

## Corporate Governance

Corporate governance stands for the responsible management and control of companies aimed at creating value over the long term. It strengthens the confidence of investors, financial markets, business partners, financial agents, employees and the general public in the Company's management and supervision and represents an essential cornerstone of sustainable business success. The OVB Group's corporate governance and corporate culture comply with the statutory provisions and - with a few exceptions - the additional recommendations of the German Corporate Governance Code. Those few exceptions should be regarded in light of the fact that the German Corporate Governance Code itself argues in its preamble that a reasoned deviation from a Code recommendation can be in the interest of sound corporate governance. Executive Board and Supervisory Board of OVB Holding AG feel committed to corporate governance; all business divisions are guided by its principles. We emphasize values such as competency, transparency and sustainability.

In the following chapter, the Executive Board reports - also on behalf of the Supervisory Board - on corporate governance at OVB Holding AG in accordance with No. 3.10 of the German Corporate Governance Code. The chapter includes the statement on corporate governance pursuant to Sections 289f, 315d HGB (Commercial Code).

### Statement on corporate governance

#### General management structure with three corporate bodies

In accordance with the statutory provisions applicable to a German stock corporation, OVB Holding AG has a dual board system for the Company's management and supervision consisting of Executive Board and Supervisory Board. The third corporate body is the General Meeting of shareholders where the Company's shareholders participate in essential decisions regarding the Company. Executive Board and Supervisory Board work closely together for the benefit of the Company and maintain an intensive and open dialogue on a regular basis.

#### Direction and management - the Executive Board

The Executive Board of OVB Holding AG directs the Company and the Group managed by the Company on its own authority. The Executive Board assumes its management tasks, particularly including corporate planning, the Group's strategic orientation and its control and monitoring as well as the Group's financing,

as a corporate body composed of Executive Board members who share the overall responsibility for the Company's management. They work together as colleagues and inform each other constantly about the measures and transactions of relevance in their respective areas of responsibility. Overall responsibility of all Executive Board members notwithstanding, the individual Board members manage the areas of responsibility assigned to them on their own authority.

The Executive Board's work is defined in detail by the rules of procedure resolved by the Supervisory Board, also determining the topics that are subject to Executive Board decisions to be made in full session and other formalities for the Executive Board's resolutions. The assignment of the areas of responsibility to the individual members of the Executive Board derives from a schedule of responsibilities which is part of the rules of procedure.

The Executive Board consults the Supervisory Board on the Company's strategic orientation in detail and discusses the strategy and its implementation with the Supervisory Board at regular intervals. The Executive Board reports to the Supervisory Board on all aspects of relevance to the Company relating to business performance, assets and liabilities, financial position and profit/loss, planning and target achievement, risk position and risk management regularly, timely and comprehensively. Any deviations of the business performance from the scheduled plans and targets are discussed and explained within this framework. The Executive Board's regular and in-depth reports delivered at the meetings of the Supervisory Board and the Audit Committee also include the subject of compliance, i.e. the measures for the observance of statutory provisions and in-house guidelines.

Certain Executive Board decisions of special importance require the approval of the Supervisory Board. Those cases are defined in the Executive Board's rules of procedure and relate to e.g. the acquisition of non-current assets or borrowing of financial loans in excess of a certain amount. The formation, acquisition, liquidation and disposal of holdings require approval as well.

Executive Board resolutions are adopted at meetings held regularly - at least once a month - and chaired generally by the Chairman of the Executive Board. Furthermore, any Board member may call for the convening of a meeting. If not required otherwise by law, the Executive Board decides by a simple majority of the votes cast. In case of a tie of votes, the Chairman has the casting vote.

Appointed members of the Executive Board of OVB Holding AG are at present:

*Mario Freis*

(born 1975, on the Executive Board since 2010, appointed until 31 December 2022)  
CEO

*Oskar Heitz*

(born 1953, on the Executive Board since 2001, appointed until 31 December 2020)  
CFO

*Thomas Hücker*

(born 1965, on the Executive Board since 2014, appointed until 31 December 2020)  
COO

**Supervision and advice to the Company's management – the Supervisory Board**

The Supervisory Board supervises and advises the Executive Board, appoints its members and is directly involved in all decisions of essential relevance to the Company. The Supervisory Board also coordinates the Company's strategic orientation and routinely discusses the implementation of the business strategy with the Executive Board. The Chairman of the Supervisory Board coordinates this corporate body's work and chairs its meetings. Maintaining constant exchange with the Executive Board, the Supervisory Board is always informed about the business policy, corporate planning and strategy. It is also the Supervisory Board's responsibility to adopt or rather approve the separate and consolidated financial statements as well as the management report of OVB Holding AG integrated into the combined management report based on its own examination and in consideration of the reports provided by the auditor. As part of its report to the Annual General Meeting, the Supervisory Board informs the shareholders about its work.

