

Remuneration Report for Financial Year 2014

Management Board Remuneration

The Supervisory Board resolved on September 26, 2012 to renew the terms of office of all three Management Board members, which were due to expire on December 31, 2012, for another three years until December 31, 2015. On October 8, 2012 the new management contracts, valid from January 1, 2013, were signed. The Supervisory Board resolved on April 28, 2014 to approve the early resignation of the previous acting CEO Mr. Biense Visser on May 31, 2014 and the appointment was thereby amicably canceled. By a decision of the same day, the appointment of the hitherto acting COO, Mr. Bruke Alemu, was amicably canceled while simultaneously being re-appointed as the CEO until December 31, 2017. All Management Board contracts comply with the recommendations of the German Corporate Governance Code, and the remuneration structure was re-oriented towards sustainable company development in accordance with the German Act on the Appropriateness of Managing Board Remuneration (VorstAG; Section 87 para. 1 AktG (German Stock Corporation Act))

The following Management Board remuneration provisions therefore apply as of January 1, 2013:

The total cash remuneration consists of a fixed and a performance-related variable component. The fixed component ensures a basic remuneration that enables the individual Management Board member to perform his duties in the best interests of the Company and to fulfill his obligations with the due care and diligence of a prudent businessman without becoming dependent on attaining only short-term performance targets. The variable component, in contrast, which depends on the Company's economic result, ensures a long-term incentive effect.

The variable remuneration relates to the attainment of both qualitative and quantitative targets. It is limited to a maximum amount and takes future corporate development into account by means of a three-year monitoring period. The qualitative targets laid down in the Management Agenda are set by the Supervisory Board in advance while approving the annual budget and account for 10% of the variable remuneration component.

The quantitative targets account for 90%. The reference values for the quantitative variable salary component are LOQTEQ® sales (partial bonus 1 – weighting 1/3) and cash flow target achievement (partial bonus 2 – weighting 2/3). Subject to the degree of target attainment the partial amounts are graduated and limited by an absolute amount or ceiling.

The qualitative bonus is paid in full on target attainment one week after the following year's Shareholders' Meeting, whereas only 50% of the quantitative bonus is paid out at that time. The remaining 50% is paid half after the second year's Shareholders' Meeting and half after the Shareholders' Meeting in the third year after the bonus year.

If the results for the year after the bonus year and/or the second year after the bonus year are more than 30% below the quantitative target, the part of the bonus that has been withheld will be forfeited. The bonus for 2013 could therefore be reduced if the targets are not met in 2015, the bonus for 2014 could be reduced if the targets are not met in 2015 and 2016, and the bonus for 2015

could be reduced if the targets for 2016 and 2017 are not met. The bonus is only forfeited in full if both quantitative targets are not met.

If the contract begins or ends during a fiscal year, the bonus is paid pro rata on the assumption that the target has been achieved in full.

The Supervisory Board is entitled to eliminate extraordinary business developments that have led to one-time additional earnings that are not the result of an increase in operating business in establishing the assessment basis for the quantitative targets.

In the event of a change of control over the Company, both Management Board members have a special right of termination that they can exercise at the end of the second month after the change of control (but not including the month in which the change of control occurred) to the end of the month with 14 days' notice. There are three cases in which a change of control entitles them to exercise this special right of termination: They are if an existing shareholder or a third party acquires at least 50% of the voting rights and thereby exceeds the mandatory offer threshold laid down in the German Acquisition and Takeover Act (WpÜG), if the Company concludes an affiliation agreement as a dependent company, or if it is merged with another company.

Management Board remuneration in the fiscal year 2014 was as follows:

	Remuneration components in EUR (th.)				
	Perfor- mance- unrelated	Perfor- mance- related	With long-term incentivizing effect	Total (2014)	Total (2013)
Biense Visser, CEO (until May 31, 2014)	169	37	244	449	384
Bruke Seyoum Alemu, COO (until May 31, 2014), CEO (as of June 1st, 2014)	310	54	129	493	402
Marek Hahn, CFO	218	34	41	292	275
	697	124	413	<u>1,234</u>	<u>1,061</u>

Supervisory Board Remuneration

Supervisory Board members receive, in addition to reimbursement of their expenses, a fixed remuneration of EUR 5,000 per Supervisory Board meeting. No remuneration is paid for meetings held by conference call.

