



Corporate Governance Report 2015

Excerpt from
Annual Report

Corporate Governance Report including Corporate Governance Statement

The Corporate Governance Statement issued in accordance with s. 289a Handelsgesetzbuch (HGB – German Commercial Code) does not form part of the annual audit pursuant to s. 317 para. 2 sentence 3 German Commercial Code.

Transparent, responsible corporate governance and control geared towards long-term value enhancement are given high priority at GEA Group Aktiengesellschaft. In doing so, we align our actions with the generally accepted principles of corporate governance while implementing the suggestions and recommendations of the German Corporate Governance Code as amended on May 5, 2015 (published in the Federal Gazette on June 12, 2015) to the greatest possible extent.

Declaration of Conformity

GEA Group Aktiengesellschaft complies with the recommendations of the German Corporate Governance Code (GCGC) as amended on May 5, 2015, and published by the Federal Ministry of Justice in the official section of the Federal Gazette with the following exemption and will continue to comply with these recommendations with such exemption:

Currently, the amount of compensation awarded to the members of the Executive Board is not capped, neither overall nor for individual compensation components (No. 4.2.3 para. 2 sentence 6 GCGC).

Explanation:

If the services of the Executive Board members entail an extraordinary increase in shareholder value, the Supervisory Board may, at its sole and reasonable discretion, grant a special bonus in accordance with the Executive Board service agreements. The Executive Board members are not entitled to receive such extraordinary bonus. The respective clause set forth in the service agreements concluded with the Executive Board members only authorizes the Supervisory Board to make an adequate discretionary decision based on statutory provisions and within the limits of the jurisdiction of the highest courts. Currently, the amount of this special bonus, which may only be awarded in exceptional circumstances, is not yet expressly capped in the service agreements of all Executive Board members. We consider that an amendment to existing service agreements will not be required in the light of both the restrictive statutory rules in place and the limits defined by the highest courts. The service agreements of the Executive Board members will be amended accordingly step by step whenever Executive Board members are reappointed or appointed for the first time.

Since the issuance of the last Declaration of Conformity on December 18, 2014, GEA Group Aktiengesellschaft has complied with the recommendations of the GCGC as amended on June 24, 2014, and published by the Federal Ministry of Justice in the official section of the Federal Gazette, as well as, since their publication in the Federal Gazette, with the recommendations of the GCGC as amended on May 5, 2015, with the above exception in relation to No. 4.2.3 para.2 sentence 6 GCGC.

Düsseldorf, December 17, 2015

On behalf of the Supervisory Board

On behalf of the Executive Board

Dr. Jürgen Heraeus

Jürg Oleas

Dr. Stephan Petri

Global Business Conduct Policy

The Global Business Conduct Policy of GEA Group Aktiengesellschaft stipulates that the Group's business activities are to comply with all existing laws and high ethical standards. This Global Business Conduct Policy applies to all employees and GEA bodies worldwide. It is supplemented by guidelines on individual topics, in particular the Anti-Corruption Guideline. In addition, the Company and the European Works Council jointly agreed general principles of social corporate responsibility ("Codes of Conduct") laying down ethical, social and legal standards that are binding on all GEA employees. Based on our Global Business Conduct Policy and the "Codes of Conduct", a globally applicable and uniform policy governing the areas of Health, Safety & Environment ("HSE") is in place. The Global Business Conduct Policy, the Anti-Corruption Guideline, the HSE policy and further information are published on the website of GEA Group Aktiengesellschaft under Investor Relations/Corporate Governance.

Compliance

Compliance in the sense of measures designed to ensure adherence to legal, statutory and internal corporate policies, as well as group companies' compliance therewith, is considered to be a key management and supervisory task at GEA Group. For this purpose, the Company established a compliance organization some years ago. Group-wide compliance activities focus on corruption prevention, anti-trust law, export control as well as data protection. The Chief Compliance Officer coordinates and ensures the implementation of compliance measures, in particular in the areas mentioned above. In this capacity, he/she reports to both the Executive Board and the Audit Committee of the Supervisory Board. The Chief Compliance Officer is supported by the extended legal compliance and operational export control organization. The latter was adjusted in connection with the "Fit for 2020" project. From now on, key legal compliance activities will be concentrated under the "Compliance & Principle Legal Matters" section in the group legal department. When the new organization came into place, the former Segment Compliance Officers were replaced the Business Area Compliance Officers who are also part of the central legal department. As before, each operating company is assigned a Company Compliance Manager. In addition, a Compliance Committee advising the Chief Compliance Officer may be convened if need be. In parallel, GEA operates a worldwide export control organization. Upon entry into force of the new organization, the former Segment Export Managers were replaced by Business Area Export Managers. Like before, each operating company is assigned one Company Export Manager.