According to Section 10 (1) of the Articles of Association, the Supervisory Board consists of six members, all of whom are elected by the General Meeting of shareholders.

The terms of the Supervisory Board members elected by the General Meeting of shareholders expire as of the conclusion of the Annual General Meeting in the year 2023 that will decide on the formal approval of the actions of the Executive Board and Supervisory Board members for financial year 2022.

The Supervisory Board has established two standing committees to support the Board's efficient performance of its tasks as well as a focused discussion of topics by providing assistance to the Board's work in full session: the Audit Committee and the Nomination and Remuneration Committee. Within their respective scope of responsibility, the committees prepare the resolutions of the Supervisory Board as well as the topics to be addressed in full session. At each following Supervisory Board

meeting a report is given on the committees' work. Supplementing the rules of procedure of the Supervisory Board, there are separate rules of procedure for the Audit Committee and the Nomination and Remuneration Committee.

**Audit Committee**

By preparing topics and resolutions for the Supervisory Board, the four Committee members particularly address the diligent examination of the separate and consolidated financial statements as well as of the management report of OVB Holding AG integrated into the combined management report. The Audit Committee also concerns itself with issues of financial accounting, risk management and compliance. It manages the auditor's selection process and furnishes a suggestion to the Supervisory Board in consideration of the required auditor independence. The Audit Committee discusses and aligns the key audit matters with the auditor and decides on the fee agreement with the auditor. The Committee also discusses the quarterly and 6-month financial reports prior to their publication with the Executive Board.

**Nomination and Remuneration Committee**

This Committee, consisting of the Chairman of the Supervisory Board and one other Board member, prepares the body of work for the Supervisory Board's consideration in full session and suggests suitable candidates to the Supervisory Board for its election proposals to the Annual General Meeting. It also concerns itself with the composition of the Executive Board and its succession planning as well as with issues relating to the remuneration of Executive Board members.

**Working methods of the Supervisory Board in full session and in the Committees**

The Supervisory Board of OVB Holding AG fulfils its supervisory and advisory functions with special diligence. Even outside the framework of meetings, the Chairmen of Supervisory Board and Audit Committee regularly share their opinions with the Executive Board. They report on any relevant information in the following Supervisory Board or Committee meeting at the latest.

The Supervisory Board regularly reviews its own efficiency, most recently in the year 2018. This is generally done by way of self-inspection by analyzing the answers given anonymously by the Supervisory Board members to an extensive questionnaire. The analysis and the following discussion at the Supervisory Board meeting result in suggestions for the further improvement of its work, to be implemented in full session by the Supervisory Board and by the Committees if applicable.

Each Supervisory Board member discloses any conflicts of interest resulting from his involvement to the Supervisory Board without delay. The Supervisory Board informs about any conflicts of interest and how they have been responded to in its report to the General Meeting of shareholders.

The Supervisory Board of OVB Holding AG consists of the following members at present:

*Michael Johnigk*

(born 1953, on the Supervisory Board since 2001, elected until 2023)

Chairman of the Supervisory Board  
Member of the Executive Boards of SIGNAL IDUNA Krankenversicherung a. G. (Dortmund), SIGNAL IDUNA Lebensversicherung a. G. (Hamburg), SIGNAL IDUNA Unfallversicherung a. G. (Dortmund), SIGNAL IDUNA Allgemeine Versicherung AG (Dortmund) and SIGNAL IDUNA Holding AG (Dortmund)

*Dr. Thomas A. Lange*

(born 1963, on the Supervisory Board since 2013, elected until 2023)

Deputy Chairman of the Supervisory Board  
Chairman of the Executive Board of NATIONAL-BANK AG (Essen)

*Maximilian Beck*

(born 1973, on the Supervisory Board since 2018, elected until 2023)

Member of the Executive Boards of Basler Lebensversicherungs-AG (Hamburg), Basler Sachversicherungs-AG (Bad Homburg), Basler Sach Holding AG (Hamburg) and Managing Director of Basler Saturn Management B.V. in its capacity as general partner of Basler Versicherung Beteiligungen B.V. & Co. KG (Hamburg)

*Markus Jost*

(born 1961, on the Supervisory Board since 2013, elected until 2023)

Independent Certified Expert for Accounting and Management Accounting

*Wilfried Kempchen*

(born 1944, on the Supervisory Board since 2012, elected until 2023)

Businessman, retired; former Chairman of the Executive Board of OVB Holding AG

*Winfried Spies*

(born 1953, on the Supervisory Board since 2010, elected until 2023)

Mathematician, retired

An overview of the members of the Executive Board, the Supervisory Board and the Supervisory Board Committees of OVB Holding AG in financial year 2018 as well as their memberships of comparable corporate bodies can be found in this Annual Report beginning on page 124.

