

Executive Board Report on Item 11

Executive Board Report on Item 11 of the Agenda as per Art. 9 para. 1 lit. c) ii) SE Regulation, section 221 para. 4 sentence 2; section 186 para. 4 sentence 2 German Stock Corporation Act (Aktiengesetz, "AktG")

- Translation for Convenience Purposes -

The authorization adopted by the Annual General Meeting of 16 May 16, 2018, under Agenda Item 10, regarding the issue of options and/or convertible bonds expires as per 15 May 2023 and thus expires before the intended date, on which the Annual General Meeting in 2023 shall be held.

In order to ensure a comprehensive capacity to act, the Executive Board and the Supervisory Board consider it appropriate to create a new authorization for the issuance of options and/or convertible bonds, profit participation certificates and/or income bonds (or combinations of these instruments) which is limited in time until 24 May 2027, while cancelling the previous authorization.

In this context, a new Contingent Capital 2022 is to be created – under cancellation of the previous Contingent Capital 2018 – to serve the new authorization. At the same time as the cancellation of the Contingent Capital 2018, Contingent Capital II 2012 (section 4 no 2.7 of the Articles of Association), which serves to underpin the 2012 stock option program, is to be significantly reduced in its amount (namely from EUR 3,852,026.00 to EUR 185,000.00 as it is only required to a very limited extent to serve the 2012 stock option program.

The proposed authorization for the issuance of options and/or convertible bonds, profit participation certificates and/or income bonds (or combinations of these instruments) (together the "Bonds") of an aggregate par value of up to EUR 450,000,000.00 as well as for the creation of the respective contingent capital of up to EUR 15,000,000.00 shares, is to furnish the company with an ongoing extended scope for the financing of its activities and enable the management to swiftly and flexibly respond to favorable capital market conditions. The terms of the Bonds will provide for more details. The Bonds may be issued in Euro or – subject to restricting the respective equivalent value – in a legal foreign currency, such as that of an OECD country. They may equally be issued by dependent companies or direct or indirect majority-owned companies of the company (hereinafter "Group Companies") headquartered in Germany or abroad. In this case the Executive Board shall be authorized to assume the guarantee for the Bonds for the company and to grant the holders of such Bonds option or conversion rights (also with a conversion or option obligation or any rights to offer on the part of the company) for no-par value registered shares of the company. The Bonds may have a fixed or a variable interest rate.

The authorization provides for the opportunity that Bonds are divided into partial debentures. The proportionate amount of the share capital to be issued for the company's no-par value registered shares per partial debenture must not exceed the par value of the partial debenture. According to legal provisions, shareholders generally have a subscription right. It provides shareholders with the opportunity to invest their capital in the company while maintaining their participation quota. To facilitate the processing, it is intended to provide for the Bonds to be issued to one or multiple financial institutions or companies in the meaning of section 186 para. 5 sentence 1 AktG subject to the obligation that the shareholders shall be offered to purchase the Bonds in accordance with their subscription right (indirect subscription right). If Bonds are issued by Group companies of the company, it is intended that the company will ensure the corresponding granting of subscription rights to the shareholders of the company.

In accordance with legal provisions, the Executive Board, with the consent of the Supervisory Board, shall be authorized to exclude the shareholders' subscription right for Bonds:

At first, the subscription right for share issues with a principal subscription right of shareholders shall be eliminated for fractional amounts. Such exclusion of subscription rights is customary. Furthermore, it is objectively justified as the cost of trading subscription rights for fractional amounts as would otherwise be required is in no reasonable relation to the advantage that shareholders stand to gain, and the potential dilution effect, due to the restriction to fractional amounts, is in any event low.

Furthermore, the Executive Board shall be authorized, with the consent of the Supervisory Board, to exclude the subscription right of shareholders insofar as the issue of shares is restricted to conversion or option rights or conversion or option obligations or offers of up to 10 percent of the company's share capital. This option to exclude the subscription right provides the company with the flexibility to seize favorable capital market situations at short notice and, by establishing market-value conditions, to achieve better conditions for the interest rate and for the issue price of the Bonds. Pricing the issue price of the Bonds in these cases insignificantly below its market value to be determined by virtue of generally accepted actuarial methods is to account for the shareholders' need for protection regarding the financial dilution of their shareholding. An issue price equivalent to the market value lowers the value of the subscription right to practically zero. The Executive Board will seek to achieve as high as possible an issue price and to rate the financial gap to the price at which existing shareholders may purchase shares on the market as low as possible. Shareholders wishing to maintain their participation quota in the company's share capital may achieve this by buying shares on the market under very similar terms and conditions. Even a relevant financial loss of the participation quota from the viewpoint of shareholders is ruled out. The authorization is restricted to the issue of conversion or option rights (also with conversion or option obligations or rights to offer) for shares constituting up to 10 percent of the company's share capital against cash contribution. This 10 percent threshold of the share capital shall include those shares which will be issued or treasury shares which will be sold if performed excluding the subscription right in accordance with or pursuant to section 186 para. 3 sentence 4 AktG while the proposed authorization is in effect. Moreover, shares shall be included which are to be issued to serve option and/or conversion rights or conversion and/or option obligations which were created following the issue of Bonds by virtue of a different authorization excluding subscription rights subject to the

