

FINANCIAL REPORT 2021

Remuneration Report



H&R GmbH & Co. KGaA

Remuneration Report 2021

Introduction

The following remuneration report explains the general principles of the remuneration system for the members of the Executive Board and the Supervisory Board of H&R GmbH & Co. KGaA and describes the amount and structure of the remuneration of the Board members for financial year 2021.

The remuneration report takes the requirements of Section 162 of the German Stock Corporation Act (AktG) into account, which is mandatory for financial statements for the year 2021 for the first time. The remuneration system for the Executive Board and the remuneration system for the Supervisory Board comply with the principles, recommendations and suggestions of the GCGC. Both were submitted to the Annual Shareholders' Meeting in July 2021 and adopted with a clear majority (EB remuneration system: 96.34%; SB remuneration system: 99.93%).

The 2021 remuneration report based on this will be presented to the 2022 Annual Shareholders' Meeting for approval.

Executive Board Remuneration

The remuneration system for members of H&R Komplementär GmbH's Executive Board makes a significant contribution to promoting the corporate strategy of H&R KGaA, providing incentives for successful, sustainable, long-term and value-oriented development of the company, while simultaneously avoiding disproportionate risks from being taken.

Through the structure of the remuneration system, particularly the long-term variable (performance-related) remuneration components with a multi-year assessment basis, incentives are put in place for the members of the Executive Board to

pursue the targets specified in the strategy and thereby ensure a sustainable and long-term increase in the company's value. At the same time, the aim of the remuneration system is to offer the members of the Executive Board remuneration that is in line with the market.

The specification of the remuneration system for the members of the Executive Board of the general partner with full personal liability takes place in consideration of the specific features of the legal form of a partnership limited by shares (KGaA) in corresponding application of the regulations of the German Stock Corporation Act (AktG) and the recommendations and suggestions announced by the Federal Ministry of Justice and Consumer Protection on March 20, 2020, in the *Bundesanzeiger* (Federal Gazette) and the suggestions of the German Corporate Governance Code in its current version dated December 16, 2019 (GCGC 2019/2020). The company declares any deviations in its statement of compliance, which is available in its respective latest version on the company's website.

Specification of the Concrete Target Total Remuneration, Adequacy of the Remuneration

In compliance with the remuneration system for each member of the Executive Board, the Advisory Board specifies the amount of the target total remuneration and the performance criteria for all variable remuneration components for the upcoming financial year.

The target total remuneration for each member of the Executive Board is the respective sum of all fixed and variable remuneration components (in the case of variable remuneration components, in the event of 100% target achievement) in a year.

For the specification of the concrete target total remuneration, the Advisory Board ensures that it is appropriate in relation to the tasks and performance of the member of the Executive Board, as well as to the company's net assets, financial position and results of operations and its future prospects and does not exceed the normal remuneration without special reasons and is aimed

at the long-term and sustainable performance of H&R KGaA.

For the specification of the variable remuneration component, the Advisory Board ensures that the target remuneration from the long-term remuneration components is a higher amount than the target remuneration from the short-term remuneration components and the target remuneration from the variable remuneration components overall is influenced more by strategic targets than operational targets.

Remuneration Components and Their Relative Shares of the Remuneration (Overview)

The remuneration system for members of the Executive Board of the general partner with full personal liability is comprised of fixed (non-performance-related) and variable (performance-related) components. The fixed remuneration components comprise the fixed basic remuneration and the fringe benefits. The variable remuneration components comprise short-term and long-term variable remuneration, which are linked to financial performance criteria, as well as short-term variable remuneration, which is linked to non-financial performance criteria.

The fixed remuneration components account for 44% and the variable remuneration components account for 56% of the target total remuneration. The share of the fixed basic remuneration is 42% of the target total remuneration. Fringe benefits account for 2% of the target total remuneration. The share of short-term variable remuneration components (income component and ESG bonus, each with target achievement of 100%) is 26%. The share of long-term variable remuneration components (sustainability component with target achievement of 100%) is 30%.

Share-based remuneration is currently not envisaged.

Maximum Limits of the Total Remuneration (Maximum Remuneration)

According to Section 87a paragraph 1, sentence 2 no. 1 AktG, a maximum limit for the total remuneration (maximum remuneration) of a member of the Executive Board was specified in the

amount of €1,500,000.00 per year. The actual total amount received of the remuneration granted for a financial year is limited by the fixed maximum remuneration.

Fixed Component

The fixed component consists of the non-performance-related basic remuneration, which is paid pro rata each month as a salary, plus various fringe benefits and non-monetary remuneration. At present, this primarily comprises insurance premiums for private life and disability insurance policies, contributions to pension, health and long-term care insurance policies, corresponding to the amount payable by an employer if social insurance contributions were payable in full. In addition to this, the fringe benefits also comprise the conclusion of pecuniary damage liability insurance with a deductible and the use of a private company car.

