

## **REPORT OF THE SUPERVISORY BOARD**

Borussia Dortmund GmbH & Co. KGaA looks back on a chequered 2014/2015 financial year, both from an athletic and a financial perspective. One of the most impressive comebacks in recent Bundesliga history culminated in Borussia Dortmund again advancing to the DFB Cup final – which the team unfortunately lost to VfL Wolfsburg – and the qualifying round of the 2015/2016 season of the UEFA Europa League, while rounding out the season with a seventh place finish. And all of this despite the fact that Borussia Dortmund was stuck in the relegation zone during the winter break of the 2014/2015 season. Nevertheless, given our expectations at the beginning of the season, it has to be said that we failed to meet our goal of again qualifying for the UEFA Champions League. From a financial perspective, the club's inconsistent Bundesliga season also had some impact on the 2014/2015 financial year. While the Company announced the implementation of a capital increase, bringing its share capital to EUR 92,000,000, as well as the repayment of all financial liabilities to banks in addition to revenue increases in certain areas during the first half of the year, a full-year comparison revealed that the Company was ultimately unable to match its earnings figures from previous years. Nonetheless, the Supervisory Board is extremely pleased that, despite an at times disappointing football season, the management succeeded in generating positive net income for the year to such an extent that the Supervisory Board and the general partner will, for the fourth consecutive year, propose to the Annual General Meeting in November 2015 that it distribute a dividend using the net profit.

### **SUPERVISORY BOARD ACTIVITY, MEETINGS**

In the 2014/2015 financial year, the Supervisory Board closely monitored the status and development of the Company and the Group. It exercised all of the rights and duties incumbent upon it by virtue of the law and the Articles of Association.

The Supervisory Board met four times during the 2014/2015 financial year (on 9 September 2014, 24 November 2014, 26 March 2015 and 26 May 2015). Furthermore, two resolutions were also circulated and adopted in writing. The resolution on 21 August 2014 concerned the implementation of the second capital increase in 2014, while the resolution on 7 October 2014 related to the nominations for the Supervisory Board by-elections at the 2014 Annual General Meeting. All resolutions were adopted in accordance with the provisions of the Articles of Association and the relevant law. All issues are deliberated and all resolutions are passed by the full Supervisory Board; the Supervisory Board has not formed any committees.

During the reporting period, the Supervisory Board received regular, timely and comprehensive oral and written reports from the management within the meaning of § 90 of the German Stock Corporation Act (Aktiengesetz, "AktG"). These reports focused on the development of the business, the Company's and the Group's liquidity, earnings and financial position, corporate planning (specifically, financial, investment and personnel planning), the risk position and risk management within the Company and the Group, the implementation of the second capital increase in 2014, this time granting existing shareholders pre-emptive subscription rights by utilising Authorised Capital 2010 (representing the reason for and focus of the meeting on 21 August 2014 and the focus of the meeting on 9 September 2014), as well as strategic issues. Moreover, the Supervisory Board received written reports in the intervals between its meetings. The Company's consolidated financial statements, Group management report, annual financial statements and management report, each as at 30 June 2014, were audited on a test basis by the German Financial Reporting Enforcement Panel; the audit, which had not led to any errors and had been concluded on 10 June 2015, was discussed by the Supervisory Board at its meetings on 26 March 2015 and 26 May 2015. These reports and the subsequent discussion and veri-

fication thereof also dealt with the interim financial reports (i.e., the half-yearly financial report and quarterly financial reports). Moreover, the Chairman of the Supervisory Board was in regular contact with the management outside of meetings; he was kept regularly apprised of current developments in the business and major business transactions and advised on strategic and budgetary issues as well as the Company's business development, risk position, risk management and compliance issues. The management fulfilled its duty to keep the Supervisory Board informed in a complete, continuous and timely manner.

The Supervisory Board advised and monitored the general partner and its managing directors on the management of the Company. The reports of the management and the Supervisory Board's enquiries and deliberations formed a basis for this function. The Supervisory Board considers the management of the Company to be in compliance with the law and in proper order, it deems the internal control system, risk management system and internal audit system to be effective, and attests to the Company's corporate organisation and economic viability. Reports and consultations also concerned issues relating to athletic performance.

In addition, the Supervisory Board reviewed the accounting and financial reporting for financial year 2014/2015 and the preparations for the Annual General Meeting in the previous year. Part of this review involved ascertaining the independence of the auditor prior to resolving to propose it for election. Moreover, the Supervisory Board reviewed the terms of engagement and the engagement of the auditor, which had been elected in the previous year's Annual General Meeting.

### **2014/2015 ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS**

The annual financial statements for Borussia Dortmund GmbH & Co. KGaA and the consolidated financial statements as at 30 June 2015 and the management report for the Company and the Group management report (each of which com-

prising the explanatory report on disclosures made pursuant to § 289 (4) and § 315 (4) of the German Commercial Code (Handelsgesetzbuch, "HGB")) were prepared and submitted in due time by the management and were audited, along with the bookkeeping system by the auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, Dortmund, in accordance with the statutory provisions, and were each issued an unqualified audit opinion. With respect to the risk early warning system, the auditor found that the management had taken the appropriate measures as required under § 91 (2) AktG, particularly with respect to establishing a monitoring system suited towards identifying risks early on which may jeopardise the Company as a going concern.

