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MANAGEMENT BOARD REMUNERATION ACCORDING TO DRS 17

EURk

	Fixed remuneration						Performance-related remuneration				Total remuneration	
	Basic annual salary		Non-cash benefits		Other benefits		One-year variable remuneration		Multi-year variable remuneration			
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Dr. Volker Simon, CEO ¹	320	300	17	14	0	0	132	127	148	140	617	581
Bernd Bartmann	216	198	33	35	0	0	103	99	107	97	459	429
Johannes Obrecht (since July 1, 2016) ²	168	154	18	6	0	0	88	0	97	0	371	160
Dr. Winfried Blümel (until June 30, 2016)	--	108	--	17	--	0	--	49	--	49	--	223
TOTAL	704	760	68	72	0	0	323	275	352	286	1,447	1,393

¹ Dr. Simon's 2017 basic annual salary includes EURk 50 (p/y: EURk 50) to establish a private retirement program.

² Mr. Obrecht's 2017 basic annual salary includes EURk 70 of variable remuneration, which was agreed 2016 as a fixed amount.

REMUNERATION REPORT

The remuneration report presents the Management Board's and Supervisory Board's remuneration pursuant to the applicable accounting principles of the German Commercial Code (HGB) and German Accounting Standards (GAS 17) and the recommendations of the German Corporate Government Code (GCGC) in the valid version dated February 7, 2017.

REMUNERATION SYSTEM FOR THE MANAGEMENT BOARD

The Supervisory Board determines the methodology and amount of the Management Board's remuneration based on the proposal of the Personnel Committee. The criteria for defining remuneration include the Group's financial situation, success and outlook, the duties and personal performance of the individual Board members, the prevailing level of compensation at peer companies and the Company's remuneration structure. In doing so, the Supervisory Board takes into account the relation of the Management Board's compensation and the remuneration of senior management and the workforce both as a whole and with respect to its development over time. The overall remuneration structure is geared toward the Company's sustainable development.

Total remuneration consists of fixed and performance-related components. The fixed components include the basic annual salary paid in twelve equal monthly payments, non-cash benefits and pension benefits. The bonus represents the performance-based element of remuneration and is divided into one-year and multiple-year variable components. The one-year variable component is measured according to the net income of the Group for the previous fiscal year. The multiple-year variable component is measured according to the Group's average net income over a period of three years. The absolute level of performance-based remuneration is limited in its amount and structured so that multi-year components outweigh one-year components and ensures that both positive and negative corporate developments are taken into account.

The existing employment contracts also provide for a discretionary bonus, whereby the Supervisory Board may consider extraordinary positive and negative developments at its discretion up to a limited annual maximum amount. The maximum amount for the CEO is different than for the other Management Board members.

Management Board members do not receive separate remuneration for their work as members of bodies at the Company's subsidiaries.

Management Board member Bernd Bartmann is entitled to receive retirement, disability and survivor pension. The retirement pension is paid either upon reaching the

MANAGEMENT BOARD REMUNERATION ACCORDING TO DRS 17: PENSION COST

EURk

	Annual entitlement ¹		Present value of benefit obligations		Allocation to pension provisions	
	2017	2016	2017	2016	2017	2016
Dr. Volker Simon, CEO	0	0	0	0	0	0
Bernd Bartmann	72	72	1,434	1,292	105	98
Johannes Obrecht (since July 1, 2016)	0	0	0	0	0	0
Dr. Winfried Blümel (until June 30, 2016)	43	43	929	874	0	41
TOTAL	115	115	2,363	2,166	105	139

¹ At the start of pension at the age of 65 years based on the entitlements earned until December 31, 2017.

current retirement age of 65 or through early retirement from the Company at 60 years of age, provided a full retirement pension is being drawn simultaneously from the statutory pension scheme.

