

# CORPORATE GOVERNANCE DECLARATION IN ACCORDANCE WITH SECTION 289A OF THE HGB

## Corporate governance

For Sixt SE, good and responsible corporate management and supervision (corporate governance) is an essential means of ensuring and enhancing capital market confidence in the Company. Responsible management that focuses on long-term value creation is therefore of central importance for the Company. The basic hallmarks of good corporate governance are efficient and trusting collaboration between the Managing Board and the Supervisory Board, respect for shareholders' interests and open corporate communication, both externally and internally.

The recommendations of the Government Commission on the German Corporate Governance Code are an established benchmark for corporate management at German listed companies. Apart from the exceptions listed in the Declaration of Conformity of December 2015, the Managing Board and the Supervisory Board of Sixt SE affirm their commitment to the principles of the German Corporate Governance Code published by the Government Commission on 26 February 2002 and most recently amended on 5 May 2015.

## Declaration of Conformity in accordance with section 161 of the AktG

In accordance with section 161 of the Aktiengesetz (AktG – German Public Companies Act), the managing board and supervisory board of German listed companies are to issue an annual declaration indicating the extent to which they have complied or are complying with the German Corporate Governance Code. They must also explain which recommendations of the Code have not been or are not being applied. The Managing Board and Supervisory Board of Sixt SE have issued and published such a declaration of conformity every year since 2002. Every Declaration of Conformity is made available to the public for a period of five years on the Company's website at <http://ir.sixt.eu> under "Corporate Governance". Referring to the version of the Code valid since May 2015 the most recent Declaration of Conformity by the two company bodies was published in December 2015, and reads as follows:

"The recommendations of the "Government Commission on the German Corporate Governance Code" in the version of 5 May

2015 (hereinafter referred to as "Code") announced by the Federal Ministry of Justice in the official section of the Bundesanzeiger (Federal Gazette) will be and have been complied with, with the following exceptions:

- ∥ In the D&O insurance policy of Sixt SE, no deductible has been agreed for members of the Supervisory Board (section 3.8 (3) of the Code). Sixt SE believes that a deductible would not improve the motivation or sense of responsibility of the members of the Supervisory Board, especially given that the Supervisory Board members could insure any deductibles themselves.
- ∥ In accordance with the resolution adopted by the Annual General Meeting on 3 June 2014, the total remuneration is currently not disclosed and broken down by individual Managing Board members. In view of this resolution, an individual disclosure of benefits, compensations and other benefits for each member of the Managing Board using the model tables provided in the Code is not to be published (section 4.2.5 (3) of the Code).
- ∥ The Supervisory Board decides on a case-by-case basis whether to specify an age limit when appointing Managing Board members (section 5.1.2 (2) sentence 3 of the Code), because the Supervisory Board believes that to specify a general age limit would impose a restriction on selection and would thus not be in the interests of Sixt SE.
- ∥ Since, in accordance with the Articles of Association, the Supervisory Board of Sixt SE consists of three people, no committees are formed (sections 5.3.1 to 5.3.3 of the Code).
- ∥ An age limit for members of the Supervisory Board as well as a regular limit of length of membership in the Supervisory Board are not provided for (section 5.4.1 (2) sentence 1 of the Code). Given that the Supervisory Board consists of three members, of whom merely two members are elected in accordance with the Articles of Association, any limitation on age and/or length of membership would run counter to the interests of the Company.

- ∥ Proposed candidates for the chair of Supervisory Board are not announced to shareholders (section 5.4.3 sentence 3 of the Code), because legal provisions stipulate that the election of the Supervisory Board chairperson is exclusively the responsibility of the Supervisory Board.
- ∥ Sixt SE will disclose all price-sensitive information to analysts and all shareholders (section 6.1 sentence 2 of the Code). Sixt SE believes that disclosure to all shareholders of all non-price-sensitive information given to financial analysts

and similar parties would not further their interest in information.

- ∥ The Consolidated Financial Statements are published within the statutory periods. Interim reports are published within the periods stipulated by stock exchange law. Sixt SE believes that compliance with the publication deadlines specified in section 7.1.2 sentence 4 of the Code does not benefit to any greater extent the information interests of investors, creditors, employees and the public.”

Pullach, December 2015

### For the Supervisory Board of Sixt SE

### For the Managing Board of Sixt SE

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SIGNED PROF. DR. GUNTER THIELEN  
Chairman

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SIGNED ERICH SIXT  
Chairman

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#### Relevant disclosures on corporate governance practices

The practices used for managing Sixt SE and the Sixt Group comply fully with the statutory provisions.

Strategic and operational management of the Group is performed on the basis of planning policies and regular comprehensive reports to the Managing Board. Reporting covers the risk management system, the internal control system as well as internal audits.

