

Public Corporate Governance Codex



Messe Düsseldorf GmbH (Messe Düsseldorf) is a company owned by the shareholders Landeshauptstadt Düsseldorf (LHD), Beteiligungsverwaltungsgesellschaft mbH des Landes NRW (Land NRW), Industrieterrains Reisholz AG, Industrie- und Handelskammer zu Düsseldorf (IHK Düsseldorf) and Handwerkskammer Düsseldorf (HK Düsseldorf).

The two main shareholders of Messe Düsseldorf, LHD and the state of NRW, have developed their own principles of good corporate governance, the “Public Corporate Governance Codex” (PCGC), which are based on the German Corporate Governance Codex for listed companies (Section 161 of the German Stock Corporation Act (AktG)) and on the recommendations of the German Public Corporate Governance Model Codex (D-PCGM).

The shareholders' meeting of Messe Düsseldorf resolved on May 24, 2024 that the Public Corporate Governance Codex for the holdings of the state capital Düsseldorf must be observed in its current version.

The PCGC serves to inform customers, suppliers, lenders or other business partners and employees about the principles of good corporate governance that are applied at Messe Düsseldorf.

Messe Düsseldorf is a company with a legal form under private law. The PCGC is understood as a benchmark for good and responsible corporate management and control. All relevant provisions of the PCGC are observed by Messe Düsseldorf.

The Codex is regularly reviewed by the shareholders with regard to new developments and adapted if necessary.



Landeshauptstadt
Düsseldorf

**Public Corporate Governance Codex
for the participatory interests of the Federal State Capital Düsseldorf**

– Standards for improving efficiency, transparency and control at associate companies of the Federal State Capital Düsseldorf

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1. Preamble

The Federal State Capital Düsseldorf (FSCD) engages its associate companies to provide municipal services to ensure optimal fulfilment of public tasks.

Public interests and the economic success of the undertaking in question must be accounted for when directing, managing and monitoring associate companies.

The corresponding underlying standards are laid down in these guidelines under the title "Public Corporate Governance Codex for the participatory interests of the Federal State Capital Düsseldorf" (Codex of Düsseldorf).

This Public Corporate Governance Codex is based on the German Corporate Governance Code for Listed Companies (Section 161 of the German Stock Corporation Act [Aktiengesetz – AktG]) in addition to the recommendations of the German Public Corporate Governance Model (D-PCGM).

The Codex of Düsseldorf is designed to

- provide and define standards in terms of a uniform set of guiding principles for collaboration between all stakeholders (city council, city administration and associate companies)
- ensure responsible corporate management at the associate companies and supervision oriented towards public interests and the economic success of the undertaking
- improve corporate transparency and promote trust in decisions made by the city administration and policies through higher transparency and verifiability
- place a stronger focus on topics relevant to society, in particular sustainability, equality and diversity, which likewise need to be sufficiently considered at the associate companies.

2. Area of application

The Codex of Düsseldorf is valid for the FSCD, its associate municipal companies under private law in which the city holds a direct or indirect majority stake and for companies under public law subject to supervision by the FSCD.

The Codex of Düsseldorf is primarily geared towards the shareholders, members of the supervisory boards and management boards of the associate companies.

The FSCD city council enacts the Codex of Düsseldorf with all the standards it contains for the associate companies in which the FSCD holds a direct or indirect majority stake. In the scenarios, representatives from the FSCD hold positions on the company's boards to ensure the Codex of Düsseldorf is upheld.

Companies in which the FSCD holds 50% of the shares or less are advised to comply with the Codex of Düsseldorf. In the scenarios, representatives from the FSCD hold positions on the company's boards to promote compliance with the Codex of Düsseldorf.

As the majority of associate municipal companies operate with the legal form of a limited liability company (GmbH) with a voluntary supervisory board, the Codex of Düsseldorf is written on the basis of this legal form. Nevertheless, the standards contained herein apply accordingly to participations in companies that operate under a different legal form where applicable with the pertinent legal provisions. The tasks typically performed by a supervisory board or comparable board are handled by shareholders for associate companies without a supervisory board. Accordingly, any regulations that pertain solely to a supervisory board do not need to be adhered to by these companies.

3. Incorporating a declaration of compliance as a fixed component of the Corporate Governance Statement in Shareholders' Agreement

The FSCD is obliged to work towards ensuring that the municipal members of the Supervisory Board incorporate the declaration of conformity as part of the corporate governance statement in the Shareholders' Agreement or by resolution at the shareholder's meeting.

