

DECLARATION OF COMPLIANCE IN ACCORDANCE WITH SECTION 161 GERMAN STOCK CORPORATION ACT (AKTIENGESETZ, AKTG)

(as issued on 5 November 2020)

1. The Board of Management and the Supervisory Board of RHÖN-KLINIKUM AG declare that the recommendations issued by the “Government Commission of the German Corporate Governance Code” as amended on 7 February 2017 and published by the Federal Ministry of Justice in the official section of the Federal Gazette on 24 April 2017 (“**GCGC 2017**”) were implemented from submission of the Declaration of Compliance of 6 November 2019 until publication of the German Corporate Governance Code on 20 March 2020 in the version of the Code as amended on 16 December 2019 with the following exceptions:

a) Code Item 4.2.2 (2) sentence 3

Relationship between remuneration of the board of management and that of senior management and staff overall

Although the Supervisory Board has taken account of the wage and salary structure within the Company when setting the remuneration of the Board of Management, the Supervisory Board has not expressly determined how the senior management and the relevant overall staff are to be differentiated. The relationship of the remuneration of the Board of Management to the remuneration of the senior management and the relevant overall staff was consequently not reflected, either, by application of such definitions in the case of the criteria specified in Code Item 4.2.2 (2) sentence 2 GCGC 2017.

In view of the management structure and specific staffing of a hospital company, the Supervisory Board did not find such definitions to be objectively justified.

b) Code Item 4.2.3 (3)

Pension commitments

Typical pension commitments do not exist at the Company. However, upon termination of the service contract or the decease of a member of the Board of Management the Company, subject to certain conditions, grants a ‘retirement benefit’ explained in further detail in the Remuneration Report. It is paid as a one-time amount that is based on the number of completed years of service and additionally capped.

If the retirement benefits existing at the Company constituted provision benefits within the meaning of the recommendation pursuant to Code Item 4.2.3 (3) GCGC, the ‘level of provision’ in the view of the Supervisory Board resulted from the probable term of office of the respective member of the Board of Management

and the formula defined in the retirement benefit. The annual as well as long-term expense for the Company was likewise derived from this. Given the ambiguity of the recommendation pursuant to Code Item 4.2.3 (3) GCGC 2017 and the special structure of the retirement benefits existing at the Company, deviation from Code Item 4.2.3 (3) GCGC 2017 was nonetheless declared as a precaution.

c) Code Item 5.4.1 (2) to (4) and second half-sentence of (5) sentence 3

Objectives regarding the composition of the supervisory board and competency profile, stating the number and names of independent members as well as publication of curricula vitae (CVs)

The Supervisory Board refrained from stating specific objectives for its composition and from defining an abstract skills profile for the body as a whole within the meaning of Code Item 5.4.1 (2) sentence 1 GCGC 2017 as well as from defining any limits in respect of age or standard length of service within the meaning of Code Item 5.4.1 (2) sentence 2 GCGC 2017. Consequently, it was not possible to comply with the recommendations pursuant to Code Item 5.4.1 (4) GCGC 2017, which were based on the recommendations pursuant to Code Item 5.4.1 (2) sentence 1 and 2 GCGC 2017.

The Supervisory Board, when nominating candidates for membership in the Supervisory Board, was guided solely by the qualification of such candidates and by the law. In this regard, the Supervisory Board had long been guided by a fundamental requirements profile, which was adapted and clarified on an ad hoc basis as required in the individual case. The shareholders' representatives on the Supervisory Board were convinced that this practice had proven itself and in its view did not require any further self-regulation giving rise to further layers of bureaucracy.

The Corporate Governance Report did not inform separately on what the Supervisory Board regards as an adequate number of independent members of shareholders and their names, and the CVs supplemented within the meaning of Code Item 5.4.1 (5) sentence 3 GCGC 2017 – where no Supervisory Board elections were impending – were not permanently published and annually updated on the website.

In the assessment of the Supervisory Board, it had an adequate number of independent members of the shareholders within the meaning of Code Item 5.4.2 sentence 1 GCGC 2017. However, the Supervisory Board did not regard needlessly exposing individual members by stating their number and names in the Corporate Governance Report as objectively justified, especially given the vague character of the independence criterion as defined in the GCGC 2017. This also rings true for permanent publishing all CVs on the website when no Supervisory Board elections were actually impending. Where elections to the Supervisory Board were impending, the CVs of the candidates were published on the website during this period.