The monthly amount of the retirement pension for Mr. Bartmann is set out in his retirement contract. When drawing benefits prematurely, this amount is reduced during the length of pension payment by 0.25 percent per month from the start of early retirement until reaching 65 years of age. Future retirement benefits of the present members of the Management Board are adjusted in line with changes in the cost of living for a four-person household of hourly and salaried workers with an average income as defined by the Federal Statistics Office.

Management Board members Dr. Volker Simon and Johannes Obrecht are not entitled to pension benefits but, as set out in their Management Board contracts, instead receive a fixed annual benefit for a private retirement scheme. The allowance for Mr. Obrecht is paid by the Company directly into a pension trust.

The Company has concluded a financial loss liability insurance policy (D&O insurance) for the members of the Management Board. This policy has a deductible of 10 percent of the loss up to the amount of one and a half times the Management Board member's fixed remuneration.

The current Management Board contracts provide that when a Management Board member's contract is terminated prematurely, any payments to members, including fringe benefits, shall not exceed the value of two year's remuneration and shall not be higher than the remuneration for the

remaining term of the contract (severance payment cap). In accordance with the Management Board contracts, the calculation of severance payment caps is based on the total remuneration of the previous fiscal year and, if applicable, also the expected total remuneration for the current fiscal year. If the Management Board member is responsible for the termination of his contract for good cause as defined by Section 626 of the German Civil Code (BGB), then no payments will be made to the Management Board member.

The Personnel Committee of the Supervisory Board regularly reviews the remuneration system for the Management Board in preparation for the resolution of the plenary. The last review was conducted in the 2016 fiscal year.

MANAGEMENT BOARD REMUNERATION IN ACCORDANCE WITH THE GAS 17 ACCOUNTING STANDARD

The total Management Board remuneration for the 2017 fiscal year amounted to EURk 1,447 (p/y: EURk 1,393). This includes performance-based remuneration of EURk 675 (p/y: EURk 561). Management Board members were granted non-cash benefits of EURk 68 (p/y: EURk 72), which mainly consist of company cars, phone bills, insurance premiums and non-cash benefits. The table on the page before shows the individual remuneration of the Management Board members.

The Company has recognized pension provisions for the future pension entitlement of Management Board member Bernd Bartmann. The allocation to pension provisions in

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BENEFITS GRANTED DURING THE REPORTING YEAR

EURk

	Dr. Volker Simon (CEO) Market and Technology Entry: 01/07/2014				Bernd Bartmann Administration and Finance Entry: 01/01/2005				Johannes Obrecht Production and Materials Entry: 01/07/2016				Dr. Winfried Blümel Production and Materials Resignation 30/06/2016			
	2016	2017	2017	2017	2016	2017	2017	2017	2016	2017	2017	2017	2016	2017	2017	2017
			Min.	Max.			Min.	Max.			Min.	Max.			Min.	Max.
Fixed remuneration ¹	300	320	--	--	198	216	--	--	154	168	--	--	108	--	--	--
Non-cash benefits	14	17	--	--	35	33	--	--	6	18	--	--	17	--	--	--
TOTAL	314	337	--	--	233	249	--	--	160	186	--	--	125	--	--	--
Discretionary bonus ²	0	0	--	100	0	0	--	80	0	0	--	80	0	--	--	--
One-year variable remuneration ³	147	217	--	225	114	169	--	187	0	145	--	190	57	--	--	--
Multi-year variable remuneration (2016-2017)	0	0	--	--	0	0	--	--	0	135	--	210	0	--	--	--
Multi-year variable remuneration (2015-2016)	169	0	--	--	0	0	--	--	0	0	--	--	0	--	--	--
Multi-year variable remuneration (2015-2017)	0	201	--	275	0	146	--	213	0	0	--	--	0	--	--	--
Multi-year variable remuneration (2014-2016)	0	0	--	--	141	0	--	--	0	0	--	--	71	--	--	--
TOTAL	316	418	--	--	255	315	--	--	0	280	--	--	128	--	--	--
Pension expenses ⁴	0	0	--	--	118	125	--	--	20	40	--	--	51	--	--	--
TOTAL REMUNERATION	630	755	--	--	606	689	--	--	180	506	--	--	304	--	--	--

¹ Dr. Simon's basic annual salary includes EURk 50 to establish a private retirement program.