The risk management system, the functioning and extent of which is documented in the risk manual, specifies several types of reports to support management with the identification, assessment and control of risks. Among other things, the Managing Board and the Supervisory Board receive a comprehensive risk report each year. In addition, the Managing Board is regularly informed about relevant issues by the Company's functional units. The internal control system consists of control rules, measures and controls to ensure compliance with statutory provisions and corporate guidelines. It specifies regular reports by the Company's Business Units, audit reports and regular working meetings relating to different topics. The internal control system relates to measures such as planned audits and other audits, the results of which are documented in the respective audit and activity reports to the Managing Board.

#### Compliance within the Sixt Group

The success of the Sixt Group is not only driven by its excellent business policy, but also by the harmonisation of business principles with the highest moral and ethical standards, and the trust that customers, suppliers, shareholders and business partners place in us. In order to win and keep this trust it is a precondition that the Managing Board and the employees of the Company in any situation and continuously comply with the high standards of legislation, ethics and social skills. The Code of Conduct of Sixt SE and its affiliated companies, which is mandatory for all employees, contains these behavioural principles for the acting individuals' dealings in relation to third parties and within the Company.

To become aware of potential compliance defaults, Sixt offers its employees different reporting channels via the superior, the compliance officer or the ombudsman. The compliance officer maintains regular contact with the Managing Board and assists as well as advises the Board with respect to preventive measures.

#### Working practices of Managing Board and Supervisory Board

As European Stock Corporation (Societas Europaea) Sixt SE is governed by the German Aktiengesetz (AktG – German Public Companies Act), the specific European SE regulations and the German SE Implementation Act. One key principle of the

Public Companies Act is the dualistic management system (Managing Board and Supervisory Board), which remains essentially unchanged for Sixt SE. Sixt SE takes due account of this principle of separate management and supervisory bodies and has different personnel in the Managing and Supervisory Boards of Sixt SE. The simultaneous membership in both bodies is not permitted. In accordance with article 7 (1) and (2) of the Company's Articles of Association, the Managing Board of Sixt SE consists of one or more members appointed by the Supervisory Board for a maximum period of up to five years. Reappointments are generally possible. At the beginning of the fiscal year 2015 the Managing Board of Sixt SE had three members. Based on the resolution of the Supervisory Board on 2 February 2015 Mr. Alexander Sixt and Mr. Konstantin Sixt were appointed as new members of the Managing Board effective on the same day, simultaneously extending the Managing Board to five members. The members of the Managing Board are responsible for basic strategic orientation, daily operations and the monitoring of risk management at Sixt SE and in the Sixt Group. In addition, the members of the Managing Board perform functions in other Group companies, for example as Supervisory Board members or Managing Directors. Since Sixt SE is the Group's strategic and financial holding company, the daily operations are managed within the Vehicle Rental and Leasing Business Units. The members of Sixt SE's Managing Board are at the same time Managing Directors of Sixt GmbH & Co. Autovermietung KG, the primary operational company of the Vehicle Rental Business Unit. Furthermore, the Chairman of the Managing Board of Sixt SE, Mr. Erich Sixt, is also Chairman of the Supervisory Board of Sixt Leasing AG, the primary operational company of the Leasing Business Unit.

The members of the Managing Board perform the duties assigned to them under clearly defined portfolio responsibilities in accordance with the executive organisation chart and the rules of procedure. The Chairman of the Managing Board is in charge of the overall management and business policy of the Company. In addition, he is responsible for marketing, public relations, international franchising, IT and strategic human resource management. The Chief Operations Officer is responsible for the rental business at rental offices and for the fleet, in particular the purchase and sale of vehicles. Furthermore, he is accountable for the areas such as quality management, repair/damage as well as customer service. The Chief Financial Officer is in control of the overall management of all the Group's finance departments, including finance and accounting, controlling, risk management as well as the legal

and auditing departments. With the appointment of Mr. Alexander Sixt and Mr. Konstantin Sixt as Managing Board members of Sixt SE and as effective on 2 February 2015, the executive organisation chart has been adopted. Since then Mr. Alexander Sixt, as board member for organisation and strategy, has been responsible for the divisions Group strategy, M&A, central procurement, process and product management as well as the new mobility services such as the joint venture DriveNow. In addition, he is responsible for global operating human resources, as well as the management of all global service operations. As board member for sales, Konstantin Sixt signs responsible for national and international sales as well as the global e-commerce business.

Managing Board meetings, at which cross-portfolio issues are discussed, are held as and when necessary.

Neither before nor after the enlargement of the Managing Board to five members any committees have been formed.