2. The Board of Management and the Supervisory Board of RHÖN-KLINIKUM AG furthermore declare that the recommendations issued by the “Government Commission of the German Corporate Governance Code” as amended on 16 December 2019 (“**DCGK 2019**”) were implemented from their publication in the official section of the Federal Gazette on 20 March 2020 with the following exceptions:

a) Recommendations C.1

Objectives regarding the composition of the supervisory board and competency profile as well as stating the number and names of independent members

Recommendation C.1 GCGC 2019 according to which the supervisory board is to state specific objectives regarding its composition and to draw up a competency profile for the body as a whole, and in the Declaration on Corporate Governance is to inform on what the shareholder representatives on the supervisory board consider to be a reasonable number of independent shareholder representatives and the names of such members, was not implemented for the reasons stated in 1.c).

b) Recommendation C.2

Age limit for members of the supervisory board

By Resolution of the Annual General Meeting dated 19 August 2020, the age limit for Supervisory Board members hitherto defined in Section 10 (4) of the Articles of Association of the Company ceased to apply. Section 10 (4) of the Articles of Association of the Company provided that the term of office of a Supervisory Board member in any case ends upon conclusion of the Annual General Meeting prior to the commencement of which the Supervisory Board member reaches 75 years of age.

However, the Annual General Meeting followed the proposal by the Board of Management and the Supervisory Board which considered it objectively justified to remove the age limit defined by the Articles of Association and instead to leave the decision on an age limit and the conditions of such age limit to the Supervisory Board.

By Resolution dated 5 November 2020, the Supervisory Board provided in its Terms of Reference for an age limit according to which only candidates who are not more than 75 years of age at the time of the election are to be nominated for election as member of the Supervisory Board. For this reason the recommendation will be implemented in future.

c) Recommendation C.3

Disclosure of length of membership in the supervisory board

So far, the length of membership in the supervisory board has not been disclosed

in accordance with Recommendation C.3 GCGC 2019. The Recommendation on disclosure was introduced into for the first time by the GCGC 2019.

In connection with the takeover of the Company by Asklepios Kliniken GmbH & Co. KGaA, the Supervisory Board witnessed extensive appointment of new members, with six of eight shareholder representatives having been newly elected in 2020. The newly constituted Supervisory Board will fully examine questions relating to the future governance of the Company at its meetings in Q4 2020 and Q1 2021. In this context, governance was initially not adapted to new recommendations of the GCGC 2019. In future, the term of membership in the Supervisory Board is to be published in connection with the CVs of the Supervisory Board members.

d) Recommendations C.10

Independence of the chairman of the supervisory board and of the chairman of the audit committee

The former chairman of the Supervisory Board, Mr. Eugen Münch, was a member of the Board of Management of the Company during the two years prior to his appointment as chairman of the Supervisory Board in 2006, and in 2020 had been a member of the Supervisory Board for more than 12 years. According to the indicators of Recommendation C.7 he was thus not to be regarded as independent of the Company and the Board of Management. The Recommendation for independence of the chairman of the supervisory board from the company and the board of management was introduced explicitly only with the GCGC 2019. However, despite the aforementioned indicators, Mr. Eugen Münch was to be considered as independent in the assessment of the Supervisory Board because he documented a fundamental stance of critical distance from the Board of Management and the Company in his Supervisory Board activity.

With regard to the independence of the chairman of the Audit Committee, the Board of Management and the Supervisory Board stated in the amendment to the Declaration of Compliance of 19 March 2020 made during the year under way that the respective chairman of the Audit Committee, Mr. Wolfgang Mündel, could no longer be regarded as independent within the meaning of Code Item 5.3.2 (3) Sentence 2 GCGC 2017. This was justified on the grounds that Mr. Mündel at the same time was a member of the Board of Directors of HCM SE. HCM SE and Asklepios Kliniken GmbH & Co. KGaA had founded a joint venture company (AMR Holding GmbH) which, based on expectations in March 2020 following clearance under merger control legislation by the German Federal Cartel Office, would hold more than 50% of the shares in RHÖN-KLINIKUM AG. Since AMR Holding GmbH, following execution of the takeover offer, actually did hold more than 50% of the shares in RHÖN-KLINIKUM AG, the aforementioned statements of the amended Declaration of Compliance with the GCGC 2017 apply to Recommendation C.10

DCGK 2019 mutatis mutandis.

