

## REMUNERATION OF THE MANAGEMENT BOARD

The remuneration paid to the Management Board in the financial year 2014 is likewise presented and published in the remuneration report included in the Combined Management Report. The presentation in the Combined Management Report already complies with the recommendations of the German Corporate Governance Code that are not binding until the financial years beginning after December 31, 2013. Here again, in order to avoid unnecessary duplication, this Corporate Governance Report explicitly adopts the presentation in the Combined Management Report and hereby refers thereto.

On April 29, 2010, the Annual General Meeting of the Company approved the remuneration system for the members of the Management Board. In its meeting on May 22, 2014 the Supervisory Board agreed some items for an amended remuneration system for Management Board members. The new Management Board remuneration system, which applies to Management Board contracts signed, amended or renewed on or after May 22, 2014, takes into account experience gained from the previous system as well as changes in market trends for specific remuneration components. The amended remuneration system also comprises a fixed salary and success-independent ancillary benefits in the form of emoluments in kind as fixed remuneration components and an annual bonus, a sustainability component and stock appreciation rights as variable remuneration components. All the variable remuneration components are limited by payment caps. Payments on premature termination without good cause or due to a change of control are subject to severance payment caps in accordance with the recommendations of the German Corporate Governance Code.

The level of the fixed salary is set individually by the Supervisory Board for each Management Board member in order to ensure market-oriented differentiation between the individual functions. In addition, emoluments in kind, which essentially comprise use of a company car and insurance premiums, are granted. For the members of the Management Board a so-called Directors & Officers liability insurance (D&O insurance) with a deductible of 10% of the loss up to the amount of one and a half times the fixed annual compensation exists.

In the future, the annual bonus as short-term incentive will only be linked to achievement of the three variously weighted financial key figures Adjusted EBITDA, Sales and Net Working Capital. The target key figure Capital Expenditures is no longer applicable, while the net working capital target

component has been switched from binary target attainment/non-attainment to a 95–105% target corridor. If all target values are achieved the annual bonus amounts to 50% of the individual fixed salary. The annual bonus is limited to 70% (formerly 60%) of the individual fixed salary.

The sustainability component consists of a rolling bonus system which is linked to the achievement of specific targets over the period of three years. For target achievement, the relevant key figures are organic sales growth and overall capital profitability (ROCE). Instead of being defined with fixed values as before, the ROCE target corridor is now to be set each year for the next three years on the basis of the business plan. Payouts – with reference to the base year – are made after three years. On achievement of the target volume the bonus payable in accordance with the sustainability component amounts to 40% (formerly 30%) of the individual fixed salary. The sustainability component may not exceed 55% (formerly around 40%) of the individual fixed salary.

The stock appreciation rights take the form of virtual share options (Phantom Stock Program) which are issued annually in tranches and do not require shares to be purchased through investment of the Management Board member's own funds. Phantom stock is to be allocated in future on a value rather than a number of shares basis. Members of the Management Board are thus no longer allocated a specific number of stock appreciation rights but are awarded an entitlement (in a specific amount) to a payment in the event that the exercise and payment conditions are met. After a waiting period of five (formerly four) years, the Management Board member is entitled to demand payment within an ensuing period of 24 (formerly 16) months amounting to the appreciation in the value of Gerresheimer stock between the issue date and the exercise date (maturity period) assessed on the basis of the stock exchange price. A condition for payment is that a value appreciation of at least 20% (formerly 12%) or a higher percentage value appreciation than the MDAX occurs over the maturity period and that membership of the Management Board exists for at least one full year during the maturity period. The target-based remuneration is to be 40% of the individual fixed salary for each member of the Management Board on attainment of an exercise target comprising a 20% increase in the share price. If the share price rises during the set period by 40% or more, the entitlement awarded to the members of the Management Board is capped at 80% of their individual fixed salary.

As before, variable remuneration components in the new Management Board remuneration system account for significantly more than 50% of total remuneration.

In addition, at its meeting on February 10, 2015, the Supervisory Board also modified the pension system, which is likewise an integral part of the new remuneration system for Management Board members to be newly elected. The company pension arrangement for current Management Board members, comprising 1.5–2.2% per year of service up to a maximum of 40% of the final salary at age 65, is to be replaced for new Management Board members with a defined contribution scheme.

In future, the amount to be furnished by the Company for new Management Board members' pensions is to be determined as 20% of the fixed salary plus 20% of the attained annual bonus. New Management Board members may choose from three options for how this amount is used: (1) 20% of the fixed salary paid into an insurance policy and 20% of the bonus paid into an investment; (2) 20% of the fixed salary paid into an insurance policy and 20% of the bonus paid out for personal pension provision; (3) 20% of the fixed salary and 20% of the bonus paid out for personal pension provision.

Under the insurance option, a Management Board member earns entitlement on retirement to payment of an annuity-based old age, invalidity or surviving dependents' pension. Alternatively, a Management Board member can elect to have the accumulated capital paid out on retirement. The pension entitlement then lapses.

In the investment-based option, the Company has a top-up obligation up to the amount paid in on retirement (claim event) if the value of the investment falls, as the Company must guarantee capital maintenance to ensure qualification as a company pension arrangement. Any notional underfunding prior to the claim event must therefore be accounted for – only temporarily, if appropriate.

A Management Board member may alternatively have the scheduled annual contribution amount paid out while still in service, as an additional salary component for personal pension provision. In this case, the Company has no further obligation once payment has been made.

The objective of the new pension system is to follow market trends while reaping the benefits of an even spread of expenditure over time and an accounting treatment with minimum balance sheet impact. Besides providing greater transparency in Management Board remuneration, the new pension system is primarily geared to capital maintenance, guaranteeing the amounts paid in to the extent they are not disbursed for personal pension provision after deducting statutory taxes and contributions.

## DECLARATION OF COMPLIANCE

Pursuant to Section 161 of the German Stock Corporation Act, the management board and supervisory board of listed German stock corporations are required to make an annual declaration of whether the recommendations of the "Government Commission on the German Corporate Governance Code" as published by the Federal Ministry of Justice in the official section of the Federal Law Gazette (Bundesanzeiger) have been and will continue to be complied with, or which recommendations have not been or are not being applied, and the reasons for this.

On September 9, 2014, the Management Board and the Supervisory Board of Gerresheimer AG approved the following, most recent, Declaration of Compliance:

**"Declaration of the Management Board and the Supervisory Board of Gerresheimer AG on the recommendations of the 'Government Commission on the German Corporate Governance Code' according to Section 161 of the German Stock Corporation Act**

Since its last amended declaration on May 22, 2014 Gerresheimer AG has complied with all recommendations of the 'Government Commission on the German Corporate Governance Code' as amended on May 13, 2013.

Gerresheimer AG will furtheron comply with all recommendations of the 'Government Commission on the German Corporate Governance Code' as amended on May 13, 2013."

The preceding Declaration of Compliance dated May 22, 2014 is also available on the Company's website at [www.gerresheimer.com](http://www.gerresheimer.com).