3.1 Corporate governance statement in accordance with Section 289f of the German Commercial Code [Handelsgesetzbuch – HGB]

Each year, the Supervisory Board and Management Board issue a corporate governance statement in accordance with Section 289f to report on corporate governance at their company. The corporate governance statement is included in the management report in a dedication section. If the company does not publish a management report, the declaration may instead be enclosed to the annual financial reports as an annex to the notes. Corporate governance statements must be published on the company website to ensure they are publicly accessible at all times.

Corporate governance statements comprise the following elements:

- Declaration of conformity
- Description on how the Management Board and Supervisory Board work as well as their composition in addition to the way in which their committees work
- The duration of time for which each member of the Supervisory Board has been a member
- Information on whether the target quota of women at management levels below the Management Board has been achieved in accordance with regulation 6.2.11; if this quota has not been achieved, objective grounds must be provided
- Information on whether the company has defined target quotas for the number of female and male positions on the Supervisory Board and adhered to these quotas during the period under review; if these quotas have not been achieved, objective grounds must be provided.

3.2 Declaration of compliance

In the case of material deviations from the recommendations of the Codex of Düsseldorf in light of industry or company-specific requirements, the associate companies must disclose and justify the corresponding circumstance on an annual basis in a Corporate Governance Report (declaration of compliance).

Recommendations of the Codex of Düsseldorf can be identified in this text by the use of 'should'.

Furthermore, the Codex of Düsseldorf also contains proposals that can be deviated from without any disclosure requirements; the verbs 'should' or 'may' are used to

indicate these recommendations.

All associate companies are required to submit a declaration of compliance on an annual basis.

4. Shareholders

4.1 Principles

- 4.1.1 The shareholder's meeting is the sovereign decision-making body for the company. At the shareholder's meeting, the regional administrative body exercises its rights as a shareholder along with its voting rights. In the case of several shareholders, the shareholders exercise their rights as shareholders as a whole by passing resolutions at the shareholder's meeting.
- 4.1.2 Certain rights and duties are assigned to shareholders by law (making amendments to the Shareholders' Agreement, demanding additional contributions, liquidating the company) or must be reserved for shareholders in the Shareholders' Agreement for a municipal GmbH. The above rights and duties include, in particular, appointing executives or managing directors and determining their remuneration, preparing the annual financial statements and ruling on the appropriation of profits, concluding and amending company agreements in accordance with Section 291 and 292(1) AktG, assuming new tasks of material importance in relation to the purpose of the company, establishing, acquiring and selling companies and shareholdings.
- 4.1.3 Other fundamental rights and powers granted to shareholders include the authority to issue directives to and monitor the Management Board. In the case of direct participations, municipal influence is to be used to ensure that any material resolutions made by a subsidiary must be approved by the shareholder's resolution of the parent company.
- 4.1.4 The shareholders define the purpose of the company as the primary and therefore fundamental strategic focus in light of the company's public mission. Accordingly, the purpose of the company is set out in the Shareholders' Agreement when the company is founded and may only be amended with approval from the city council.
- 4.1.5 The shareholder's meeting is held at least once each year for the approval of the annual financial statements. It is convened by the Management Board in an announcement that includes the agenda.

4.2 The Federal State Capital Düsseldorf as a shareholder

- 4.2.1 The FSCD is a shareholder in the associate companies and its main decision-making body is the city council. However, the city council as a whole is unable to act as a shareholder at the shareholder's meeting and is instead represented by individuals appointed by the council.
- 4.2.2 The FSCD only acquires a new stake in a company if the company in question has set out its commitment to the Codex of Düsseldorf in its Shareholders' Agreement. The above clause only applies to a stake that exceeds 50% of the shares. If the FSCD holds a stake of 50% or less, it should work towards achieving a commitment to the Codex of Düsseldorf. The same applies to indirect FSCD shareholdings if the company in which the FSCD plans to acquire a new stake has already committed itself to the Codex of Düsseldorf.
- 4.2.3 When a company is founded in a legal form under private law, the FSCD is responsible for ensuring that the application of the law governing the equal treatment of men and women for the state of North Rhine-Westphalia (Federal State Act on Equal Treatment [Landesgleichstellungsgesetz – LGG]), as amended, is incorporated in the company's Shareholders' Agreement. The aim of ensuring gender parity at the Supervisory Board, management and executive levels must likewise be set out in the Shareholders' Agreement. The above clause only applies to a stake that exceeds 50% of the shares. If the FSCD holds a stake of 50% or less, it should work towards achieving a commitment to the LGG. If the FSCD holds the majority stake in a company in a legal form under private law alone or jointly with other regional administrative bodies, the application of the LGG must be incorporated in the associate company's Shareholders' Agreement. If the FSCD holds a stake of less than 50%, it should work towards achieving a commitment to the LGG.