Moreover, the new chairman of the Audit Committee elected to the Supervisory Board at the Annual General Meeting on 19 August 2020, Mr. Hafid Rifi, by reason of his capacity as deputy CEO of Asklepios Kliniken GmbH & Co. KGaA which – through AMR Holding GmbH – exercises a controlling influence over RHÖN-KLINIKUM AG pursuant to section 17 (1) of the German Stock Corporation Act (Aktiengesetz, AktG), is not independent from the controlling shareholder within the meaning of Recommendation C.10 GCGC 2019. Nonetheless, the Supervisory Board is convinced that Mr. Rifi, based on his qualifications, is suited in every respect to assume the chair of the Audit Committee and will act in the interest of the Company.

Both with regard to Mr. Mündel and with regard to Mr. Rifi, it moreover has to be considered as a rule that the legislature, by abandoning the requirement of independence for the financial expert on the supervisory board in accordance with section 100 (5) AktG, has precisely shown that the feature of independence is not an imperative prerequisite for performing the duties of auditor committee chairman but can be subject to the recommendations of the GCGC with the option of stating deviations. The Board of Management and the Supervisory Board of availed themselves of this option.

e) Recommendation C.12

Directorship of supervisory board members with major competitors

Recommendation C.12 GCGC 2019 provides that supervisory board members are not to exercise any directorship at major competitors of the company. Already in the amendment to the Declaration of Compliance of 19 March 2020 made during the year under way, the Board of Management and the Supervisory Board stated with regard to Code Item 5.4.2 Last Sentence GCGC 2017 that the Supervisory Board had resolved to propose to the shareholders, in the elections to the Supervisory Board at the 2020 Annual General Meeting, also persons exercising a directorship with Asklepios Kliniken GmbH & Co. KGaA. Asklepios Kliniken GmbH & Co. KGaA and its affiliates at the time were among the major competitors of RHÖN-KLINIKUM AG on the German hospital market.

Already at the Annual General Meeting on 3 June 2020, directors/officers of Asklepios Kliniken GmbH & Co. KGaA and their sole limited liability shareholder, Broermann Holding GmbH, were elected to the Supervisory Board of RHÖN-KLINIKUM AG. On completion of the takeover of the Company by Asklepios Kliniken GmbH & Co. KGaA, however, the competitive relationship ceased to exist with the result that the scope of application of Recommendation C.12 GCGC 2019 for Supervisory Board members attributed to Asklepios Kliniken GmbH & Co. KGaA and its affiliates no longer exists.

f) Recommendation C.14

Publication of CVs of the supervisory board members

As explained under 1.c), the Supervisory Board in the past regarded the permanent publishing of all CVs on the website irrespective of impending elections to the Supervisory Board elections as not objectively justified.

As explained under lit. c), the Supervisory Board newly constituted following the takeover of the Company by Asklepios Kliniken GmbH & Co. KGaA will fully examine questions relating to the future governance of the Company at its meetings in Q4 2020 and Q1 2021. In future, the CVs of the Supervisory Board members are to be made accessible through the website of the Company also irrespective of any impending elections to the Supervisory Board.

g) Recommendation D.1

Publication of terms of reference of the Supervisory Board

The publication of the Terms of Reference of the Supervisory Board was recommended for the first time by the GCGC 2019. As explained under lit. c), the Supervisory Board newly constituted following the takeover of the Company by Asklepios Kliniken GmbH & Co. KGaA will fully examine questions relating to the future governance of the Company at its meetings in Q4 2020 and Q1 2021. In this context, governance was initially not adapted to new recommendations of the GCGC 2019.