In accordance with article 10 (1) of the Articles of Association, the Supervisory Board of Sixt SE has three members. Two members are elected by the Annual General Meeting in accordance with legal provisions and the provisions of the Articles of Association. One further member of the body is appointed by the shareholder Erich Sixt. The Supervisory Board elects a Chairman and a Deputy Chairman from among its members (article 12 (1) of the Articles of Association). As according to the Articles of Association the Supervisory Board of Sixt SE consists only of three people, no committees are formed.

The Supervisory Board's main tasks include the appointment of Managing Board members and supervision of the Managing Board. As a general rule, the Supervisory Board adopts its resolutions at meetings. On instruction of the Supervisory Board Chairman, resolutions by the Supervisory Board may also be adopted outside of meetings (or by way of a combined resolution) by casting votes verbally or by telephone, in writing (section 126b of the BGB – German Civil Code) and/or by using other means of telecommunication or electronic media (article 14 (2) of the Articles of Association). Moreover, a resolution may also be validly adopted by aforementioned means without the instruction of the Chairman of the Supervisory Board if no member objects (article 14 (3) of the Articles of Association). Resolutions of the Supervisory Board require a majority of votes cast, unless otherwise mandatorily required by law (article 14 (7) of the Articles of Association). The Report

of the Supervisory Board contains further details on the meetings and activities of the Supervisory Board during financial year 2015.

The Managing Board and Supervisory Board cooperate closely for the benefit of Sixt Group. The Managing Board informs the Supervisory Board regularly, promptly and comprehensively on all matters that are relevant to the Company and the Group regarding strategic planning, business development, the risk situation and risk management as well as the results of internal audits. To this end, the Managing Board agrees the Company's strategic orientation with the Supervisory Board and discusses the implementation of strategy in regular intervals. Documents required to make decisions, in particular the annual financial statements of Sixt SE, the consolidated financial statements, the management report on the Group's and the Company's situation, including the auditors' reports, are forwarded to the members of the Supervisory Board in good time before the respective meeting.

#### **Employee participation programme (matching stock programme)**

The Managing Board and Supervisory Board of Sixt SE resolved to implement a Matching Stock Programme (MSP) for a selected group of employees, senior executives and members of the Managing Board of the Sixt Group at the Company and its affiliated companies. The programme enables employee participation in the form of shares while avoiding any dilutive effects for existing shareholders of Sixt SE.

Participants in the MSP must have a contract of employment with Sixt SE or one of its subsidiaries which has not been terminated at the time of subscribing for the MSP. To participate in the MSP, each participant must make a personal investment by acquiring interest-bearing bonds of Sixt SE.

The bonds acquired as personal investment carry a coupon of 4.5% p.a. and a maturity until 2020. The total volume invested by all participants is limited to EUR 5.0 million. The Managing Board of Sixt SE defines the maximum participation volume for each of the beneficiaries. Where the Managing Board of Sixt SE itself is concerned it does so with the approval of the Supervisory Board.

Every EUR 1,000 of paid-up subscription amount entitles to subscribe to 500 stock options per annual tranche in accordance with the MSP terms and conditions.

On each 1st of December every year from 2012 (first time) to 2016 (last time) one tranche of stock options will be allocated (a total of five tranches), so that each participant is entitled to subscribe up to a total of 2,500 stock options for every EUR 1,000 of paid-up subscription amount (5 tranches with 500 stock options each).

The allocated stock options can only be exercised after a lock-up period of four years, starting from the allocation of the respective tranche. The stock options can only be exercised if the exercise price since the allocation of the respective tranche is 20% higher than the initial price of said tranche (exercise threshold). The initial price of the stock options corresponds to the average unweighted closing price of Sixt preference shares in Xetra trading on the Frankfurt Stock Exchange during the last 60 trading days before the stock options for the tranche concerned are allocated. The exercise price is the average unweighted closing price of Sixt preference shares in Xetra trading on the Frankfurt Stock Exchange during the last 60 trading days before the stock options of the respective tranche are exercised. Stock options allocated as part of a tranche are deemed to have been exercised on the first trading day following the end of the lock-up period, if the exercise threshold has been reached. If the exercise threshold is not reached, the stock options of this tranche expires without replacement.

The exercise gain for a tranche, calculated if the stock options are exercised, must not exceed 5% of the regular earnings before taxes (EBT) reported in the most recent approved consolidated financial statements of Sixt SE. In addition, the exercise gain (before taxes) of each tranche is limited for every participant to twice his paid-up investment volume. In the case of a higher calculated exercise gain, the amount will be reduced proportionately for all participants. An amount net of the taxes and contributions on the exercise gain payable by the participants is credited to each participant in preference shares of Sixt SE in the form that Sixt SE acquires Sixt preference shares on behalf of and for the account of the participant. These shares are subsequently transferred to a blocked custody account in the participant's favour. The participant is free to draw on the shares after another year. The total term of the MSP, including this lock-up period, is nine years, up until 2021.