commensurate application of section 186 para. 3 sentence 4 AktG while this authorization was in effect. This additional restriction is in the interest of the shareholders who intend to maintain their participation quota under the respective capital measures; their additional investment may be restricted in these cases to a maximum 10 percent of their shareholding. The Executive Board shall ensure that the requirements under section 186 para. 3 sentence 4 AktG are protected in view of the existing authorizations as well as this new authorization to be created.

It shall be made possible to also exclude the subscription right insofar as this is required for reasons of protection against dilution in order to issue to persons entitled to a right of offer from the company or to holders or creditors of bonds with conversion and/or option rights (conversion and/or option obligations or rights) which were issued by the company or its group companies utilizing the authorization, a subscription right for bonds to which they would be entitled as a shareholder had they exercised their option or conversion rights or had the conversion or option obligation been fulfilled or the shares actually been offered. To place bonds more easily on the capital market, the respective terms of the bonds tend to include anti-dilution provisions. This therefore serves the interests of shareholders in an optimal financial structure of the company. One anti-dilution option is to grant holders or creditors of the bonds in the event of subsequent share issues a subscription right for bonds just as shareholders are entitled to, without having to adjust the price of the conversion or of the option. Consequently, they will be in a position as if they were already shareholders. To furnish bonds with such anti-dilution protection, the shareholders' subscription right for bonds must be excluded to this extent.

Bonds may equally be issued in return for contributions in kind provided that this is in the company's interest. In this case, the Executive Board is authorized, with the consent of the Supervisory Board, to exclude the subscription right of the shareholders if the value of the contribution in kind is reasonably proportionate to the theoretical market value of the bonds to be determined by virtue of generally accepted actuarial methods. This opens up the possibility that bonds may also be used in order to, for example, acquire companies, parts of companies or stakes in companies or other assets, including loans and other liabilities of the company, receivables against the company or third parties or to achieve release from liabilities. Practice has shown that negotiations frequently call for the consideration not to be settled in cash, but also, or exclusively, in another form. The possibility to be able to offer bonds as consideration therefore creates a competitive advantage so as to be able to exploit interesting acquisitions and have the scope required to explore opportunities that present themselves to purchase companies, parts of companies or stakes in companies or other assets in a liquidity-preserving manner. This may also prove reasonable in view of an optimal financing structure.

Insofar as income bonds and/or profit participation certificates without conversion or option rights (conversion or option obligations) are to be issued, the Executive Board is authorized, with the consent of the Supervisory Board, to exclude the shareholders' subscription rights in totality if these profit participation certificates or income bonds are structured like bonds, i.e. if they do not confer rights of membership in the company, if they do not grant participation in the liquidation proceeds and if the amount of interest is not calculated based on the amount of the annual net profit, the accumulated profits or the dividend. Moreover, the interest rate and the issue price of the income bonds and/or of the profit participation certificates must correspond

with current market conditions that apply at the time of the offer. If these requirements have been met, the exclusion of the subscription right does not result in disadvantages for the shareholders because the profit participation certificates, or the income bonds do not confer any rights of membership and do not grant any participation in the company's liquidation proceeds or profits.

This authorization is restricted insofar as the shares issued after exercising the conversion or option rights (conversion or option obligations) excluding the subscription right must not exceed 10 percent of the share capital that exists at the time of the authorization coming into effect or – if this value is lower – that exists at the time the authorization is exercised. This 10 percent threshold shall also include those shares which are issued while the above authorization excluding the subscription right from authorized capital is in effect; also, those shares shall be included which are to be issued following the exercise of conversion and/or option rights (conversion or option obligations) attached to bonds insofar as the associated bonds are issued while this authorization is in effect based on another authorization excluding the subscription right. This inclusion restricts a potential dilution of voting rights of those shareholders excluded from the subscription right.

In any case, the Executive Board, with the consent of the Supervisory Board, will carefully review whether it will exercise the authorization to issue the bonds excluding the shareholders' subscription rights. It shall only do so if, in the opinion of the Executive Board and of the Supervisory Board, this protects the interests of the company and therefore, of its shareholders.

The Executive Board shall report on whether the authorization was utilized at the relevant next Annual General Meeting.