The members of the compliance organization meet at regular intervals to discuss the latest developments and the potential impact of and/or need to supplement GEA's compliance program. Since December 1, 2014, GEA has relied on the so-called Integrity System that was implemented on a global level. This Integrity System allows GEA employees and external third parties to report suspected compliance infringements or violations of GEA's Codes of Conduct – principles of social responsibility – via an internet-based system. Moreover, the group employees responsible for compliance regularly receive classroom and web-based trainings covering current issues and regulations relative to the law, the Global Business Conduct Policy and GEA's additional compliance guidelines. GEA's extensive compliance program is rounded off by a close cooperation between the compliance organization and the Group's internal audit department as well as direct talks held at a local level between representatives of the compliance organization and local managers for evaluating best practices within the Group.

Finally, the Company set up an HSE organization designed to develop and implement group-wide guidelines, programs and procedures in this specific field.

Responsible risk management

Sustainable growth can only be achieved if both the opportunities and the risks associated with business activities are identified and adequately taken into account. For this reason, an effective control and risk management system represents one of the core elements of corporate governance at GEA. Further information is provided on pages 86 ff. of this Annual Report.

Transparency in accounting and audit transparency

GEA Group Aktiengesellschaft is committed to transparent reporting. The Company's consolidated financial statements and half-yearly financial reports are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. The single entity financial statements of GEA Group Aktiengesellschaft, which are legally required and determine dividend payout, are governed by the German Handelsgesetzbuch (HGB – German Commercial Code). The Supervisory Board engages the external auditor elected by the shareholders at the Annual General Meeting. The Audit Committee gives particular attention to the oversight of the accounting process, the effectiveness of the internal control, risk management and internal audit systems, the audit of the annual financial statements as well as compliance, agrees the key audit areas with the auditor while resolving on the audit fee. In doing so, it ensures that the auditor's work is not compromised by any conflicts of interest and that the auditor immediately reports on any and all findings and events relevant to the Supervisory Board's discharge of duties that have come to the attention of the auditor in the course of the audit. In addition to the consolidated and annual financial statements, the Audit Committee also discusses the half-yearly and quarterly reports with the Executive Board.

Detailed reporting

GEA Group Aktiengesellschaft communicates openly, actively and extensively. It regularly and promptly informs shareholders, shareholders' associations, analysts, and interested members of the public on equal terms about the Company's situation as well as any material changes to its business. In this respect, the Company's website constitutes an important means of communication. It contains annual and interim reports, press releases, ad hoc disclosures as well as other notifications required under the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act), the financial calendar and other relevant information. Moreover, the Group regularly holds analyst meetings, press conferences and events for investors. All presentations delivered on these occasions can also be downloaded from our website under "Investors".

Directors' Dealings and shareholdings of members of governing bodies

Under section 15a Wertpapierhandelsgesetz (WpHG – German Securities Trading Act), Executive Board and Supervisory Board members or their related parties are obliged to disclose reportable transactions in shares of GEA Group Aktiengesellschaft or related financial instruments if the transactions concluded in one calendar year reach or exceed the threshold of EUR 5,000. The transactions reported to the Company in the previous fiscal year 2015 were duly published and are available on the Company's website. The total number of shares in GEA Group Aktiengesellschaft held by all Executive Board and Supervisory Board members amounts to less than 1 percent of the shares issued by the Company.

Securities-based remuneration program for company executives

With effect from July 1, 2006, GEA Group Aktiengesellschaft launched a long-term, share price-based remuneration program called “GEA Performance Share Plan” for certain managers below Executive Board level. Details are available in note 7.3.4 (see page 190 ff.) to the consolidated financial statements.

Corporate governance and control: Executive Board and Supervisory Board

GEA Group Aktiengesellschaft is subject to the German Stock Corporation Act and, thus, runs a dual board system comprising an executive and a supervisory board. The Executive Board constitutes the Group’s management body. The Supervisory Board, which is composed of twelve members, half of whom are shareholder representatives while the other half comprises employee representatives, appoints and advises the Executive Board while overseeing its work. The Executive Board and the Supervisory Board cooperate closely for the benefit of the Company, their common goal being the sustainable increase in enterprise value.

Executive Board

The Executive Board holds overall responsibility for the management of the Company in accordance with statutory requirements, the Articles of Association as well as the rules of procedure and the corporate policies that are in place. In line with the rules of procedure of the Executive Board, each Executive Board member has overall responsibility for and independently manages the area of responsibility assigned to him under the schedule of responsibilities, while keeping the entire Executive Board informed of any and all essential business matters on a permanent basis. Decisions on subject matters of fundamental importance or particular magnitude must be taken by the entire Executive Board. Executive Board resolutions are adopted at regular meetings or, should no member of the Executive Board raise any objections, in writing, orally (also via telephone), via telefax or by referring to other common means of communication such as email. Each member of the Executive Board must immediately disclose conflicts of interests to the Supervisory Board and inform the other members of the Executive Board, accordingly.