**Objectives for the composition of the Supervisory Board**

It is of major concern to the Supervisory Board to see to a composition of the responsible corporate bodies Executive Board and Supervisory Board that is for the best

of the Company. Even though diversity is considered a target generally to be aimed for in this context, the Company does not pursue an explicitly defined diversity concept for the purpose of Section 289f (2) no. 6 HGB (Commercial Code). For the Company, the respective members' individual experience, skills and knowledge have top priority for the composition of the Supervisory Board. The Supervisory Board has determined specific objectives for its composition and framed a competency profile for the Board as a whole. The following set of experiences, skills and knowledge are regarded as essential:

- Experience in distribution and the management of a sales organization
- Familiarity with the insurance industry/financial services industry in the relevant markets in which OVB operates
- Expertise of the Board as a whole in the fields of digitization, accounting, financial accounting, management accounting, risk management, governance and compliance and the Board membership of one financial expert

The Supervisory Board holds the view that the requirements of the competency profile are met completely with the skills, experience and expertise the members of the Supervisory Board contribute. The competencies, skills and experience of the individual Supervisory Board members can be found in the curricula vitae available on our website at [www.ovb.eu/english/company-ovb/management](http://www.ovb.eu/english/company-ovb/management).

The decisions of the Supervisory Board on election proposals to be made to the General Meeting of shareholders are based on the competency profile for its composition as adopted by the Supervisory Board and shall be oriented solely towards the Company's best interest. In the interest of the Company, the Supervisory Board is particularly dependent on its members' specific knowledge and experience relating to the Company's business activity and business model, the products offered and the different markets in which the subsidiaries operate. Such knowledge and experiences enable the Supervisory Board to assume its statutory task of supervision efficiently and to be available to the Executive Board as a competent partner and advisor with respect to the Company's strategic orientation and all subject matters relating to its future development.

In particular consideration of the Company's specific shareholder structure, the Supervisory Board regards as adequate and sufficient that the Supervisory Board has one independent member. The independent member of the Supervisory Board of OVB Holding AG is Wilfried Kempchen.

## Compliance with the Corporate Governance Code

### Declaration of conformity 2018

Section 161 AktG (Stock Corporation Act) requires the executive board and the supervisory board of any listed German stock corporation to declare at least once each year if and to what extent the German Corporate Governance Code was and is complied with and which of the Code's recommendations were or are not applied, and for what reason.

As of 19 March 2018, Executive Board and Supervisory Board of OVB Holding AG have released the following declaration of conformity:

Executive Board and Supervisory Board of OVB Holding AG hereby declare in accordance with Section 161 (1) sentence 1 AktG that the recommendations of the Government Commission "German Corporate Governance Code" in its version of 7 February 2017 - released in the Federal Gazette on 24 April 2017 and corrected on 19 May 2017 - have been and are complied with, with the following exceptions.

### Recommendations:

*No. 3.8 (3) GCGC (directors' & officers' liability insurance)*  
 OVB Holding AG has not provided for a deductible in the D&O liability insurance policy taken out for the members of the Supervisory Board. The members of the Supervisory Board attend to their duties responsibly and in the Company's best interest. The legislator considers a differentiation between executive board and supervisory board adequate as, unlike executive board members, supervisory board members are not subject to statutory provisions governing a deductible.

*No. 4.1.3 sentence 3 GCGC (whistleblower system)*  
 Within the scope of responsibility of the Chief Compliance Manager, a whistleblower system has been implemented at OVB Holding AG, giving employees the opportunity to report suspected violations of the law within the Company. According to the opinion shared by Executive Board and Supervisory Board, the effectiveness and purpose of a whistleblower system do not require the reporting person's anonymity. The faithful and sensitive handling of such reports is mandatory and also sufficient. The whistleblower's unrestricted anonymity is not called for and shall not be provided in order to prevent misuse. As it is not ultimately clear if No. 4.1.3 sentence 3 GCGC demands the whistleblower's strict anonymity, a deviation from this recommendation is declared by way of precaution.

