KGaA is a hybrid corporate form combining elements of a German stock corporation 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 against creditors of the Company and limited liability shareholders (*Kommanditaktionäre*) that are not personally liable for the debts of the company (§ 278 (1) AktG).

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

- Borussia Dortmund GmbH & Co. KGaA does not have an executive board. Instead, the general partner, Borussia Dortmund Geschäftsführungs-GmbH, is solely responsible for its management and representation. This German limited liability company (*Gesellschaft mit beschränkter Haftung*, "GmbH") is in turn represented by one or more managing directors; its sole shareholder is Ballspielverein Borussia 09 e.V. Dortmund.

- The rights and duties of the KGaA's Supervisory Board, which is appointed by the Annual General Meeting, are limited. Specifically, it has no authority to appoint and dismiss Managing Directors of Borussia Dortmund Geschäftsführungs-GmbH or to stipulate the terms of their service agreements. Nor is the Supervisory Board authorised to adopt internal rules of procedure or a list of transactions requiring its consent on behalf of the general partner. 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 features specific to the KGaA's Annual General Meeting are set forth primarily in §§ 285 and 286 (1) AktG and in the Company's Articles of Association.

As a consequence, a Declaration of Conformity in accordance with § 161 AktG must be submitted by the management of the general partner and the Supervisory Board of Borussia Dortmund GmbH & Co. KGaA, taking into account the specific characteristics of the KGaA's legal form and the provisions of the Articles of Association.

In our assessment, the following recommendations of the Code are not applicable (including *mutatis mutandis*) to the specific characteristics of the KGaA legal form and the provisions of the Company's Articles of Association:

- The Code made and makes various recommendations to the Supervisory Board in respect of executive board remuneration, in particular in G.4 of the 2020 Code and section 4.2.2 (2) sentence 3 of the 2017 Code, G.8 of the 2020 Code and section 4.2.3 (2) sentences 3, 4 and 6 (first alternative) and (2) sentence 8 of the 2017 Code, and G.13 of the 2020 Code and section 4.2.3 (4) sentence 1 of the 2017 Code. The 2020 Code now makes a large number of other recommendations to the

Supervisory Board in respect of the remuneration system for executive board members and/or the structure of their individual remuneration. As follows from the justification to the 2020 Code given by the Government Commission, all of these recommendations are based, either in substance or method, on the statutory provisions for a German stock corporation (*Aktiengesellschaft*) under § 87 (1) of the German Stock Corporation Act (*Aktiengesetz*, "AktG") and/or § 87a AktG, which entered into force on 1 January 2020. These statutory provisions are not applicable to our Company – either directly or *mutatis mutandis* – on account of its legal form, which we believe was a conscious decision on the part of the legislator. As such, the new recommendations G.1 to G.3, G.5 to G.7, G.9 to G.13, G.15 and G.16 introduced in this connection in the 2020 Code are likewise not applicable to our Company. By contrast, Article 7 of the Company's Articles of Association stipulates that the general partner has a right to reimbursement of the staff and materials expenses incurred by it in the course of managing the Company, plus a commission amounting to 3% of the net profit for the year generated by the Company. Otherwise, the fixed and variable remuneration for the Managing Directors of Borussia Dortmund Geschäftsführungs-GmbH was and is resolved by the Executive Committee formed by that company, which also reviews the Managing Directors' employment agreements for appropriateness and compliance with standard market practice when entering into or extending them. For practical reasons, the recommendations of the Code with respect to the remuneration system for executive board members and/or executive board pay, and on the role of the Supervisory Board, which in some respects are considered to be over-regulation, have not been and will not be applied on a voluntary basis by the Executive Committee. For the avoidance of doubt, please also note that the employment agreements with the Managing Directors currently in office have terms running until 30 June 2022 (in the case of

Managing Directors Thomas Treß and Carsten Cramer) and 31 December 2022 (in the case of CEO Hans-Joachim Watzke), meaning that a critical examination in relation to the new recommendations is neither pending nor appears necessary in the near future.