4.3 Duties incumbent on shareholders

- 4.3.1 Shareholders must define the fundamental strategic targets for the company on the basis of the company purpose in coordination with the respective management teams, i.e. as part of business planning. In relation hereto, the targets and expectations set as part of the company's public mission and the financial targets must be clearly, quantifiably defined. Strategy implementation progress must be discussed between the shareholders and Management Board at regular intervals.

4.4 Measures to increase transparency

4.4.1 FSCD representatives who are members of the Supervisory Board are not permitted to participate in shareholder's meeting resolutions on discharging the Supervisory Board.

4.4.2 The FSCD participations report is published online.

5. Supervisory board

5.1 Fundamental aspects

5.1.1 In principle, at all limited liability companies that typically hire no more than 500 employees and are therefore not subject to the Codetermination Act [Mitbestimmungsgesetz], shareholders are free to form a (voluntary) Supervisory Board through provisions in the Shareholders' Agreement. Members of the Supervisory Board and their personal representatives, where applicable, are delegated by the FSCD council or appointed by a vote at the shareholder's meeting. The Supervisory Board is an important advisory, supervisory and control body. Members of the Supervisory Board are held personally responsible for the performance of their duties.

5.1.2 The Shareholders' Agreement must require approval of the Supervisory Board for transactions and legal acts of material significance. This includes, for instance, decisions or actions that may fundamentally change the company's assets, liabilities, financial position and profit or loss. A list of transactions subject to approval may state further management actions that may be made subject to prior approval by the Supervisory Board in the Shareholders' Agreement. Limits to the values of transactions covered by the list of responsibilities and other questions pertaining to responsibility must be set out in the rules of procedure for the Supervisory Board unless already defined in the Shareholders' Agreement.

5.2 Tasks

5.2.1 The Supervisory Board generally monitors and advises the Management Board on the management of the company. It must be involved in decisions of material significance to the company.

5.2.2 In principle, monitoring conducted by the Supervisory Board aims to ensure the legality, compliance, expediency, sustainability and economic viability of the Management Board. This includes, in particular, determining whether the company is operating within the confines of its responsibilities as set out in the Shareholders' Agreement and has complied with the pertinent provisions, and whether transactions are carried out with the due diligence of a prudent and conscientious member of the Management Board.

The requirements set out in Section 53 of the Act on the Principles of Federation and Länder Budgetary Law [Haushaltsgrundsätzegegesetz – HGrG] and the list of questions promulgated by the German Institute of Auditors [Institut der Wirtschaftsprüfer – IdW] pertaining the audit standard 720 (IDW PS 720).

The Supervisory Board must also monitor whether environmental and social sustainability are accounted for in the corporate strategy and its implementation, whether strategic and operational plans incorporate financial and sustainability targets, and whether the risk management and internal auditing/control system also adequately looks at sustainability issues.

The primary focus of advice given to the Management Board by the Supervisory Board is future projects and planning of the Management Board. To this end, the Supervisory Board is tasked with acquiring information on the envisaged corporate policy and other fundamental issues pertaining to corporate planning as well as receiving reports from the Management Board.

5.2.3 As part of its supervisory role, the Supervisory Board is responsible for ensuring that targets pursued by the company do not counteract the strategic objectives established by the municipality.

5.2.4 The Supervisory Board adopts its own rules of procedure.

5.2.5 Members of the Supervisory Board must have adequate business experience and the expertise required to exercise the office and to assess and monitor the company's business activities. The RSCD must grant individuals appointed to the board in accordance with Section 113 (6)(1) of the NRW Municipal Code [Gemeindeordnung für das Land Nordrhein-Westfalen – GO NRW] the opportunity to regularly participate in training events that help the members perform their duties. Members of the Supervisory Board must complete training on a regular basis to perform their assigned duties.

- 5.2.6 Each member of the Supervisory Board is responsible for ensuring that they have adequate time to perform their duties. No more than five Supervisory Board positions are to be held in municipal companies. The above clause does not apply to main administrative officials or election officials and deputies.
- 5.2.7 The Supervisory Board must review the transaction value limits for the types of transactions and legal acts subject to approval in terms of their expediency and feasibility; if necessary, the Supervisory Board should work towards adjusting the limits.
- 5.2.8 The Supervisory Board must regularly review the effectiveness of its work. It must assess how effectively the Supervisory Board as a whole and its committees are fulfilling their duties on a regular basis and the implications of this on future measures. The Supervisory Board must report on whether and how a self-assessment has been conducted in the Corporate Governance Statement.
- 5.2.9 Representatives from the municipality that hold positions on Supervisory Boards must carefully review the implementation of targets set out in the Shareholders' Agreement and scrutinise the performance of business activities.
- 5.2.10 They must actively encourage the implementation of the Codex of Düsseldorf at associate municipal companies and work in its committees to ensure the above points are implemented.
- 5.2.11 In its report to the shareholders, the Supervisory Board must report of the cooperation between the Supervisory Board and the auditing firm, the compliance audit, the findings from the audit of the Annual Financial Statement and the activities of the Supervisory Board in the course of preparing the Annual Financial Statements.