The Executive Board reports to the Supervisory Board regularly, promptly and comprehensively on all issues relating to strategy, planning, business progress, risk exposure, the risk management system as well as compliance that are relevant to the Company. Should important issues or business matters that may considerably impact on the situation of the Company arise, the Executive Board will notify the Chairman of the Supervisory Board without undue delay. The Articles of Association and the rules of procedure specify key transactions that require the Supervisory Board’s approval. Further information on the individual members of the Executive Board can be found on pages 21 and 232 of this Annual Report.

Supervisory Board

The Supervisory Board advises the Executive Board on the management of the Company and oversees its conduct of the Company’s business. Between the Supervisory Board meetings, the Chairman of the Supervisory Board maintains regular contact with the Executive Board, in particular the Chairman of the Executive Board, with whom he discusses matters of strategy, planning, business progress, risk exposure, risk management and compliance that are of relevance to the Company. The Supervisory Board usually holds 6 meetings per calendar year that are attended by the Executive Board members unless the Chairman of the Supervisory Board determines otherwise. As a rule, the

Supervisory Board's resolutions are adopted at these meetings. Unless the majority of Supervisory Board members immediately object, the Chairman of the Supervisory Board can instruct the members to adopt resolutions during a conference call or a video conference or outside of meetings by casting their votes in writing, text form or by telephone. Resolutions require a simple majority of the votes cast unless the law provides for a different majority. After notice of the meeting has been given to all members, the Supervisory Board has a quorum when a minimum of half of its members vote on a resolution by attending in person, by telephone or video conference or have cast their votes in writing or text form pursuant to s. 108 para. 3 Aktiengesetz (AktG - German Stock Corporation Act).

When appointing members to the Executive Board and proposing candidates for election to the Supervisory Board, the Supervisory Board and its Committees will take into account a balanced mix of specialist expertise and personal attributes as well as the criterion of diversity.

At its meeting held on December 17, 2015, the Supervisory Board revised the specific objectives relative to its composition, which had previously been amended in 2014, by taking into consideration the recommendations set out in the German Corporate Governance Code, resolving as follows: In general, the members of the Supervisory Board – while taking into account the specific situation of the Company – are to have the knowledge, skills and specialist expertise required to ensure the proper performance of their duties. In this context, the Supervisory Board will also pay attention to industry knowledge, an adequate number of independent members, international experience as well as diversity. With a view to the best interests of the Company, the decisive criterion for appointments of Supervisory Board members shall always be the specialist expertise and personal suitability of the respective candidate.

With a view to section 5.4.1 paragraph 1 sentence 1 of the German Corporate Governance Code, the Supervisory Board seeks to ensure a board composition that takes into account the following elements in relation to the current and next term of office: The number of Supervisory Board members with an international background is to be at least maintained at its current level. In terms of the origin, the professional and cultural background as well as the age and gender of its members, the Supervisory Board is to reflect diversity. The Supervisory Board shall include – what it considers to be – an adequate number of independent members (s. 2 para. 3 Rules of Procedure of the Supervisory Board). The Supervisory Board seeks to ensure that a minimum of two thirds of the shareholder representatives is independent in line with the definition given under section 5.4.2 sentence 2 of the German Corporate Governance Code. As a rule, a member's uninterrupted service on the Supervisory Board shall not exceed three full terms of office and/or a period of 15 years. As a rule, nominations shall only consider individuals who have not yet reached the age of 70 at the date of the Annual General Meeting resolving on the election of the proposed candidates (s. 2 para. 1 Rules of Procedure of the Supervisory Board). In its current composition, the Supervisory Board complies with these targets.

With Brigitte Krönchen's appointment as new employee representative in November 2014, the number of female Supervisory Board members climbed to three; as a result, the current proportion of women on the Supervisory Board amounts to 25 percent. The Supervisory Board is cognizant of the fact that the entry into force of the Act on Equal Participation of Women and Men in Executive Positions in the Private and the Public Sector implies a legally binding minimum quota of 30 percent for the underrepresented gender on the Supervisory Board that will be applicable to any future Supervisory Board elections held as of 2016. In the future, the Supervisory Board candidates proposed for election will comply with this requirement.