- The recommendations in section 4.2.5 (3) sentences 1 and 2 of the 2017 Code, i.e., that specific detailed disclosures on each member of the executive board be included in the remuneration report and that the model tables provided as appendices to the 2017 Code be used to disclose that information, is based on § 285 no. 9 (a) sentences 5 *et seq.* HGB (in the version applicable to annual and consolidated financial statements and (group) management reports for financial years beginning before 1 January 2021, in accordance with Article 83 (1) sentence 2 EGHGB). Since the statutory provision only applies to listed stock corporations, the recommendations are thus not applicable to our Company, which on account of its legal form does not have an executive board. We nevertheless disclose the remuneration of the individual Managing Directors of our Company's general partner, Borussia Dortmund Geschäftsführungs-GmbH, on a voluntary basis in the notes to the annual and consolidated financial statements.

Despite the specific characteristics of our Company's legal form, however, the following recommendations of the Code are applied *mutatis mutandis* or in modified form, which we do not consider a deviation from the Code:

- Long-term succession planning within the meaning of recommendations B.1 and B.2, first half-sentence of the 2020 Code and section 5.1.2 (1) sentences 2 and 4 of the 2017 Code is the responsibility of the Managing Directors of the Company and – given that the Supervisory Board has no authority to appoint or dismiss personnel – the Executive Committee of Borussia Dortmund Geschäftsführungs-GmbH. This planning takes place in regular dialogue between the management

and the Executive Committee, which determine profiles of skills and expertise for management personnel based on the corporate strategy and internal corporate structure and management, and monitor relevant internal and external candidates. In this respect, scouting is something we use not just to find talented new footballers, but also in our human resource planning. Efforts are also ongoing within the Company to nurture up-and-coming management talent, for example by means of further education. The Executive Committee also acts to ensure sufficient diversity when staffing the management.

- In the case of the first-time appointment of Managing Directors of Borussia Dortmund Geschäftsführungs-GmbH, the Executive Committee follows the new recommendation B.3 of the 2020 Code, whereby executive board members at stock corporations should be appointed for a maximum of three years.
- We consider the President of the Executive Committee, Dr Reinhard Rauball, who addresses the remuneration of the Managing Directors of Borussia Dortmund Geschäftsführungs-GmbH, to be independent within the meaning of the new recommendation C.10 of the 2020 Code.
- In application *mutatis mutandis* of the new recommendation D.7 of the 2020 Code, a time slot is reserved at the end of Supervisory Board meetings for discussions without the Managing Directors of the general partner.
- Given that the Supervisory Board has no authority to appoint and dismiss Managing Directors of Borussia Dortmund Geschäftsführungs-GmbH or to stipulate the terms of their service agreements, not it but rather the Executive Committee of Borussia Dortmund Geschäftsführungs-GmbH is responsible for consenting to sideline activities of the Managing Directors of the general partner within the meaning of recommendation E.3 of the 2020 Code and section 4.3.4 of the 2017 Code.

- Material transactions between the general partner and certain related parties on the one hand, and the Company on the other within the meaning of §§ 89, 112 in conjunction with §§ 278 (3), 283 no. 5 AktG (e.g., the granting of loans) and – since 1 January 2020 – in accordance with § 111b AktG (related party transactions) require the consent of the Supervisory Board. This ensured compliance with the recommendation of section 4.3.3 sentence 4 of the 2017 Code, which was not included in the 2020 Code.

The Declaration of Conformity must be made permanently available to shareholders on the Company's website. It is published on the investor relations website, <http://aktie.bvb.de/eng>, under "Corporate Governance". In addition, the Declaration of Conformity submitted in September 2020, as reproduced below, is an integral part of this corporate governance declaration.