5.3 Responsibilities and powers held by the Chairperson of the Supervisory Board

- 5.3.1 The Chairperson of the Supervisory Board is responsible for coordinating the work of the Supervisory Board, chairing its meetings and advocating its interests outside the company.
- 5.3.2 The Chairperson of the Supervisory Board must maintain regular contact with the Management Board, in particular with the Chairperson or the Spokesperson of the Management Board, and discuss the company's strategy, business development, risk situation, risk management and compliance with them.
- 5.3.3 The Management Board must inform the Chairperson of the Supervisory Board immediately in the case of any important events that are of material significance for assessing the company's situation and development and for managing the company. The Chairperson of the Supervisory Board then informs the Supervisory Board of the situation at hand and, where necessary, convenes an extraordinary meeting of the Supervisory Board.
- 5.3.4 If an audit committee has not been established, the Supervisory Board or the Chairperson are responsible for appointing the auditor for the audit of the financial statements and determining the remuneration. To this end, the option to set the audit focus for the audit of the Annual Financial Statements must be exercised; recommendations from Investment Management should be taken into account.
- 5.3.5 The Chairperson of the Supervisory Board must ensure that all members of the Supervisory Board adhere to the confidentiality regulations in accordance with Sections 394 and 395 AktG in conjunction with Section 52 of the German Limited Liability Companies Act [Gesetz betreffend die Gesellschaften mit beschränkter Haftung – GmbH-Gesetz].
- 5.3.6 If the Shareholders' Meeting is not responsible for concluding, amending and terminating employment contracts, and these tasks are instead assigned to the Supervisory Board by law or according to the Shareholders' Agreement, the Chairperson of the Supervisory Board is responsible for the preparation, conclusion and compliance with the employment contracts concluded with members of the Management Board. If necessary, Investment Management may assist the Chairperson of the Supervisory Board with the selection and appointment process up to the subsequent drafting and enactment of a

contract.

In the cases governed by law, the main content of contracts is determined in plenary meetings of the Supervisory Board (particularly the remuneration structures, incl. pension arrangements. In other cases, the Supervisory Board may authorise the Chairperson of the Supervisory Board to negotiate and determine the remuneration structure with the members of the Management Board.

5.4 Establishing committees

Depending on the specific circumstances of the company and its amount of members, the Supervisory Board may form professionally qualified committees to improve the efficiency of the Supervisory Board's work and to handle complex issues. The chairperson of each committee must report to the Supervisory Board on the work conducted by the committee in question on a regular basis.

5.5 Composition of the Supervisory Board

- 5.5.1 In the course of appointing members, the RSCD council or the parties must ensure that the representatives of the municipality appointed to the Supervisory Board possess the business experience and expertise required to perform their representative role and to assess and monitor the business conducted by the company or institution. The composition of the Supervisory Board must comply with the Act on Equal Participation of Women and Men in Leadership Positions in the Private and the Public Sector [FüPoG], as amended. Shareholders must set targets for the quota of women on the Supervisory Board for the members they appoint in accordance with Section 111 AktG. In line with Section 96 AktG, the Supervisory Board must comprise at least 30% female and at least 30% male members. In addition, steps should be taken to achieve gender parity.
- 5.5.2 Impartial advice and monitoring of the Management Board by the Supervisory Board must be ensured by not permitting any former members of the Management Board to become members of the Supervisory Board.
- 5.5.3 As part of the annual declaration of compliance, the Supervisory Board member must disclose whether they perform advisory tasks or board functions for any of the company's major competitors.

