

Corporate governance report

In the following report, the management board and supervisory board report on the corporate governance of the Senator Entertainment AG in accordance with no. 3.10 of the German Corporate Governance Code (GCGC).

Senator Entertainment AG with registered offices in Berlin is subject to the provisions of German stock corporation and capital market law as well as the provisions contained in the articles of incorporation and bylaws. With the two bodies, the management board and the supervisory board, the Company has a two-tiered management and oversight structure. In addition, there is the annual general meeting at which the owners of the Company take part in decisions of fundamental significance for the Company. Together, these three bodies are committed to safeguarding the shareholders' and the Company's interests.

1. The management board

The management board runs the Company and manages its business. It is bound to act in the interest of the Company and to increase its long-term value. The management board is appointed by the supervisory board. The supervisory board has set an age limit of 75 years for members of the management board. The selection is made with a focus on the knowledge, abilities and technical experience needed to fulfill their duties as members of the management board.

After Mr. Helge Sasse stepped down from his office as management board member with effect as of 30 June 2014, the management board comprised one member, Mr. Markus Maximilian Sturm. From 5 February 2015, the management board has four members, Mr. Vincent Grimond (CEO), Mr. Brahim Chioua (COO), Mr. Markus Maximilian Sturm (CFO) and Mr. Vincent Maraval (CCO).

Further information is available at

<http://www.senator.de/en/companygroup/der-konzern>

The management board develops the Company's strategy, consults with the supervisory board on this and ensures that it is implemented. In addition, it ensures appropriate risk management and risk controlling as well as compliance within the organization and regular, timely and comprehensive reporting to the supervisory board. The business plans and potential deviations from these are regularly described and explained to the supervisory board in detail. Certain management board transactions and measures are subject to the approval of the supervisory board.

The management board discloses any conflicts of interest that might arise immediately to the supervisory board. Significant transactions of management board members or related parties, e.g., taking up secondary employment outside of the Company, are also subject to the approval of the supervisory board.

A D&O insurance policy with a deductible has been taken for the management board.

2. The supervisory board

The following supervisory board members have stepped down since the last corporate governance report:

Mr. Robert Basil Hersov stepped down with effect as of 29 May 2014
Dr. Thomas Middelhoff stepped down with effect as of 8 December 2014

The following persons were appointed to the supervisory board since the last corporate governance report:

By resolution of the Charlottenburg local court, Mr. Tarek Malak was appointed to succeed the supervisory board member Mr. Robert Basil Hersov as of 5 June 2014. The appointment was approved by the extraordinary general meeting on 12 September 2014.

Courtesy Translation

Professor Dr. Katja Nettesheim was elected to succeed the supervisory board member Mr. Paolo Barbieri by the extraordinary general meeting on 12 September 2014.

Currently, the supervisory board is composed of five members and one representative (further information is available at <http://www.senator.de/en/companygroup/der-konzern#board>).

All members are elected by the annual general meeting in accordance with the provisions of the AktG [“Aktengesetz”: German Stock Corporation Act].

The age limit for members of the supervisory board is set at 75 years. The selection is made with a focus on the knowledge, abilities and technical experience needed to fulfill their duties.

Against the backdrop of the Company’s operating activities and the international nature of its business, a supervisory board of six members aims to include:

- at least two supervisory board members with professional experience in the media sector, ideally in the film industry
- at least one member that is primarily employed outside Germany
- at least two independent members as set forth in no. 5.4.2 of the GCGC
- at least one female member as of year-end 2016
- no members that exceed the age limit of 75 years

All of these aims have been fulfilled with the exception of a member that is primarily employed outside of Germany. The supervisory board intends to take this criterion into consideration when exercising its right to propose a new candidate for the supervisory board.

The supervisory board advises the management board in their managerial activities and monitors the management’s compliance with the law, articles of incorporation and bylaws and rules of procedure. It works closely with the management board in the interest of the Company and is involved in all decisions of fundamental significance. It appoints and exonerates members of the management board and concludes the remuneration system for the management board and calculates the remuneration of the individual members.

The supervisory board has an audit committee and an investment committee. The supervisory board’s rules of procedure contain a catalog of management board transactions subject to the approval of the supervisory board.

The supervisory board constantly monitors efficiency and performance, both with respect to the board as a whole and as regards individual members and the management board. The supervisory board is satisfied that (a) the organization and work flows are structured in an efficient manner and performance is at the highest of standards and (b) the composition of the supervisory board is structured in such a way that the experience, know-how and specialist knowledge of the members reflect the required efficiency criteria.

3. Annual general meeting

The shareholders exercise their rights in the annual general meeting, where they also exercise their voting rights. Each share carries one vote.

The annual general meeting typically takes place annually in the first eight months of the fiscal year. The annual general meeting’s agenda including resolutions proposed by management and the reports and documents required for the annual general meeting are made available on the Company’s website. They can also be sent by post if requested.

The Company offers its shareholders the option of being represented at the annual general meeting by a proxy appointed by the Company with authorization to cast votes.

Additional information on corporate governance at Senator

The combined number of shares held in the Company by all members of the management board and the supervisory board is itemized in note 47 in the notes to the consolidated financial statements.

Detailed information on the activities of the supervisory board and the collaboration of the supervisory board and the management board is included in the report of the supervisory board.

Berlin, April 2015

SENATOR Entertainment AG

The management board

The supervisory board