While the Company's corporate governance report presented here is published as part of the corporate governance declaration (on the Company's website <http://aktie.bvb.de/eng> under "Corporate Governance" / "Corporate governance declaration"), the corporate governance reports for the 2017/2018 and previous financial years were published in the annual reports for the respective financial years. These are available on our investor relations website <http://aktie.bvb.de/eng>, under "Publications".

## **Transparency**

The Company provides the limited liability shareholders, shareholders' associations, financial analysts and the general public regular notifications regarding the position of the Company and on material business developments.

In particular, we publish ad hoc disclosures and corporate news on our website, as well as voting rights notifications and managers' transactions notifications submitted to us, information on the shareholder structure, the current version of the Articles of Association and the financial calendar.

The financial calendar includes the dates for key Company events, and can be accessed online at <http://aktie.bvb.de/eng>, under "Financial Calendar".

As in previous years, the Annual Press Conference on the "preliminary" figures of the previous financial year will be streamed live so that the general public may watch the conference online in real time.

The previous year's Annual General Meeting was convened in due and proper form and held on 25 November 2019. In compliance with the German Corporate Governance Code, the reports and documents required by law were made available for inspection; these were given to the limited liability shareholders upon request and were published on the Company's website together with the agenda. A proposed resolution to create new authorised capital involving the disapplication of pre-emptive subscription rights was supported by just 70.33% of the share capital represented, thus failing to achieve the requisite three-quarter majority. The resolutions on all other agenda items were adopted with between 76.60% to 99.98% of votes cast.

The next Annual General Meeting of Borussia Dortmund GmbH & Co. KGaA will take place on Thursday, 19 November 2020. Given the COVID-19 pandemic, this is expected to be held as a virtual Annual General Meeting without the physical presence of the limited liability shareholders or their proxies.

The half-yearly and other interim financial reports shall be published at the intervals recommended in the Code. The Company will provide further details via ad hoc announcements. The consolidated financial statements, the Group management report and the interim financial reports are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the member states of the EU. The annual financial statements and management report of Borussia Dortmund GmbH & Co. KGaA were and will continue to be prepared in accordance with the provisions of the German Commercial Code (*Handelsgesetzbuch*, "HGB") and the German Stock Corporation Act (*Aktiengesetz*, "AktG").

Our Company stands for more than "just" football and takes its corporate social responsibility into account. A first, voluntary sustainability report covered the 2016/2017 financial year, i.e. the period from 1 July 2016 to 30 June 2017, and was based on the Global Reporting Initiative (GRI) Standards (Core option). The sustainability reports for subsequent financial years (i.e. from the 2017/2018 financial year onwards) also contain a separate non-financial Group report in accordance with § 315b (3) HGB. The sustainability reports are published online at [aktie.bvb.de/eng](http://aktie.bvb.de/eng) under "Corporate Governance", sub-heading "Sustainability Report".

Moreover, we publish analysts' recommendations and research studies on our website <http://aktie.bvb.de/eng>, under "BVB Share", sub-heading "Capital Market View", in order to facilitate communication with market participants.

Customers, fans and the public alike can also find additional information on the Company – including e.g. CVs and overviews of the key duties of Supervisory Board members as well as further information on the managing directors of the general partner – at <http://aktie.bvb.de/eng>.

A considerable number of publications on our website have been and will continue to be made available in English.

The Notes to the financial statements and the management report contain disclosures on the remuneration of the general partner and the members of the Supervisory Board, and the Annual Report contains disclosures on the ownership of Company shares by the general partner and members of its management and by the members of the Supervisory Board. Due to the specific characteristics of the KGaA legal form, there is currently no obligation to disclose the remuneration of individual Managing Directors of the general partner of the Company, Borussia Dortmund Geschäftsführungs-GmbH, as would normally be the case for the members of the executive boards of listed German stock corporations. Nonetheless, as referred to above we have presented the remuneration of individual Managing Directors in the notes to the annual and consolidated financial statements on a voluntary basis.