5.6 Meetings

- 5.6.1 The Supervisory Board must meet at least once every half year. An annual meeting schedule must be established.
- 5.6.2 The Supervisory Board must disclose the number of meetings of the Supervisory Board and its committees attended by the individual members to shareholders on an annual basis. Participation also includes participation in video or telephone conferences.
- 5.6.3 Meetings are convened by the Chairperson of the Supervisory Board in writing (including text form in accordance with Section 126b BGB, i.e. email or fax) with fourteen calendar days' notice, stating the time and location as well as the items on the agenda with the resolution and information documents enclosed.
- 5.6.4 Minutes must be taken of meetings of the Supervisory Board and its committees, which must then be signed by the Chairperson of the Supervisory Board and the minute-taker. The presentations shown at the meeting must be enclosed to the minutes. Each member of the Supervisory Board and each committee member as well as, where legally possible, Investment Management must receive copies of the minutes within four weeks of the meeting. The minutes must also be submitted to the Supervisory Board for approval at its next meeting.

5.7 Remuneration

- 5.7.1 The remuneration of the Supervisory Board members should take into account the responsibility and scope of the work performed by the members of the Supervisory Board as well as the economic situation of the company. It is to be determined by a resolution of the Shareholders' Meeting and subject to regular review.
- 5.7.2 The total remuneration of the Supervisory Board and the remuneration rates for members of the Supervisory Board are disclosed individually in the Notes to the Annual Financial Statements in accordance with Section 108 (1)(9) GO NRW.

5.8 Directors & Officers Insurance The Shareholders' Meeting must review and decide whether directors and officers insurance or other insurance needs to be taken out for the Supervisory Board to cover claims.

If D&O insurance is taken out for the Supervisory Board, a deductible of at least 10 percent of the claim limited to a maximum of 25 percent of the member's annual remuneration, must be agreed upon. If a member of the Supervisory Board receives no or low remuneration for their work on the board, a lower deductible may be agreed or waived.

5.9 Conflicts of interest

5.9.1 Each member of the Supervisory Board is obliged to work in the general interests of the company. At the same time, the municipal representatives on the Supervisory Board committees are required to take the special interests of the RSCD into account, particularly in resolutions of the municipal committees and the RSCD council.

5.9.2 Any individuals who have a personal or business relationship with the company, its executive bodies, a controlling shareholder or an affiliated company that could give rise to a significant and lasting conflict of interest may not be appointed to the Supervisory Board. If a corresponding relationship exists and the individual in question is still appointed as a member of the Supervisory Board, the grounds behind this decision must be explained in the annual declaration of compliance. If the employer of employees of the regional administrative body is a shareholder, this does not constitute a conflict of interest in line with this regulation.

5.9.3 When making decisions, no member of the Supervisory Board may pursue personal interests or use business opportunities, to which the company is entitled, on their own behalf.

- 5.9.4 Each member of the Supervisory Board must disclose any conflicts of interest to the Supervisory Board without undue delay, in particular conflicts that may arise in relation to holding a consultancy or board position with customers, suppliers, lenders or other business partners of the company. Each member of the Supervisory Board must disclose any conflicts of interest as part of the annual declaration of compliance. In its report to the Shareholders' Meeting, the Supervisory Board must disclose any conflicts of interest that have arisen and how they were handled. Significant conflicts of interest that are not merely temporary in nature affecting the personal interests of a member of the Supervisory Board must lead to the termination of their appointment.
- 5.9.5 Business dealings between the company and the members of the Supervisory Board, as well as persons and companies personally affiliated with them must be avoided. If these transactions occur nevertheless, they must comply with industry standards and only be concluded with the approval of the entire Supervisory Board. Employment and service contracts must not be concluded with active members of the Supervisory Board. The same applies to employment and service contracts with former members of the Supervisory Board concluded within three years of the end of their appointment.
- 5.9.6 Loans are not to be granted by the company to members of the Supervisory Board or their relatives. If they are granted nevertheless, they must be subject to industry standard conditions and only be concluded with the approval of the entire Supervisory Board.
- 5.9.7 Members of the Supervisory Board must not request or accept gifts or other advantages from third parties, either for themselves or for others, in connection with their work, and must not grant third parties unjustifiable advantages.

5.10 Duty of confidentiality

- 5.10.1 Municipal members of the Supervisory Board may only pass on information in compliance with the duty of confidentiality as stipulated in Sections 394 - 395 AktG. If disclosure to third parties (employees and consultants in particular) is permitted in exceptional cases, the members of the Supervisory Board must ensure that the third parties they consult for assistance uphold the duty of confidentiality as the member does.

5.10.2 Members of Supervisory Board members who have been elected or appointed to the Supervisory Board at the request of a regional administrative body are not subject to a duty of confidentiality with regard to reports they are required to submit to the regional administrative body. The above clause does not apply to confidential information and secrets of the company, namely trade or business secrets, if knowledge thereof is not relevant for the purposes of the reports.

5.10.3 Members of the Supervisory Board must exercise their office personally and not appoint others to perform their tasks. If permitted under the Shareholders' Agreement, members who are not present at a meeting may vote on the passing of resolutions by the Supervisory Board with a written vote.

