

Remuneration Report

Remuneration of Management Board Members

The structure of the remuneration for Management Board members is aligned to sustained corporate development. The monetary remuneration includes fixed and variable components based on the Hönle Group's performance.

The criteria used in evaluating the suitability of remuneration are as follows: The tasks of the respective Management Board member, personal performance, the economic situation, earnings, and future outlook of the company, standard practice in the industry and the company's general remuneration structure. The Supervisory Board regularly reviews the structure and amount of the remuneration for Management Board members.

The company reports pension commitments concerning the Management Board members, Mr Haimerl and Mr Runge. Within the context of the conversion of pension commitments for Management Board members, annual pension

modules have been acquired starting from 1 January 2012. The amount of a pension module acquired in a given financial year is derived from the pension expenses that are converted into pension instalments using age-dependent conversion factors. The pension expenses correspond to a fixed percentage rate of the annual fixed remuneration (excluding profit sharing bonus). The designated benefit types are: old age pension (from the age of 60), and disability pension and survivors' pension (for widows, widowers, partners and orphans). The amount of the disability and old age pensions corresponds to the total of vested rights components and the pension components acquired up to the time when a pension becomes due. The widow's/widower's and partner's pension corresponds to 60% of the disability or old age pension entitlement at the time of death or which was paid out at the time of death. The orphan's pension amounts to 12% of the mentioned pension entitlement for half-orphans and 20% for orphans. Reinsurance contracts were concluded with a view to covering the pension commitments.

Fixed Remuneration (not based on performance)

in T€	S a l a r y		O t h e r R e m u n e r a t i o n		T o t a l	
	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018
Norbert Haimerl	281	281	18	26	299	307
Heiko Runge	281	281	19	18	300	299
Total	562	562	37	44	599	606

Performance-based Remuneration

in T€	P r o f i t S h a r i n g B o n u s e s	
	2018/2019	2017/2018
Norbert Haimerl	306	548
Heiko Runge	306	548
Total	612	1,096

Pension Expenses

in T€	P e n s i o n e x p e n s e s p u r s u a n t t o I A S 1 9	
	2018/2019	2017/2018
Norbert Haimerl	293	267
Heiko Runge	260	233
Total	553	500

Defined Benefit Obligations

in T€	Present value of defined benefit obligations	
	As at 30/09/2019	As at 30/09/2018
Norbert Haimerl	2,826	2,069
Heiko Runge	2,569	1,855
Total	5,395	3,924

In addition, benefits amounting to T€ 12 (PY: T€ 12) were paid to surviving dependents of former Management Board members.

Benefits Paid in the Event of Termination of Management Board Activity

The Supervisory Board appoints the Dr. Höhle AG Management Board for a maximum term of office of five years.

An agreement governing a transitional allowance was concluded with the company's Management Board. In accordance with this agreement, Management Board members who resign from office at the end of their 50th year of age and before the end of their 60th year of age, continue to receive payment of the fixed remuneration for 12 months as defined in their employment contracts. After the 12-month period, between 40% and up to a maximum of 50% of the fixed remuneration is paid until the pension commitment for Management Board members enters into effect. However, the agreement concerning the transitional allowance only enters into effect provided that the respective Management Board member has been a member of the company's Management Board for at least ten years and if she/he is not personally responsible for the termination of employment. Other income is to be counted against the transitional allowance and can reduce or completely set off the allowance. In addition, the Supervisory Board is authorised to reduce the transitional allowance if the company's economic position deteriorates. In the event that benefits were received erroneously or if the

Supervisory Board reduced the benefits subsequently, the benefits granted must be repaid to the company.

In the event of a change of control at Dr. Höhle AG, a Management Board member is entitled to terminate the Management Board Service Agreement with a three-month notice period as at the end of a respective month-end, and to resign from office at that time. A change of control is defined as any direct or indirect assumption of control over Dr. Höhle AG by a third party within the meaning of the German Securities Purchase and Takeover Act (WpÜG). In the event of resignation, Management Board members are entitled to settlement of their remuneration and fringe benefits at the time of the premature termination up to the maturity date of their service agreements. With respect to the pension commitments, the Management Board has a choice between a one-off payment in the amount of the value or the continuation. In this context, the Management Board members are to be put in a position as though the company had fulfilled the respective pension commitments up to the termination date stipulated in the service agreement.

Compensation of Supervisory Board Members

The compensation contains only fixed payments which are oriented towards the duties and responsibilities of the respective Supervisory Board member. No other compensation, for example from advisory or brokerage services, is granted.

Supervisory Board Compensation

in T€	2018/2019	2017/2018
Prof. Dr. Karl Höhle	60	48
Günther Henrich	45	36
Dr. Bernhard Gimpe	30	24
Total	135	108