## **DECLARATION OF CONFORMITY**

### **by the management and by the Supervisory Board of Borussia Dortmund GmbH & Co. KGaA in accordance with § 161 AktG dated 7 September 2020**

In accordance with § 161 of the German Stock Corporation Act (*Aktiengesetz*, "AktG"), the management of the general partner (Borussia Dortmund Geschäftsführungs-GmbH) and the Supervisory Board of Borussia Dortmund GmbH & Co. KGaA declare that since the last Declaration of Conformity was submitted on 9 September 2019, Borussia Dortmund GmbH & Co. KGaA complied with the recommendations of the German Corporate Governance Code (the "Code") in the version dated 7 February 2017 (published in the Federal Gazette (*Bundesanzeiger*) on 24 April 2017 and amended on 19 May 2017) (the "2017 Code") until the publication of the new version of the Code in the Federal Gazette on 20 March 2020, as well as the recommendations of the Code in the version dated 16 December 2019 (the "2020 Code") from the date of its publication in the Federal Gazette on 20 March 2020, and that it will comply with the recommendations of the 2020 Code, with the exception of the following deviations (please note that numerous recommendations of the Code, in particular those pertaining to the remuneration system for executive board members and/or executive board pay, are not applicable due to the specific characteristics of our Company's legal form as a partnership limited by shares (*Kommanditgesellschaft auf Aktien*, "KGaA"); the respective disclosures and explanations are given in the corporate governance declaration):

### **DEVIATIONS FROM THE 2017 CODE**

**Re section 3.8 (3) of the 2017 Code:** The D&O policy does not include a deductible because, to our understanding, the negotiation of a deductible will neither influence the behaviour of the members

of the executive bodies nor would it provide appropriate motivation.

**Re section 4.1.3 sentence 3 first half-sentence of the 2017 Code:**

In accordance with this recommendation, appropriate measures must be in place that allow employees to report any violations of the law within the Company, without fear of retaliation. This is generally known as a whistleblower system and guarantees that employees within the Group can anonymously, or in a manner that safeguards the confidentiality of their identity, report certain violations (e.g., an anonymous electronic communications platform). No such whistleblower system was put in place within our Company as there were other opportunities deemed appropriate and reasonable for employees to report – confidentially, if necessary – any violations of the law or internal Company guidelines. Apart from the fact that the Company was not legally obligated to establish a whistleblower system, the Company also considered in particular the potential drawbacks of a whistleblower system, namely the risk that such system could be misused and create an atmosphere of mistrust that adversely affects the corporate culture and employee morale.

**Re section 4.2.1 sentence 2 of the 2017 Code:**

The Supervisory Board of Borussia Dortmund GmbH & Co. KGaA has no authority to appoint and dismiss Managing Directors of Borussia Dortmund Geschäftsführungs-GmbH or to stipulate the terms of their service agreements; this is incumbent upon the Executive Committee of Borussia Dortmund Geschäftsführungs-GmbH. Its Managing Directors are Hans-Joachim Watzke (since February 2005, CEO since January 2006), Thomas

Treß (since January 2006) and Carsten Cramer (since March 2018). The Managing Directors' areas of responsibility have been sufficiently defined in their service agreements; moreover, the Managing Directors exercise the authority granted to them by law and the Articles of Association jointly and in close cooperation with each other. Therefore, the relevant executive bodies of Borussia Dortmund Geschäftsführungs-GmbH considered it unnecessary to stipulate additional rules of procedure for the management.

**Re section 4.2.3 (6) of the 2017 Code:** The Chairman of the Supervisory Board did not report to the Annual General Meeting on the fundamentals of the remuneration system or changes thereto because – as mentioned above – the Supervisory Board of Borussia Dortmund GmbH & Co. KGaA has no authority to appoint and dismiss Managing Directors of Borussia Dortmund Geschäftsführungs-GmbH or to stipulate the terms of their service agreements.