*No. 4.1.5 sentence 1 GCGC (consideration of diversity for executive positions)*

According to the recommendations of the German Corporate Governance Code, the executive board shall pay attention to the aspect of diversity in filling executive positions and thus aim for the adequate representation of women. The Executive Board of OVB Holding AG pursues the goal of promoting women and aims at having more women assume executive positions. However, the Executive Board holds the view that the aspect of diversity which includes the consideration of women should not be the sole determinant for filling executive positions. In the interest of the Company, the right choice much rather depends on management and leadership qualities, expert knowledge in response to the respective executive areas and responsibilities and professional experience. In view of these considerations, a deviation from No. 4.1.5 GCGC is declared by way of precaution.

*No. 5.1.2 (1) sentence 2 GCGC (consideration of diversity for composition of the Executive Board)*

According to the recommendations of the Code, the supervisory board shall pay attention to the aspect of diversity in the composition of the Executive Board. The Supervisory Board of OVB Holding AG does consider diversity an objective to be pursued for the composition of the Executive Board yet regards the specialist know-how, capabilities and experience of the candidates in their respective fields of business and areas of responsibility as the ultimately deciding criteria for their selection in the interest of the Company and its shareholders. In view of these considerations, a deviation from No. 5.1.2 (1) sentence 2 GCGC is declared by way of precaution.

*No. 5.3.2 (3) sentence 2 GCGC (independence of the chairman of the audit committee)*

Among other topics, No. 5.3.2 (3) sentence 2 of the Code recommends that the chairman of the audit committee shall be independent. The Chairman of the Audit Committee of OVB Holding AG is a member of the Supervisory Board of an entity which is part of the SIGNAL IDUNA Group. As the requirements of the GCGC for independence are not ultimately clear, a deviation from this recommendation is declared by way of precaution.

*No. 5.4.1 (2) sentence 1 GCGC (consideration of diversity and definition of a regular limit of length of membership of the Supervisory Board)*

In the composition of the Supervisory Board, the aspect of diversity is generally taken into account. In the interest of the Company, however, the Supervisory Board will be governed in its election proposals to the Annual General Meeting primarily by the knowledge, capabilities

and expert experience of the candidates to be suggested. For this reason a deviation from No. 5.4.1 (2) GCGC is declared by way of precaution.

Furthermore, the Supervisory Board of OVB Holding AG has decided not to determine a regular limit of length of Supervisory Board membership as a blanket regular limit would not consider individual factors justifying longer membership of individual members of the Supervisory Board. Suitability for performing one's tasks on the Board does not expire as one reaches a certain age or completes a certain time period of membership but depends solely on one's respective individual capabilities.

*No. 5.4.6 (1) sentence 2, (2) sentence 2 GCGC (remuneration of the Supervisory Board)*

Contrary to the recommendation of the Code, the remuneration of the members of the Supervisory Board presently does not account for membership or chairmanship of any of the Supervisory Board's Committees as there is

a close exchange of information with the Audit Committee and the Nomination and Remuneration Committee in the interest of sound corporate governance anyway and the remaining Supervisory Board members usually attend the meetings of the Audit Committee, too. However, an amendment to the Articles shall be proposed to the General Meeting of shareholders to the effect that Committee chairmanship and membership shall be considered in the future in order to account for the additional corresponding demands in an adequate way. The performance-based remuneration of the Supervisory Board members currently in place is not particularly aligned with sustainable corporate development. Even though this performance-based remuneration model is also compliant with the law, the General Meeting of shareholders is intended to be made the proposal that a mere fixed compensation be provided for in the Articles of Association, in consideration of the development of good practice in the market among other factors.

Cologne, 19 March 2018

On behalf of the Executive Board



Mario Freis



Oskar Heitz



Thomas Hücker



Michael Johnnigk

On behalf of the  
Supervisory Board

Detailed information on the subject of corporate governance is also available on our website. All previously released declarations of conformity are permanently available on the website.

### Information on targets for the representation of women on the Supervisory Board, on the Executive Board and in executive positions of OVB Holding AG

The German Act on Equal Participation of Women and Men in Executive Positions in the Private and the Public Sector requires companies that are publicly listed or subject to codetermination to define targets for the share of women on the supervisory board, the executive board and the two most senior executive levels below the executive board. While first-time definition of those targets had to be finalized by 30 September 2015 and could not be effective beyond 30 June 2017, a longer period of time could be defined subsequently, up to and including 30 June 2022.

#### Resolutions adopted in the year 2017:

Upon adopting a new resolution in March 2017, the Supervisory Board stated that the share of women on the Supervisory Board and the Executive Board was unchanged. With respect to the share of women on the Executive Board as well as the Supervisory Board, it was decided to keep the targets at 0 per cent for the time period until 30 June 2022 for the sake of flexibility.