Variable Components

The variable remuneration of the members of the Executive Board has the purpose of setting the right incentives for the Executive Board and pursuing and achieving the targets specified in the strategy, thereby ensuring a sustainable and long-term increase in the company's value. In the case of multiple members of the Executive Board, the target values are specified uniformly for all members of the Executive Board.

Short-term variable remuneration (income component)

The short-term variable remuneration comprises a bonus with financial performance criteria, based on a one-year assessment period (income component).

The financial performance criterion of the income component is the earnings before interest, taxes, depreciation and amortization (EBITDA) calculated on the basis of the consolidated financial statements of H&R KGaA for the relevant financial year, adjusted for extraordinary income components. By focusing on a financial performance criterion that is based on the company's business success, it is guaranteed that the strategy and long-term development are promoted.

The concrete target value for the respective financial year is specified by the Advisory Board prior to the start of the relevant financial year (EBITDA target value). The EBITDA target value is based on the specified budgeted EBITDA in the annual budget approved by the Advisory Board. On reaching the EBITDA target value specified by the Advisory Board for the financial year, the degree of target achievement is 100%. For the achievement of a degree of target achievement of 100%, a target amount is specified in euros.

If the EBITDA achieved for the respective financial year exceeds the EBITDA target value, a proportional increase of the degree of target achievement takes place. The target achievement in relation to the EBITDA performance criterion can be a maximum of 120% (maximum value); the maximum possible payout amount of the income component is capped accordingly. If the achieved EBITDA falls below the EBITDA target value, a proportional reduction of the degree of target achievement takes place. If a degree of target achievement of 75% (threshold value) is fallen below, the payment of an income component completely ceases to apply.

After the end of the financial year, the Advisory Board calculates the degree of target achievement in the first quarter of the following year for the member of the Executive Board as a percentage value. The payout amount is calculated by multiplying the target amount with the degree of target achievement (divided by 100). The income component for the past financial year of the company is due for payout in cash within seven calendar days after the regular Annual Shareholders' Meeting of H&R KGaA, i.e., generally in the second quarter of the financial year.

In the remuneration report for the past financial year, transparent information is provided about the concretely specified target value, the degree of target achievement and the payout amount.

Short-term variable remuneration (ESG bonus)

The variable remuneration is also intended to provide incentives for implementing non-financial targets in environmental, social and governance (ESG) areas. The short-term variable remuneration therefore additionally comprises a target bonus with non-financial performance criteria, based on a one-year assessment period (ESG bonus). By specifying non-financial performance criteria relating to ESG, the variable remuneration is consistently aimed at the achievement of key points of the strategic objectives of the company, particularly in the area of environment and sustainability. At the same time, it takes account of the overriding aim of the H&R Group to create long-term added value for people, the environment and society.

The concrete ESG targets for the financial year are specified by the Advisory Board prior to the start of the respective financial year, based on the aforementioned catalog (the specified "ESG targets"). For each of the specified ESG targets, the Advisory Board determines a threshold value and a target value (together, the "ESG target values").

For the specification of the ESG targets, the Advisory Board also determines the weighting among multiple specified ESG targets for the overall target achievement. For the ESG targets, measurable criteria should be specified as far as possible. The achievement of the ESG targets can be determined by a target-actual comparison. The criteria and methods for the assessment of the respective target achievement are substantiated with the specification of the ESG targets for the respective financial year.

On reaching all of the ESG target values specified by the Advisory Board for the financial year, the overall degree of target achievement is 100%. For the achievement of an overall degree of target achievement of 100%, a target amount is specified in euros. If the targets achieved for the respective financial year exceed the specified ESG target values, no proportional increase of the target amount takes place. The overall target achievement in relation to the ESG targets can therefore be a maximum of 100% (overall maximum value); the possible payout amount of the ESG bonus is

capped accordingly. If the targets achieved fall below the specified ESG target values, a proportional reduction of the target amount takes place. If an overall degree of target achievement of 75% is fallen below, the payment of an ESG bonus completely ceases to apply.

After the end of the financial year, the Advisory Board calculates the degree of target achievement for each of the specified ESG targets in the first quarter of the following year for the member of the Executive Board as a percentage value. The target achievement in relation to the ESG target is limited by the specified target value. A target achievement in relation to an ESG target below the specified threshold value goes into the calculation with a factor of 0. From the degree of target achievement with each of the specified ESG targets, the Advisory Board calculates the overall degree of target achievement as an average. The payout amount is calculated by multiplying the target amount with the overall degree of target achievement (divided by 100). The ESG bonus for the past financial year of the company is due for payout in cash within seven calendar days after the regular Annual Shareholders' Meeting of H&R KGaA, i.e., generally in the second quarter of the financial year.

In the remuneration report for the past financial year, transparent information is provided about the concretely specified ESG targets, the overall degree of target achievement and the payout amount.

Long-term variable remuneration (sustainability component)

The long-term variable remuneration of members of the Executive Board comprises a bonus with a multi-year assessment basis (sustainability component). The sustainability component as long-term variable remuneration is intended to provide incentives for implementing the company's strategic objectives and ensuring long-term, sustainable corporate development based on an increase in value added.