6. Management Board

6.1 Fundamental aspects

6.1.1 The Management Board is responsible for running the company. The Management Board is tasked with managing the business and its shareholdings in accordance with the law, the Shareholders' Agreement and the shareholding guidelines of the local authorities. The Codex of Düsseldorf must be upheld with regard hereto. When making decisions, the Management Board also orients itself towards overall communal objectives, thus fulfilling its public responsibility.

6.1.2 The Management Board may consist of one or more persons and include a chairperson or spokesperson. In the absence of any deviating terms under commercial law, the Management Board is appointed and dismissed by the Shareholders' Meeting (Section 108 (5)(1)(d) GO NRW). The Act on Equal Participation of Women and Men in Leadership Positions in the Private and the Public Sector [FüPoG], as amended, must be adhered to. In the case of several individuals, the allocation of business and collaboration within the Management Board, in particular representation, must be governed by Rules of Procedure. The Rules of Procedure must be approved by the Supervisory Board or the Shareholders' Meeting.

- 6.1.3 The Management Board is responsible for managing the company's business and exercising the diligence of prudent businessmen in company matters. The Management Board represents the company either alone, jointly or together with an authorised signatory in and out of court. The Management Board must ensure that the four-eyes principle is applied when making all decisions within the company that are not of only immaterial importance.
- 6.1.4 The Management Board must concentrate on the complete implementation of the object of the company and on its public mandate. The Management Board sets clear and quantifiable targets for achieving the company's purpose across all hierarchical levels and divisions. With regard hereto, the Management Board must ensure that the UN Sustainable Development Goals (SDGs), as well as the RSCD's municipal sustainability strategy are adequately taken into consideration in the company's business activities. The Management Board must report on this to the Supervisory Board every two years.

6.2 Duties and responsibilities

- 6.2.1 The Management Board must fulfil its obligations with respect to the shareholders and the Supervisory Board to develop new strategic targets in an active manner, e.g. within the scope of the business planning.
- 6.2.2 The Management Board must ensure appropriate risk management and risk control, including an effective internal auditing/control system within the company. The risk management and internal audit/control system must focus on financial and sustainability issues. The management report must outline the main aspects of the risk management and internal audit/control system.
- 6.2.3 The Management Board must report to the Supervisory Board on the effectiveness of the risk management system on a regular basis, at the latest after the end of each financial year in relation to the Annual Financial Statements.
- 6.2.4 Internal Audit must be considered an independent body.

- 6.2.5 The Management Board must implement a reporting system. It informs the Supervisory Board and the shareholding management regularly, promptly and extensively in accordance with the Shareholders' Agreement on all matters of relevance to the company concerning planning, business developments, the risk position and risk management). It reports on deviations between the development of business and the agreed plans and targets, stating reasons.
- 6.2.6 The Management Board prepares the Annual Financial Statements and the Management Report in accordance with the regulations of the Third Book of the Commercial Code HGB for large incorporated firms and subject to compliance with the regulations of the Budgetary Principles Act HGrG. The content of the Management Report and of the Notes must be based on that applicable to listed companies. The provisions of Section 289, 289b et seq. HGB must be observed in this regard.
- 6.2.7 The Management Board must uphold the requirements of European (EU) laws on state aid. If the associated company is entrusted with public service tasks in accordance with EU state aid law, it must provide evidence that its public service obligation has been fulfilled in the Annual Financial Statements each year during the entrustment period. To this end, the Management Board must disclose the amount of compensation received and used by the associate company to fulfil the public service obligation in its management report. If the associate company also comprises economic aspects, the management report must also state that a separate calculation was carried out in line with EU state aid rules and the results presented. The Management Board is also responsible for ensuring that the auditor or auditing firm also audits and verifies that there are no concerns under state aid rules (no overcompensation or permissible compensation in the event of overcompensation and that the necessary separate calculation has been carried out in accordance with European law).

These audits and clarifications must be carried out during the entrustment period in each Annual Financial Statement and at the end of the entrustment period.