**Re section 5.1.2 (2) sentence 2 of the 2017 Code:** The Executive Committee of Borussia Dortmund Geschäftsführungs-GmbH decided on the reappointment of its Managing Directors, including, even in the absence of special circumstances, prior to the end of one year before the end of the existing term of appointment. Given the specific features of the KGaA legal form and due to the desire for greater flexibility, it was not considered practicable to make any staffing decision based solely on timing and circumstances.

**Re section 5.1.2 (2) sentence 3 of the 2017 Code:** The Executive Committee did not specify an age limit for the Managing Directors of Borussia Dortmund Geschäftsführungs-GmbH as the general partner. This was not considered practicable.

**Re sections 5.3.1 sentence 1, 5.3.2 and 5.3.3 of the 2017 Code:** The Supervisory Board did not set up committees, specifically an audit committee. The full Supervisory Board wishes to discuss all issues as they arise, specifically with regard to monitoring the bookkeeping, the accounting process, the effectiveness of the internal control system, the risk management system and the internal audit system, the audit of the financial statements as well as compliance. This applies *mutatis mutandis* to the Supervisory Board's decision not to establish a nominating committee as recommended in the Code. Moreover, this committee already consists exclusively of shareholder representatives, as required of a nominating committee by the Code.

**Re section 5.4.1 (2) sentences 1 and 2 and (4) sentences 1 and 2 of the 2017 Code:** The Supervisory Board did not set any concrete objectives regarding its composition, nor did it specify an age limit for Supervisory Board members or prepare a profile of skills and expertise. The Supervisory Board preferred to decide on proposals relating to its composition on a case-by-case basis in light of specific situations. Consequently, no further information was reported on this recommendation or compliance with it. Notwithstanding the foregoing, compliance with the requirement, issued by the legislator, that the target proportion of women on the Supervisory Board be defined, remained mandatory (§ 278 (3) and § 111 (5) AktG as well as § 289f (3) and (2) no. 4 HGB).

**Re section 5.4.1 (6) of the 2017 Code:** In its election nominations to the Annual General Meeting, the Supervisory Board did not disclose the personal and business relationships of every candidate with the Company, the governing bodies of the Company and

limited liability shareholders with a material interest in the Company (i.e., those holding more than 10% of voting shares). In its opinion, no secure legal practice exists with respect to this recommendation. The legal certainty of Supervisory Board elections took a higher priority than any effort to make legally unnecessary disclosures in connection with nominations.

**Re section 5.4.3 sentence 3 of the 2017 Code:** No proposed candidates for the office of Chairman of the Supervisory Board were disclosed because the Supervisory Board considered the individual election of its members to be sufficient and a vote at the Annual General Meeting for or against a candidate with respect to their position on the Supervisory Board to be impracticable.

**Re section 5.5.3 sentence 1 of the 2017 Code:** The Supervisory Board reserves the right to not comply with the recommendation that it report to the Annual General Meeting on conflicts of interest as they arise and how they are addressed. The principle of confidentiality of deliberations within the Supervisory Board (see § 116 sentence 2 AktG and section 3.5 (1) sentence 2 of the 2017 Code) generally takes precedence.

**Re section 7.1.2 sentence 2 of the 2017 Code:** The recommendation that the management discuss half-yearly and quarterly financial reports or interim financial information with the Supervisory Board prior to publication was not complied with. The objective of publishing interim financial reports without delay following their preparation by the management took precedence. Regardless, the Supervisory Board discussed and monitored such financial reports.

## **DEVIATIONS FROM THE 2020 CODE**

### **Re recommendation A.2 sentence 2 first half-sentence of the 2020 Code:**

In accordance with this recommendation, appropriate measures must be in place that allow employees to report any violations of the law within the Company, without fear of retaliation. This is generally known as a whistleblower system and guarantees that employees within the Group can anonymously, or in a manner that safeguards the confidentiality of their identity, report certain violations (e.g., an anonymous electronic communications platform). No such whistleblower system has been put in place at our Company to date and there are no plans to do so going forward. The Company offered and continues to offer what it considers to be appropriate and reasonable opportunities for employees to report – confidentially, if necessary – any violations of the law or internal Company guidelines. Apart from the fact that the Company is not legally obligated to establish a whistleblower system, the Company also considered in particular the potential drawbacks of a whistleblower system, namely the risk that such system could be misused and create an atmosphere of mistrust that adversely affects the corporate culture and employee morale.