Since the Terms of Reference of the Supervisory Board newly adopted on 5 November 2020 are made accessible via the website of the Company, the Recommendation will be implemented in future.

h) Recommendation D.4

Independence of the chairman of the audit committee

Recommendation D.4 DCGK 2019 provides – as Recommendation C.10 Sentence 2 GCGC 2019 – that the chairman of the audit committee is to be independent. In this regard, the statements made under lit. d) apply with regard to the former chairman of the Audit Committee, Mr. Wolfgang Mündel, and his successor, Mr. Hafid Rifi mutatis mutandis.

i) Recommendation G.1

Remuneration scheme for the board of management

From entry into force of the GCGC 2019 on 20 March 2020 until submission of the present Declaration of Compliance, no new remuneration scheme was adopted and submitted to the Annual General Meeting for approval within the meaning of section 120a AktG in the version of the Act Implementing the Second Shareholder

Rights Directive (“**ARUG II**”) of 12 December 2019. Given the statutory period of transition, such submission must be made no later than at the 2021 Annual General Meeting. The extent to which the new Recommendation G.1 on the remuneration scheme will be implemented in future will be reviewed and decided by the Supervisory Board on review and on any adjustment of the remuneration scheme based on the applicable statutory requirements in the version of ARUG II (esp. section 87a AktG) within the period of transition.

j) Recommendations G.2, G.3, G.4, G.6, G.7, G.9, G.10, G.11 and G.12

Executive board remuneration

From entry into force of the GCGC 2019 until submission of the present Declaration of Compliance, Dr. Christian Höftberger and Dr. Stefan Stranz were appointed as members of the Board of Management and service contracts for the Board of Management were entered into with them. These did not yet take into consideration the new Recommendations of the GCGC 2019, in particular G.2, G.3, G.4, G.6, G.7, G.9, G.10, G.11 and G.12. This took place in the context in which – as explained above – no final decision had yet been made on the new remuneration scheme and according to the statutory period of transition will be submitted to the 2021 Annual General Meeting for approval.

When the service contracts were entered into with Dr. Höftberger and Dr. Stranz, the recommendations of the GCGC 2017 were taken into account unless – as described in 1 above – declared otherwise in this regard.

3. The Board of Management and the Supervisory Board of RHÖN-KLINIKUM AG furthermore declare that the recommendations of the GCGC 2019 will be implemented also in future with the following exceptions:

a) Recommendations C.1

Objectives regarding the composition of the supervisory board and competency profile

The Supervisory Board, when nominating candidates for membership in the Supervisory Board, is guided by the qualification of such candidates, by the current requirements as well as by the legal requirements. In this regard the Supervisory Board orients itself on a fundamental requirements profile which is adapted and clarified on an ad hoc basis as required, and gives due regard to diversity. The shareholders’ representatives on the Supervisory Board are convinced that this practice has proven itself and in their view does not require any further self-regulation giving rise to further layers of bureaucracy in terms of the recommendations pursuant to C.1 sentences 1 to 3 GCGC 2019.

By contrast Recommendation C.1 sentence 5 GCGC 2019, according to which the Declaration on Corporate Governance is to inform on what the shareholder representatives on the supervisory board consider to be a reasonable number of independent shareholder representatives and the names of such members, will be implemented in future.

b) Recommendation C.10 and Recommendation D.4

Independence of the chairman of the audit committee

Recommendations C.10 sentence 2 and D.4 sentence 1 GCGC 2019 according to which the chairman of the audit committee is to be independent will not be implemented with respect to Mr. Hafid Rifi for the reasons stated in 2.d) and 2.h).

c) Recommendation G.1

Remuneration scheme for the board of management

Recommendation G.1 on the remuneration scheme will not be implemented initially at least while the period of transition is still running. As explained under 2 lit i), the Supervisory Board will review a corresponding adjustment in the remuneration scheme within the period of transition and then take a decision on that. The new remuneration scheme is to be submitted for approval to the 2021 Annual General Meeting.

d) Recommendations G.2, G.3, G.4, G.6, G.7, G.9, G.10, G.11 and G.12

Executive board remuneration

In connection with the decision on the remuneration scheme to be submitted for approval to the 2021 Annual General Meeting, the Supervisory Board will also decide whether for service agreements for the Board of Management to be entered into or amended in future Recommendations G.2, G.3, G.4, G.6, G.7, G.9, G.10, G.11 and G.12 are to be implemented.

Bad Neustadt a. d. Saale, 5 November 2020

For the Supervisory Board
Dr. Jan Liersch

For the Board of Management
Dr. Christian Höftberger