- 6.2.8 The Management Board must coordinate the Annual Financial Statements with the Investment Management in good time before they are discussed by the Supervisory Board to ensure that any peculiarities, accounting issues, in particular the exercise of options, and any impact on the municipal budget can be discussed in advance and the necessary measures implemented in good time. In addition, representatives of the management from the associate company participate in the final discussions on the findings from the audit of the annual financial statements between the Management Board/Management and the auditor.
- 6.2.9 The Management Board must actively help Investment Management prepare the investment report and the Consolidated Financial Statements by providing the necessary data as early as possible.
- 6.2.10 The Management Board must ensure that the company's other expenses, in particular for consulting, representation measures and sponsoring, professional excursions, small presents as well as for events, are justifiable in terms of cost effectiveness, frugality, environmental and social aspects. In cases where associate companies are sponsor recipients, the UN SDGs and the municipal sustainability strategy as well as other relevant RSCD municipal guidelines must be observed in terms of sustainable sponsorship. Compliance with the targets set therein must be continuously monitored by the Management Board.
- 6.2.11 The Management Board must ensure compliance with the Act on Equal Participation of Women and Men in Leadership Positions in the Private and the Public Sector and set targets for the quota of women in the two management levels below the Management Board to an extent that exceeds the current status quo. Gender parity must be based on the quota of men and women in the workforce. In filling management positions at the company, the Management Board must strive to achieve a balanced quota of men and women in addition to diversity. In relation hereto, the Management Board is responsible for ensuring compliance with the provisions of Section 289a HGB.

6.2.12 The Management Board must work with managers and employees to produce a corporate mission statement, which must cover the issues of integrity and compliance. In addition, the Management Board must work with managers to ensure the creation of a corporate culture that promotes equality, tolerance and zero discrimination, with equal development opportunities regardless of ethnic origin, gender, religion, beliefs, disability, age or sexual identity.

6.3 Selection procedure/remuneration

6.3.1 If the Shareholders' Meeting is responsible for concluding, amending and terminating employment contracts, Investment Management must hold the main responsibility for drawing up the contracts, with the help of legal advice where necessary. One of the main aspects of the employment contract is the adequate remuneration of the executive, whereby general industry-related studies and individual, specific benchmarks for the company and the individual in question should be used as a basis. An external party (recruitment firm/audit company or similar) must be appointed to verify that the negotiated salary is in line with market standards and is responsible for documenting the procedure.

6.3.2 Any performance-based pay components in the management remuneration must be appropriate in consideration of any other compensation paid by the Group. The criteria for determining appropriateness of the remuneration include, in particular, the responsibilities of the member of the Management Board, their personal performance and the performance of the Management Board as a whole, as well as the economic situation, the achievement of sustainability targets, the long-term success and the future prospects of the company, taking into account similar companies in the municipality. Remuneration in the comparative environment/group must be documented. The assessment must also consider the composition of the remuneration, including pension contributions and other pension supplements. The terms of the participation directive regarding the conclusion of employment contracts and annual target agreements must be observed. The specific treatment of management remuneration must be reviewed and confirmed in writing by the auditor or auditing firm.

- 6.3.3 Members of the Management Board may only engage in secondary employment, in particular supervisory board positions outside the company, subject to prior approval from the Supervisory Board.
- 6.3.4 Remuneration/salaries of the members of the Management Board, including any pension commitments, is disclosed individually in the Notes to the Annual Financial Statements, broken down into fixed remuneration, performance-based components and benefits in kind in accordance with Section 108 (1)(9) GO NRW.
- 6.3.5 When concluding employment contracts, care must be taken to ensure that payments to a member of the Management Board following the premature termination of their position as a member of the Management Board without good cause do not exceed the value of two years' remuneration, including fringe benefits, and do not cover any period longer than the remaining term of the employment contract. The calculation must be based on the total remuneration for the past financial year and, if applicable, the total remuneration for the current financial year. If the employment contract is terminated for good cause due to culpability on the part of the member of the Management Board, no payments are to be made to the member of the Management Board, including pension benefits where applicable.

6.4 Conflicts of interest

- 6.4.1 Members of the Management Board are obliged to safeguard the interests of the company. In their decisions, they may neither pursue personal interests nor take advantage of business opportunities to which the company is entitled. Members of the Management Board are subject to a comprehensive non-competition clause while employed by the company, which must be clearly regulated in the company's Shareholders' Agreement.

Members of the Management Board are not permitted to become chairpersons of a supervisory board outside the Group and may only engage in secondary employment, in particular supervisory board positions outside the Group subject to the approval of the entire Supervisory Board. The above approval requirement does not apply to voluntary secondary employment, work that is not related to the professional activities of the Management Board and work that may not potentially come into conflict with the company's interests. The Supervisory Board must be provided with information on secondary employment once every two years.

6.4.2 Members of the Management Board as well as employees must not request or accept gifts or other advantages from third parties, either for themselves or for others, in connection with their work, and must not grant third parties unjustifiable advantages.

