

## Remuneration Report for Financial Year 2015

The remuneration report provides an overview of the principles of the remuneration system for the members of the Management Board and describes the structure and amount of individual members' remuneration. Furthermore the principles of the remuneration system for members of the Supervisory Board are explained.

### Management Board Remuneration

The remuneration system for the members of the *aap* Management Board is primarily aimed at providing incentives to successfully and sustainably develop the Company. In this context, the members of the Management Board shall participate in a long-term and sustainable increase in value of the Company. This system rewards particularly good performance within the context of achieving targets, while failure to do so leads to reduced remuneration.

All valid Management Board contracts comply with the recommendations of the German Corporate Governance Code. The remuneration structure was oriented towards sustainable company development in accordance with the German Act on the Appropriateness of Management Board Remuneration (VorstAG; Article 87 para. 1 AktG (German Stock Corporation Act)).

The contract of Management Board member Marek Hahn (CFO) was extended early by the Supervisory Board resolution of June 21, 2015 by a further two years until December 31, 2017. The contract of CEO Bruke Seyoum Alemu also runs until December 31, 2017.

The following rules apply to Management Board remuneration:

The total remuneration consists of a fixed and a performance-related variable component. The performance-related variable component corresponds to a maximum of 33% of total remuneration. 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 the following sales and cash flow parameters determined for the calendar year 2015:

- Cash flow target achievement (weighting 22%)
- Trauma sales USA (weighting 28%)
- Trauma sales for the rest of the market (weighting 28%)

In addition, variable remuneration accounting for 22% of the quantitative bonus was agreed for the submission of approval for the silver coating technology.

The qualitative bonus is paid in full on target attainment one week after the following year's Annual General 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 Annual General Meeting and half after the Annual General 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 2015 could therefore be reduced if the targets are not met in 2016 and 2017. 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.

Furthermore, the company pays a fixed annual amount in a reinsured provident fund to build up a company pension scheme (contribution-based benefit without minimum performance) for every Management Board member. The members of the Management Board receive an irrevocable subscription right to insurance benefits already before reaching the statutory vesting period. In accordance with the remuneration system, the members of the Management Board are entitled to a company car for unlimited use.

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 2015 was as follows:

	Remuneration components in KEUR				
	Performance-unrelated	Performance-related	With long-term incentivizing effect	Total (2015)	Total (2014)
Biense Visser, CEO (until May 31, 2014)	0	0	0	0	449
Bruke Seyoum Alemu, COO (until May 31, 2014), CEO (as of June 1st, 2014)	425	34	11	470	493
Marek Hahn, CFO	285	24	8	317	292
	710	58	19	787	1,234

In fiscal year 2015, one-off, performance-based additional remunerations were paid as an acknowledgement for the assumption of the position of Chairman of the Management Board as well as the increased responsibility associated therewith and the expanded scope of performance and obligations to Mr. Alemu (gross KEUR 94, net KEUR 50) and to the assumption of other tasks associated with the reduction of the number of the Board members as well as the increasing responsibility associated therewith and the expanded scope of performance and obligations to Mr. Hahn (gross KEUR 63, net KEUR 33). The obligation of acquiring *aap* shares and holding them for a period of at least 3 years starting from the time at which the acquisition has taken effect and not selling them or encumbering them in any way was also associated herewith.

Furthermore, both Management Board members were granted stock options under various stock option programs. Specifically, on December 31, 2015, both Management Board members had stock options from the following stock option programs with the corresponding conditions:

#### 2010 Stock Option Program

On December 31, 2015, Bruke Seyoum Alemu and Marek Hahn each had 150,000 stock options from the 2010 stock option program. The main conditions of the 2010 stock option program are as follows:

Under the 2010 stock option program, subscription rights were granted to employees and Management Board members of the Company, as well as to employees and members of the management of Company-affiliated enterprises as per Article 15 et seq. AktG. The Subscription right was granted by the conclusion of an option contract between the Company and the relevant beneficiary. Each subscription right grants the holder the right to purchase one Company bearer share in return for payment of the exercise price. The exercise price of issued subscription rights is the average closing price (arithmetic mean) of the *aap* share in electronic trading (XETRA or a successor system) on the Frankfurt Stock Exchange over the five trading days that precede the first day of the acquisition period. The minimum exercise price is always the lowest issue price within the meaning of Article 9 para. 1 AktG. The pecuniary advantage that beneficiaries achieve by exercising subscription rights (the difference between the closing price of the *aap* share in XETRA trading or a comparable successor system on the day subscription rights are exercised and the exercise price) must not be more than four times higher than the exercise price set upon issue. The subscription rights from stock options may only be exercised after a waiting period (four years from date of issue) and then up to the end of the option term (eight years from the date of issue). Subscription rights may only be exercised within a four-week period beginning on the second trading day on the Frankfurt Stock Exchange after the Company's Annual General Meeting and after the day on which the management of the Stock Exchange makes the Company's annual financial report, the half-yearly financial report or the interim reports for the first or third quarter of the fiscal year available to the general public. Subscription rights may only be exercised from the stock options if the closing price of the Company shares in XETRA trading (or a comparable successor system) on the Frankfurt Stock Exchange on the last trading day before the exercise date is at least 10% above the exercise price. As part of fulfilling their subscription rights, the Company may grant beneficiaries the choice of treasury shares or a cash settlement instead of new shares using conditional capital.

## 2015 Stock Option Program

On December 31, 2015, Bruke Seyoum Alemu had 54,000 stock options and Marek Hahn 36,000 stock options from the 2015 stock option program. The main conditions of the 2015 stock option program are as follows:

Under the 2015 stock option program, subscription rights were granted to members of the Management Board. The Subscription right was granted by the conclusion of an option contract between the Company and the relevant beneficiary. Each subscription right grants the holder the right to purchase one Company bearer share in return for payment of the exercise price. The exercise price of issued subscription rights is the average closing price (arithmetic mean) of the *aap* share in electronic trading (XETRA or a successor system) on the Frankfurt Stock Exchange over the five trading days that precede the first day of the acquisition period. The minimum exercise price is always the lowest issue price within the meaning of Article 9 para. 1 AktG. The pecuniary advantage that beneficiaries achieve by exercising subscription rights (the difference between the closing price of the *aap* share in XETRA trading or a comparable successor system on the day subscription rights are exercised and the exercise price) must not be more than four times higher than the exercise price set upon issue. The subscription rights from stock options may only be exercised after a waiting period (four years from date of issue) and then up to the end of the option term (eight years from the date of issue). Subscription rights may only be exercised within a four-week period beginning on the second trading day on the Frankfurt Stock Exchange after the Company's Annual General Meeting and after the day on which the management of the Stock Exchange makes the Company's annual financial report, the half-yearly financial report or the interim reports for the first or third quarter of the fiscal year available to the general public. Subscription rights may only be exercised from the stock options if the closing price of the Company shares in XETRA trading (or a comparable successor system) on the Frankfurt Stock Exchange on the last trading day before the exercise date is at least EUR 3.50. As part of fulfilling their subscription rights, the Company may grant beneficiaries the choice of treasury shares or a cash settlement instead of new shares using conditional capital.

### 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.