2008 Stock Option Program

By resolution of the Shareholders' Meeting of September 29, 2008, the Management Board and – provided members of the Company's management are entitled – the Supervisory Board is authorized to issue stock option programs by September 28, 2013 for members of the Company's Management Board, selected executives of the Company and members of the Management and employees of the Company and affiliated enterprises and to grant up to 1,200,000 stock options with subscription rights to one share in the Company, each with a term of up to five years from the date of issue. Shareholders in the Company do not have subscription rights. The stock options can also be taken over by a bank with the obligation to transfer them to the entitled parties as instructed by the Company. In this case too only the entitled persons may exercise the options. The fulfillment of



exercised option rights may be effected at the Company's discretion either by recourse to contingent capital 2008/I or through own shares in the Company.

For further details, please see the Notes under (12) Equity.

2010 Stock Option Program

The Management Board of the Company and, if members of the Company's Management Board are among the entitled persons, the Supervisory Board are authorized to issue by December 19, 2011 a stock option program (the "2010 Stock Option Program") for employees and Board members of the Company, as well as for employees and members of the management of affiliated enterprises and to grant up to 1,486,000 stock options with subscription rights for one share in the Company ("subscription rights"), each with a term of up to eight years after the date of issue. Shareholders in the Company do not have subscription rights. The stock options can also be taken over by a bank with the obligation to transfer them to the entitled parties as instructed by the Company. In this case too only the entitled persons may exercise the options. The fulfillment of exercised option rights may be performed at the Company's discretion either by utilizing contingent capital, treasury shares in the Company, or a cash settlement.

For further details, please see the Notes under (12) Equity.

2012 Stock Option Program

The Management Board of the Company is authorized to issue by December 19, 2014 a stock option program (the "2012 Stock Option Program") for employees of the Company, as well as for employees of affiliated enterprises and to grant up to 300,000 stock options with subscription rights for one share in the Company ("subscription rights"), each with a term of up to eight years after the date of issue. Shareholders in the Company do not have subscription rights. The stock options can also be taken over by a bank with the obligation to transfer them to the entitled parties as instructed by the Company. In this case too only the entitled persons may exercise the options. The fulfillment of exercised option rights may be effected at the Company's discretion either by utilizing contingent capital proposed for resolution, treasury shares in the Company or a cash settlement.

For further details, please see the Notes under (12) Equity.

2013 Stock Option Program

The Management Board of the Company is authorized to issue by December 19, 2015 a stock option program (the "2013 Stock Option Program") for employees of the Company, as well as for employees of affiliated enterprises and to grant up to 300,000 stock options with subscription rights for one share in the Company ("subscription rights"), each with a term of up to eight years after the date of issue. Shareholders in the Company do not have subscription rights. The stock options can also be taken over by a bank with the obligation to transfer them to the entitled parties as instructed by the Company. In this case too only the entitled persons may exercise the options. The fulfillment of exercised option rights may be effected at the Company's discretion either by utilizing contingent capital proposed for resolution, treasury shares in the Company or a cash settlement.

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2014 Stock Option Program

The Management Board of the Company is authorized to issue by December 18, 2016 a stock option program (the "2014 Stock Option Program") for employees of the Company, as well as for employees of affiliated enterprises and to grant up to 300,000 stock options with subscription rights for one share in the Company ("subscription rights"), each with a term of up to eight years after the date of issue. Shareholders in the Company do not have subscription rights. The stock options can also be



taken over by a bank with the obligation to transfer them to the entitled parties as instructed by the Company. In this case too only the entitled persons may exercise the options. The fulfillment of exercised option rights may be effected at the Company's discretion either by utilizing contingent capital proposed for resolution, treasury shares in the Company or a cash settlement.

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