For the representation of women at the senior executive level below the Executive Board, the Executive Board resolved a 10.5 per cent target for the time period until 30 June 2022 in March 2017.

Supervisory Board and Executive Board keep aiming at increasing the representation of women on the Supervisory Board, on the Executive Board and at the executive level below the Executive Board and giving preference for new openings to women over men at equal professional qualification.

### Essential corporate governance practices

#### Compliance as an essential management task of the Executive Board

We consider compliance the legally and ethically faultless conduct of our staff in the day-to-day business because each employee has an impact on the Company's reputation by his or her professional conduct.

Violations of applicable law, relevant codes or in-house rules are not tolerated. Compliance as a measure geared to the adherence to such rules and their observance by the group companies is an essential task in management and supervision at OVB. Compliance is not limited to our employees but also addresses the financial agents who work for us in the different markets.

The OVB Group transacts its business responsibly and in compliance with the laws and official regulations of the countries in which the Company operates.

Compliance principles were implemented at OVB as early as in financial year 2008 and a compliance management system (CMS) based on the pillars "prevent, recognize, respond" was introduced, subject to a continuous internal updating process and constant review in consideration of changing legal requirements. With the regular advancement of the CMS implemented at OVB, an important contribution is made to the systematic expansion of prevention and control measures.

The CMS comprises OVB's principles and measures for assuring compliant conduct of its staff. One central component of conduct in compliance with the rules is a code of conduct, representing the foundation of the compliance provisions throughout the Group and explaining the basic principles our actions are based on. With the help of the CMS, the continuous development of OVB's in-house standards of conduct and the implementation of internal and external requirements, particularly regulatory ones, are managed and controlled. The entire OVB management team has made it their job to bring compliance to life and to be role models in terms of compliance.



A key instrument provided by the CMS for safeguarding compliance throughout the Group is the guideline management system at OVB Holding AG. In addition to the guideline management system, other internal control mechanisms are implemented as part of the CMS particularly in order to meet the legislator's EU-wide regulatory requirements adequately and in good time.

The individual corporate guidelines contain further specific instructions for safeguarding compliance with legal obligations and internal guidelines and creating consistent standards for all Group companies wherever possible.

The essential tasks of OVB's compliance management include the identification and prevention of potential compliance risks in a systematic process, promoting the compliance observing conduct of business partners and developing and implementing communication measures on this subject. Regulatory developments are constantly observed to make sure that potential effects on OVB are identified early on and suitable corresponding measures can be taken.

The Group's Chief Compliance Manager (CCM) reports directly to the Chief Financial Officer. The compliance officers of the operating subsidiaries are assigned to the CCM for support and concern themselves with all compliance relevant transactions at the level of business operations. The compliance team works closely together with the Executive Board, the management teams and other executives, addresses questions of doubt and assists all employees in adhering to external and internal provisions.

Based on regular reports delivered by the Chief Compliance Manager, the Executive Board, the Supervisory Board's Audit Committee and the Supervisory Board in full session are informed about recent developments in this field. The compliance reports also find entry into OVB's risk management reporting. Furthermore, the CCM is available to all employees and third parties in all issues of compliance for discussion and advice.

## Additional information on corporate governance at OVB Holding AG

### Implementation of the German Corporate Governance Code

Executive Board and Supervisory Board of OVB Holding AG concerned themselves thoroughly with conformity with the provisions of the German Corporate Governance Code (GCGC) once again in the year under review.

Following intensive debate, as of 15 March 2019 Executive Board and Supervisory Board released a declaration of conformity pursuant to Section 161 (1) AktG (Stock Corporation Act), reproduced in its entirety on the Company's website at [www.ovb.eu/english/investor-relations/corporate-governance](http://www.ovb.eu/english/investor-relations/corporate-governance), explaining the respective deviations from the recommendations of the Code.

### Insider list / Directors' dealings

In order to guarantee that potential insider information is handled in compliance with the law, OVB Holding AG keeps an insider list in accordance with the Market Abuse Regulation. In addition to that, directors' dealings are recorded and announcements of reportable transactions of this kind are released without delay on the internet at [www.ovb.eu/english/investor-relations/corporate-governance](http://www.ovb.eu/english/investor-relations/corporate-governance).

### Corporate governance of OVB Holding AG on the internet [www.ovb.eu/english/investor-relations/corporate-governance](http://www.ovb.eu/english/investor-relations/corporate-governance)

- Information on the committees
- Statements on corporate governance
- Declarations of conformity
- The Articles of Association of OVB Holding AG
- Directors' dealings