6.4.3 Each member of the Management Board must disclose conflicts of interests, in particular the existence of reasons for partiality as per Section 31 paragraph 1 and 2 GO NRW, to the Chairperson of the Supervisory Board and the Spokesperson of the Management Board and inform the other Members of the Management Board accordingly. Due to potential changes, each member of the Management Board must submit a declaration at least once a year to disclose any conflicts of interest.

All business dealings between the company and the members of the Management Board, as well as persons and companies personally affiliated with them must be avoided. If these transactions occur nevertheless, they must comply with industry standards and only be concluded with the approval of the entire Management Board.

6.5 Directors & Officers Insurance

If the company opts to take out directors and officers insurance or other insurance for the Management Board to cover claims, this may only take place with the approval of the Shareholders' Meeting. If D&O insurance is taken out for the Management Board, a deductible of at least 10 percent of the claim limited to a maximum of one and a half times the fixed annual remuneration components for the member of the Management Board in question must be agreed. The insurance policy must include a proviso that in the event of a claim, any compensation paid for the loss incurred by the company must be paid to the company directly.

6.6 Duration of appointment and employment

Members of the Management Board are generally appointed to five-year terms, however the term of office is three years for first-time appointments. The term of office may be extended or a member reappointed for a maximum of five years as a general rule, subject to a new resolution by the responsible body, which may be passed at the earliest one year prior to the end of the previous term of office. Any decisions on extending the term of office must be made no later than three months prior to the end of the term of office.

6.7 Interaction between the Management Board and the Supervisory Board

- 6.7.1 The Management Board and the Supervisory Board work together closely and trustingly for the benefit of the company and the overall interests of the RSCD, subject to fulfilment of the public purpose and ensuring the economic success of the company.
- 6.7.2 The provision of sufficient information to the Supervisory Board is a task of the Management Board. However, the Supervisory Board must ensure that it is sufficiently informed and strive to achieve timely and due reporting.
- 6.7.3 The Management Board implements a reporting system and informs the Supervisory Board regularly, promptly and extensively on all matters of relevance to the company concerning planning, business developments, the risk position and risk management as well as compliance. It reports on deviations between the development of the business and the agreed plans and targets, stating reasons (in the quarterly report or more often, as required). Reporting must also cover non-financial performance indicators relating to the company's public mandate.
- 6.7.4 All information required by Investment Management for the city's quarterly reporting must be made available on an online portal by the 20th calendar day after the end of the respective quarter. The reporting system must aim to provide all information required to fulfil the tasks of the council and administration. The content and frequency of the reporting obligations must also be determined on the basis of Section 90 AktG. Investment Management defines the information required in more detail.
- 6.7.5 In addition, the Supervisory Board must be informed without undue delay if unavoidable, significant additional expenses or reduced income are to be expected, which may consequently pose a threat to the company's earnings. The Supervisory Board must define the nature and scope of the information and reporting obligations to which the Management Board is subject in more detail. Reports from the Management Board to the Supervisory Board generally need to be submitted in writing. Documents relevant to decision-making must be sent to the member of the Supervisory Board in good time prior to a meeting.
- 6.7.6 Good corporate governance presupposes an open dialogue between Management and Supervisory Board. The comprehensive maintaining of confidentiality is of decisive importance in this respect.

- 6.7.7 All board members ensure that the employees involved by them maintain confidentiality in the same manner.
- 6.7.8 The Management Board prepares the meetings of the Supervisory Board and its committees and regularly attends meetings of the Supervisory Board. If necessary, the Supervisory Board may meet without the Management Board.
- 6.7.9 Loans may only be granted by the company to a member of the Management Board and their relatives subject to approval by the Supervisory Board.

7. Code of conduct

The companies are required to draw up a Code of Conduct in line with a contemporary corporate mission statement. The Code of Conduct must act as a guideline for the responsible, respectful and sustainability-oriented conduct of the company, its executive bodies and its employees, not only towards third parties, but also towards each other. It must include reasonable concrete measures to support the implementation of the Codex of Düsseldorf and its formulated objectives. As a minimum requirement, it must also include the terms of the Diversity Charter and anti-corruption measures. In particular, it must ensure that corporate business conduct aligns with social values.

Investment Management is working to promptly implement this requirement.

Entry into force

The Codex of Düsseldorf enters into force with immediate effect, replacing the previous version from 10 March 2017.

Adopted by the Council of the Federal
State Capital Düsseldorf on 9 March 2023

References: Expert Commission of the German Public Corporate Governance Model (2022): German Public Corporate Governance Model (D-PCGM), published by Ulf Papenfuß/Klaus-Michael Ahrend/Kristin Wagner-Krechlok, in the version dated 14 March 2022, accessed on: www.pcg-musterkodex.de/home-englisch/