In the previous year, Mr. Obrecht's basic annual salary included EURk 70 of variable remuneration, which was agreed as a fixed amount.

² At its own discretion, the Supervisory Board may decide to grant a special remuneration in cases of extraordinary performance or success in the amounts shown above.

In turn, in cases of extraordinary developments, the entitlements to one-year and multi-year variable remuneration may be reduced in the amounts shown above.

³ In the previous year, Mr. Obrecht's one-year variable remuneration was agreed as a fixed amount and reported under his fixed remuneration for 2016.

⁴ In 2016, the pension expenses for Mr. Bartmann and Mr. Obrecht included a payment of EURk 20 each paid by the Company into a pension trust.

The 2016 pension expenses for Dr. Blümel included a payment of EURk 10 paid by the Company into a pension trust.

The 2017 pension expenses included payments into a pension trust (EURk 20 for Mr. Bartmann and EURk 40 for Mr. Obrecht).

the reporting year amounted to a total of EURk 105 (p/y: EURk 139). The allocation amount included what is known as service costs excluding interest costs.

Management Board members Dr. Volker Simon and Johannes Obrecht are not entitled to pension benefits,

but instead, Dr. Simon receives an annual fixed amount of EURk 50 to contribute to a private pension plan, and Mr. Obrecht receives an annual fixed amount of EURk 40, to be paid directly by the Company into a pension trust. In addition to the pension entitlement, an agreement was made for a fixed annual payment of EURk 20 to be

BENEFITS PAID DURING THE REPORTING YEAR

EURk

	Dr. Volker Simon (CEO) Market and Technology Entry: 01/07/2014		Bernd Bartmann Administration and Finance Entry: 01/01/2005		Johannes Obrecht Production and Materials Entry: 01/07/2016		Dr. Winfried Blümel Production and Materials Resignation 30/06/2016	
	2016	2017	2016	2017	2016	2017	2016	2017
Fixed remuneration ¹	300	320	198	216	154	168	108	--
Non-cash benefits	14	17	35	33	6	18	17	--
TOTAL	314	337	233	249	160	186	125	--
Discretionary bonus ²	0	0	0	0	0	0	0	--
One-year variable remuneration ³	127	132	99	103	0	88	49	--
Multi-year variable remuneration (2016-2017)	0	0	0	0	0	97	0	--
Multi-year variable remuneration (2015-2016)	140	0	0	0	0	0	0	--
Multi-year variable remuneration (2015-2017)	0	148	0	107	0	0	0	--
Multi-year variable remuneration (2014-2016)	0	0	97	0	0	0	49	--
TOTAL	267	280	196	210	0	185	98	--
Pension expenses ⁴	0	0	118	125	20	40	51	--
TOTAL REMUNERATION	581	617	547	584	180	411	274	--

¹ Dr. Simon's basic annual salary includes EURk 50 to establish a private retirement program.

In the previous year, Mr. Obrecht's basic annual salary included EURk 70 of variable remuneration, which was agreed as a fixed amount.

² At its own discretion, the Supervisory Board may decide to grant a special remuneration in cases of extraordinary performance or success in the amounts shown above. In turn, in cases of extraordinary developments, the entitlements to one-year and multi-year variable remuneration may be reduced in the amounts shown above.

³ In the previous year, Mr. Obrecht's one-year variable remuneration was agreed as a fixed amount and reported under his fixed remuneration for 2016.

⁴ In 2016, the pension expenses for Mr. Bartmann and Mr. Obrecht included a payment of EURk 20 each paid by the Company into a pension trust.

The 2016 pension expenses for Dr. Blümel included a payment of EURk 10 paid by the Company into a pension trust.