The annual and consolidated financial statements, the management report for the Company and the Group management report containing the risk report and the corresponding audit reports were submitted to all members of the Supervisory Board in due time. These documents were discussed in detail, explained and reviewed by the Supervisory Board at a meeting on 9 September 2015, with the management and the auditors attending. At that meeting, the auditors reported on and discussed the key findings of their audit, including those relating to the accounting-related internal control and risk management system. The auditor and the management responded to questions raised by the Supervisory Board.

The Supervisory Board concurred with the auditors' findings and, subsequent to its own review work, did not raise any objections. At its meeting on 9 September 2015, the Supervisory Board approved the annual financial statements of Borussia Dortmund GmbH & Co. KGaA as at 30 June 2015 as well as the consolidated financial statements as at 30 June 2015.

Moreover, the Supervisory Board performed its own review of the report on relationships with affiliated companies (dependent company report) for the 2014/2015 financial year prepared by the

general partner pursuant to § 312 AktG. The dependent company report was also audited by the auditor, who issued the following opinion:

"Having conducted a proper audit and assessment, we hereby confirm that

1. the factual information in the report is correct
2. the consideration paid by or to the Company in connection with the legal transactions listed in the report was not inappropriately high."

The auditor's report on the audit of the dependent company report had also been submitted to the Supervisory Board. These documents were discussed and reviewed by the Supervisory Board at the aforementioned meeting, with the auditor and the management in attendance. Upon concluding its review, the Supervisory Board did not raise any objections to the declaration by the general partner at the conclusion of the dependent company report. The Supervisory Board noted with approval the findings of the audit of the dependent company report by the auditor.

The Supervisory Board proposes to the Annual General Meeting that the annual financial statements as at 30 June 2015 be adopted. At its meeting on 9 September 2015, the Supervisory Board discussed and reviewed the proposal for the appropriation of net profits by the general partner, taking into account the interests of the limited liability shareholders and the position of the Company, namely the financial and capital structure; the Supervisory Board approved the management's proposal to the Annual General Meeting that it resolve to use the net retained profits of EUR 4,600,000.00 (comprising net income for the year of EUR 2,425,956.99 and EUR 2,174,043.01 in withdrawals from other revenue reserves) for financial year 2014/2015 to distribute a dividend of EUR 0.05 per share carrying dividend rights (totalling EUR 4,599,055.00) and to transfer the remainder attributable to treasury shares not carrying dividend rights (EUR 945.00) to other revenue reserves.

Moreover, the Supervisory Board proposes ratifying the actions of the general partner, Borussia Dortmund Geschäftsführungs-GmbH, for the 2014/2015 financial year.

## **CORPORATE GOVERNANCE**

The Supervisory Board and the management of the general partner also dealt with issues of corporate governance during the reporting period. The Supervisory Board also assessed the efficiency of its work, namely the frequency of its meetings and their preparation and conduct, as well as the flow of information. The current Declaration of Conformity was adopted at the same time as the resolution on this report and relates to the German Corporate Governance Code in the currently applicable version dated 5 May 2015. The full declaration is permanently available online at [www.bvb.de/aktie](http://www.bvb.de/aktie), under "Corporate Governance". Additional disclosures and explanations in this regard are made in accordance with section 3.10 of the Code in connection with the corporate governance declaration.

## **PERSONNEL MATTERS**

The Annual General Meeting on 24 November 2014 elected Mr Ulrich Leitermann to the Supervisory Board to replace Mr Friedrich Merz, who had stepped down on 30 June 2014, and also resolved to increase the size of the Supervisory Board from six to nine members. After the corresponding amendment to the Articles of Association was entered into the commercial register on 27 November 2014, Mr Bjørn Gulden, Dr Reinhold Lunow and Dr Werner Müller, who had previously been elected by the Annual General Meeting on 24 November 2014, are now the additional members of the Supervisory Board.

In July 2015, the Executive Committee of the Advisory Board of Borussia Dortmund Geschäftsführungs-GmbH and managing director, Mr Thomas Treß, agreed to renew his service agreement; the

agreement had been set to expire on 30 June 2016 and was extended until 30 June 2020. Chairman of the management, Mr Hans-Joachim Watzke's term is currently set to expire on 31 December 2019.

The Supervisory Board would like to express its gratitude to the management, the Works Council and all employees for their enduring commitment and hard work.

Jürgen Klopp's seven years as the club's coach came to an end at the close of the 2014/2015 sea-

son. In light of this, the Supervisory Board would also like to express its deepest gratitude to Jürgen Klopp and his coaching staff for their outstanding work at Borussia Dortmund. This extremely successful era in the club's history has had without a doubt many spectacular and unforgettable moments, biggest of all the two Bundesliga titles, one DFB Cup title, two DFL Super Cup titles and the 2013 UEFA Champions League final.

The Supervisory Board also wishes to thank Borussia Dortmund's business partners, shareholders and fans for their trust.

Dortmund, September, 9<sup>th</sup> 2015

The Supervisory Board

A handwritten signature in black ink, appearing to read 'Pieper', written in a cursive style.

Gerd Pieper  
Chairman