**Re recommendation B.4 of the 2020 Code:** As in the past, the Executive Committee of Borussia Dortmund Geschäftsführungs-GmbH will continue to decide on the reappointment of its Managing Directors, including, even in the absence of special circumstances, prior to the end of one year before the end of the existing term of appointment. Given the specific features of the KGaA legal form and due to the desire for greater flexibility, it is not considered practicable to make any staffing decision based solely on timing and circumstances.

**Re recommendation B.5 of the 2020 Code:** As in the past, the Executive Committee of Borussia Dortmund Geschäftsführungs-GmbH will continue to make decisions as to age limits for the Managing Directors of the general partner for upcoming (re-)appointments of Managing Directors, without generally stipulating an age limit to that extent. It is not considered practicable to set any age limits.

**Re recommendations C.1 sentences 1 to 4 and C.2 of the 2020 Code:** The Supervisory Board has not set any concrete objectives regarding its composition, has not prepared a profile of skills and experience, and has not established an age limit for Supervisory Board members. Nor are there plans to do so going forward. The Supervisory Board's continuing preference is to decide on proposals relating to its composition on a case-by-case basis in light of specific situations. Consequently, no further information was or is reported on this recommendation or its compliance with it. Notwithstanding the foregoing, compliance with the requirement, issued by the legislator, that the target proportion of women on the Supervisory Board be defined, remains mandatory (§ 278 (3) and § 111 (5) AktG as well as § 289f (3) and (2) no. 4 HGB).

**Re recommendation C.13 of the 2020 Code:** In its election proposals to the Annual General Meeting, the Supervisory Board does not disclose the personal and business relationships of every candidate with the Company, the governing bodies of the Company and limited liability shareholders with a material interest in the Company (i.e., those holding more than 10% of voting shares). Nor are there plans to do so going forward. In its opinion, no secure legal practice exists with respect to this recommendation. The legal certainty of Supervisory

Board elections took and takes a higher priority than any effort to make legally unnecessary disclosures in connection with nominations.

**Re recommendation D.1, second half-sentence of the 2020 Code:** The new recommendation to publish the rules of procedure of the Supervisory Board on the Company's website was complied with at the end of August 2020. Since due to other priorities the recommendation was not complied with immediately after publication of the 2020 Code, a deviation is declared retrospectively as a precaution.

**Re recommendations D.2, D.3 and D.5 of the 2020 Code:** The Supervisory Board has not set up committees and nor will it do so going forward. The full Supervisory Board wishes to discuss all issues as they arise, specifically with regard to monitoring the bookkeeping, the accounting process, the effectiveness of the internal control system, the risk management system and the internal audit system, the audit of the financial statements as well as compliance. This applies *mutatis mutandis* to the Supervisory Board's decision not to establish a nominating committee as recommended in the Code. Moreover, this committee already consists exclusively of shareholder representatives, as required of a nominating committee by the Code.

**Re recommendation E.1 sentence 2 of the 2020 Code:** The Supervisory Board reserves the right to not comply with the recommendation that it report to the Annual General Meeting on conflicts of interest as they arise and how they are addressed. The principle of confidentiality of deliberations within the Supervisory Board (see § 116 sentence 2 AktG and principle 13 sentence 3 of the 2020 Code) will generally take precedence.

---

Dortmund, 7 September 2020

On behalf of the Supervisory Board



Gerd Pieper  
Chairman

On behalf of Borussia Dortmund Geschäftsführungs-GmbH



Hans-Joachim Watzke  
Managing Director (CEO)



Thomas Treß  
Managing Director



Carsten Cramer  
Managing Director