The 2017 pension expenses included payments into a pension trust (EURk 20 for Mr. Bartmann and EURk 40 for Mr. Obrecht).

paid directly into a pension trust for Management Board member Bernd Bartmann.

The table on page 45 shows the individual expense for pensions.

Former members of the Company's Management Board and their surviving dependents have received pension payments amounting to EURk 228 (p/y: EURk 223) during the reporting year. The corresponding pension provisions amounted to EURk 4,386 (p/y: EURk 4,308) on December 31, 2017.

In the event of termination of employment, no other benefits were promised to any member of the Management Board. In the 2017 fiscal year, no members of the Management Board had received any payments or promises from a third party in connection with their work as Management Board members.

MANAGEMENT BOARD REMUNERATION IN ACCORDANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

Pursuant to the recommendations of the German Corporate Governance Code as amended on February 7, 2017, both the benefits granted and the payments are presented using the sample tables.

In the table titled "Benefits granted," the amounts budgeted for one- and multiple-year variable remuneration are shown as opposed to GAS 17. The minimum and maximum values that can be achieved are also reported. The pension expenses shown in the table under "Individual pension expenses" as an allocation to pension provisions, is also included in the total remuneration.

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EURk

	Fixed remuneration		Attendance fees		Total remuneration	
	2017	2016	2017	2016	2017	2016
Karl M. Schmidhuber, Chairman (since May 31, 2016)	69	47	5	1	74	48
Dieter Maier, Chairman (until May 31, 2016)	0	29	0	3	0	32
Dr. Gerhard Wirth, Deputy Chairman	44	45	3	8	47	53
Dr. Georg Hengstberger	38	39	5	5	43	44
Herbert König	31	32	5	5	36	37
Ulrich Ruetz	38	37	5	5	43	42
Gerhard Schrempf (since May 31, 2016)	25	17	3	1	28	18
Franz Schmidt (until May 31, 2016)	0	10	0	2	0	12
TOTAL	245	256	26	30	271	286

The total remuneration granted to the Management Board in accordance with the German Corporate Governance Code reached EURk 1,950 (p/y: EURk 1,720) for the 2017 fiscal year.

The total remuneration paid to the Management Board in accordance with the German Corporate Governance Code reached EURk 1,612 (p/y: EURk 1,582) for the 2017 fiscal year.

REMUNERATION OF THE SUPERVISORY BOARD

The remuneration of the Supervisory Board members is described in Section 11 of the Company's Articles of Association essentially as follows:

Each Supervisory Board member receives fixed annual remuneration of EURk 25. The Chairman of the Supervisory Board receives double this amount and the Deputy Chairman receives one and a half times this amount. Each Supervisory Board member receives a 25 percent bonus based on their fixed remuneration for their membership in committees, and the chairperson of the committee receives a bonus of 50 percent. The total annual remuneration of a Supervisory Board member may not exceed twice the member's fixed remuneration or three times the fixed remuneration in the case of the Supervisory Board chairperson.

Members of the Supervisory Board also receive an attendance fee of EUR 500 for each meeting of the Supervisory Board and its committees the members personally attend. This also applies to the participation in telephone or video conferences and the visual and/or acoustic participation in a physical meeting of the Supervisory Board and its committees. This fee is paid only once per meeting day, even if several meetings are attended in the course of one day.

Supervisory Board members, who have been members for only part of the fiscal year, receive one-twelfth of the yearly compensation for the start of each month they were present. The Company also reimburses the Supervisory Board members for their expenses as well as for any value added tax payable on their remuneration and expenses.

The compensation is payable at the end of the fiscal year.

The members of the Supervisory Board are covered by the Company's existing financial loss liability insurance policy (D&O insurance). The policy's premiums are paid by the Company. A deductible has been agreed that amounts to half of the fixed annual remuneration of the Supervisory Board member.

Also in this reporting year, the Company did not pay any remuneration to Supervisory Board members for activities performed outside of their supervisory role.

The individual remuneration of the Supervisory Board members is shown in the table above.