If, during the term of the MSP, adjustments are made to the share capital of Sixt SE or restructuring measures are implemented that have a direct impact on the share capital of Sixt SE and this causes the value of the stock options to

change by 10% or more, the initial price shall be adjusted to the extent necessary to compensate for the change in value of the stock options caused by the capital action. If Sixt SE distributes dividends or other assets to shareholders in the period between allocation and exercise of a tranche of stock options, the initial price of this tranche must be adjusted by deducting the amount of dividend or distribution attributable to one share from the initial price, if required, adjusted by the effects from capitalisation measures.

If the bond acquired by the participant as a personal investment is redeemed early or if the participant's contract of employment is terminated, any stock options already allocated but not yet exercised and the entitlements to unallocated stock options are generally lost.

#### **Disclosures relating to the ownership of shares and financial instruments relating to those shares**

In accordance with the German Corporate Governance Code the ownership of company shares and financial instruments relating to those shares held by members of the Managing and the Supervisory Board must be disclosed in the event of such direct or indirect shareholdings exceeding 1% of the shares issued by the company.

Erich Sixt Vermögensverwaltung GmbH, Pullach, all shares of which are indirectly and directly fully owned by the Sixt family, held 60.1% (18,711,822 shares) of the ordinary shares of Sixt SE as at the reporting date of 31 December 2015.

Mr. Erich Sixt held 2 ordinary shares registered in his name.

As at 31 December 2015, further members of the Managing Board held Sixt preference shares, granted under the tranches of the MSP employee equity participation programme that have been exercised. Their total did not exceed 1% of the shares issued by the Company. Under the matching stock programme, members of the Managing Board subscribed for bonds of Sixt SE with a total principal amount of EUR 900,000, which, as at reporting date 31 December 2015, entitles them under the MSP terms and conditions to subscribe for up to 2,100,000 stock options. Of these a total of 1,650,000 stock options had been granted by 31 December 2015 but not yet exercised. In addition to these, entitlements for future allocation of a total of 450,000 stock options exist.

Members of the Supervisory Board held no ordinary shares or preference shares of Sixt SE as at 31 December 2015. No

financial instruments relating to the purchase or sale of Sixt SE shares were issued to members of the Supervisory Board.

#### **Directors' dealings in accordance with section 15a of the WpHG**

In accordance with section 15a of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) directors and executives of Sixt SE as well as individuals closely related to or connected with them, have to disclose their own transactions with Sixt shares or related financial instruments to Sixt SE as well as the Bundesanstalt für Finanzdienstleistungsaufsicht (Federal Financial Supervisory Authority). The disclosure obligation does not apply as long as the aggregated total of the transactions conducted by each executive and their closely related or connected parties is less than EUR 5,000 by the end of the calendar year.

Sixt SE has received no disclosures in accordance with section 15a of the WpHG for the financial year 2015 regarding the acquisition or sale of the Company's shares or related financial instruments.

#### **Target figures in accordance with the Law on Equal Participation of Women and Men in Leadership Positions**

In accordance with the provisions of the Law on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector, the Supervisory Board of Sixt SE in the year under review defined target figures for the share of female members in the Supervisory and Managing Boards of Sixt SE, and the Managing Board of Sixt SE defined target figures for the share of women in the first and second executive level below the Managing Board. In view of this first-time definition, the period for implementation until which the respective share of women must be attained must not be later than 30 June 2017, pursuant to statutory provisions.

As all the members of the Supervisory Board and the Managing Board have been elected and/or appointed for terms extending beyond 30 June 2017, and given that the Company does not currently plan to extend the Supervisory Board or the Managing Board or to effect any personnel changes, the Supervisory Board has determined that the share of women serving in the Supervisory Board and the Managing Board shall be 0% and also resolved that this shall be implemented by 30 June 2017.

During the period under review the Managing Board in turn defined the target figures for the share of women in the first

executive level below the Managing Board to be 15% and in the second executive level below the Managing Board to be 30%. These target figures are also to be attained by 30 June 2017. This takes due account of the German consolidated companies of Sixt SE, except Sixt Leasing AG and its German subsidiaries.

#### **Disclosures relating to the auditor**

The Annual General Meeting on 24 June 2015 adopted the proposal of the Supervisory Board to appoint Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Munich as auditor for

fiscal year 2015 for Sixt SE and the Sixt Group. Auditing companies from the Deloitte & Touche network are auditing the majority of companies subject to annual statutory audit and included in the consolidated financial statements. Deloitte und Touche GmbH Wirtschaftsprüfungsgesellschaft has been auditor of Sixt SE, and what was previously Sixt Aktiengesellschaft, since the annual financial statements for 2005. Since the annual financial statements for 2012 the auditor Christof Stadter has been the auditor responsible for conducting the audit.