Supervisory Board Committees

The work of the Supervisory Board is supported by Committees. These are primarily the Presiding Committee and the Audit Committee, as well as the statutory Mediation Committee and the Nomination Committee recommended by the German Corporate Governance Code. The Presiding Committee, the Audit Committee and the Mediation Committee each comprise four members and feature equal representation of shareholder and employee representatives. The Nomination Committee consists of three members who include exclusively shareholder representatives in accordance with section 5.3.3 of the German Corporate Governance Code.

Both the Presiding Committee and the Audit Committee usually meet four to five times each calendar year. During meetings, Presiding Committee and Audit Committee resolutions are adopted by a simple majority of the votes cast, while outside of meetings, they are passed by a simple majority of the members. If the vote is tied, the respective chairman has a casting vote in the event of another ballot on the same resolution. The Nomination Committee and the Mediation Committee only hold meetings when required.

The duties of the Presiding Committee, which is chaired by the Chairman of the Supervisory Board, include the preparation of the meetings of the Supervisory Board. Furthermore, the Presiding Committee's specific responsibility is to define the legal relationship between the Company and the individual Executive Board members, and to ensure Executive Board succession planning. In this context, decisions on the Executive Board remuneration system, the total remuneration awarded to the individual Executive Board members, as well as their appointment and dismissal are reserved to the full Supervisory Board.

The Audit Committee, whose chairman has a sound knowledge of and experience in applying financial accounting and reporting standards as well as internal control systems, is primarily responsible for overseeing the financial reporting process and dealing with matters regarding the efficiency of the internal control system, the risk management system, the internal audit process and the audit of the annual financial statements. In addition, it monitors compliance with key legislation and official regulations, as well as internal guidelines including GEA's Global Business Conduct Policy (compliance).

The Mediation Committee performs its duties as set out in ss. 27, 31 Mitbestimmungsgesetz (MitbestG - German Co-determination Act). The task of the Nomination Committee is to propose suitable candidates to the Supervisory Board based upon which the latter submits its nominations to the Annual General Meeting.

Further information on the composition of the Supervisory Board and its Committees can be found on the Company's website at www.gea.com, as well as on pages 232 and 233 of this Annual Report. In addition, the Report of the Supervisory Board on pages 17 ff. of this Annual Report gives further details on the activities performed by the Supervisory Board and its Committees in the fiscal year 2015.

Commitment to promoting the participation of women in executive positions in accordance with s. 76 para. 4 and s. 111 para. 5 Aktiengesetz (German Stock Corporation Act)

Since 2011, GEA has promoted diversity within the Group. A detailed description of our diversity strategy is provided in the Sustainability Report (see page 111). Within the framework of its diversity strategy, GEA, inter alia, pursues the objective of promoting female talent and attracting more women to GEA. In the long run, the Company is seeking to increase the proportion of women on all management levels. GEA will continue to encourage this process by means of strategic measures.

The Act on Equal Participation of Women and Men in Executive Positions in the Private and Public Sector, which took effect in April 2015, for the first time requires certain companies in Germany to define targets in relation to the proportion of women represented on the Supervisory Board, the Executive Board and/or the Board of Directors as well as on the two management levels below, and to set target dates for achieving the respective quota of women. In this context, the law requires that the first deadline for implementation to be set by the Company shall be no later than June 30, 2017. With effect from January 1, 2016, a statutory minimum quota of 30 percent applies to the underrepresented gender on the supervisory boards of listed and codetermined companies like GEA Group Aktiengesellschaft; this quota has to be observed whenever the Company seeks to replace a retiring Supervisory Board member.

In view of the very brief maximum statutory period permitted for initial implementation of the relevant target that expires on June 30, 2017, and bearing in mind the current composition of the Executive Board, the Supervisory Board of GEA Group Aktiengesellschaft resolved on a 0 percent target for the proportion of women represented on the Executive Board of GEA Group Aktiengesellschaft at its Supervisory Board meeting held on September 23, 2015; this target is to be implemented in line with the above-mentioned first statutory period for implementation.

On September 7, 2015, the Executive Board of GEA Group Aktiengesellschaft determined target quotas in relation to the proportion of women represented on the first and/or second management level below the Executive Board of GEA Group Aktiengesellschaft, with first-time implementation being subject to the maximum statutory period mentioned above. In the light of the brief initial deadline for implementation ending on June 30, 2017, the two defined targets of 18.1 percent and/or 23.5 percent reflect the status quo at the time the Company made this commitment, which, of course, does not preclude an increase in the share of women on these two management levels.

In due time, the other GEA Group companies affected by this law also set targets for the proportion of women represented on the Supervisory Board and/or the Board of Directors as well as the two uppermost management levels below the Board of Directors, and defined the deadlines for implementing these targets.