A relevant key performance indicator for the success of the business strategy and the long-term successful development of the company is the

return on capital employed (ROCE). Therefore, the ROCE has been specified by the Advisory Board as a long-term financial performance criterion for the sustainability component. The ROCE is assessed as the average value over a rolling three-year period. To calculate the ROCE, the earnings before interest and taxes (EBIT) are divided by the average capital employed (equity capital plus net financial debt, pension provisions, and other non-current provisions) on the basis of the respective consolidated financial statements of H&R KGaA.

The Advisory Board has currently specified an average ROCE of 15% (ROCE target value). If an average ROCE in the amount of the ROCE target value is reached within the relevant three-year period, the degree of target achievement is 100%. For the achievement of a degree of target achievement of 100%, a target amount is specified in euros. The target achievement in relation to the ROCE performance criterion of the sustainability component can be a maximum of 133% (maximum value). This is achieved if the average ROCE exceeds the ROCE target value by 5 percentage points or more within the relevant three-year period. If the achieved average ROCE is 10 percentage points below the ROCE target value (threshold value), the target achievement is 33%. If the achieved average ROCE is more than 10 percentage points below the ROCE target value, the target achievement is 0% and the payment of a sustainability component completely ceases to apply. Values between the threshold value, the ROCE target value and the maximum value are interpolated linearly.

After the end of the financial year, the Advisory Board calculates the average ROCE and, based on this, the degree of target achievement in the first quarter of the following year for the member of the Executive Board as a percentage value for the past financial year and the two preceding financial years. The payout amount is calculated by multiplying the target amount with the degree of target achievement (divided by 100).

The sustainability component is due for payout in cash within seven calendar days after the regular Annual Shareholders' Meeting of H&R KGaA, i.e.,

generally in the second quarter of the financial year. With the first-time appointment of a managing director, the sustainability component is paid for the first time after the end of the third year following the appointment for the previous three-year period, depending on target achievement. In the remuneration report for the past financial year, transparent information is provided about the concretely specified target, the degree of target achievement and the payout amount.

Consideration of extraordinary developments

A subsequent change in target values or comparative parameters is excluded. However, with respect to variable remuneration components, the Advisory Board is entitled to take appropriate account of unforeseeable extraordinary developments at its equitable discretion and increase or decrease the variable remuneration by up to 20%. This can result in an increase, as well as a reduction in the target achievement and consequently the payout amounts. For example, extraordinary developments comprise the sale or acquisition of parts of companies, a serious change to the taxation and accounting regulations, natural disasters and other comparable circumstances. In contrast, generally unfavorable market developments are not considered extraordinary developments. If extraordinary developments occur that require an adjustment, they are reported on transparently in the annual remuneration report.

Malus and clawback

Under certain circumstances, the Advisory Board can retain all or part of the variable remuneration if it has been granted for a financial year in which the member of the Executive Board has committed a serious breach of duty (malus). Upon request by the Advisory Board, variable remuneration components that have already been paid out must be paid back by a member of the Executive Board if the existence of a serious breach of duty is only determined after the payout of the variable remuneration components or a material misstatement exists in the financial reporting, which has implications for the calculation of the variable remuneration (clawback). The Advisory Board decides, at its equitable discretion, whether and which variable remuneration components are retained or reclaimed in which amount and for which

year. The seriousness of the breach, the degree of fault and a loss incurred by the company must be taken into consideration. Further claims in the case of personal misconduct by a member of the Executive Board, particularly claims for damages in accordance with Sections 93 paragraph 2, 283 no. 3 AktG, shall remain unaffected by this.

Remuneration-related Legal Transactions

Benefits upon termination of contract

In the case of the dismissal of a managing director, the rights under the managing director's employment contract shall essentially remain unaffected. In the event of termination of a board position, the company is entitled to release a managing director from any additional activity for the company during the remaining term of the managing director's employment contract. The release of the managing director shall take place subject to continued payment of the proportional fixed basic remuneration and taking into account any leave claims. Variable remuneration is not owed for the times of release.

In the event that the appointment of a managing director and the managing director's employment agreement are terminated prematurely without good cause within the meaning of Section 626 paragraph 1 of the German Civil Code (BGB), severance pay may be agreed. This is a maximum of two annual remuneration payments (including fringe benefits) (severance pay cap) and shall not remunerate more than the remaining term of the managing director's employment contract.

No entitlement exists to commitments for benefits arising from the premature termination of the management contract by the member of the Executive Board resulting from a change of control.

Outside work, internal and external

Supervisory Board mandates

The assumption of business activities, board functions and other outside work, outside of the activity as managing director of the general partner with full personal liability, requires the approval of the Shareholders' Meeting of H&R Komplementär GmbH. If members of the Executive Board

assume Supervisory Board mandates within the H&R Group, any remuneration granted for this will be taken into account. For the assumption of Supervisory Board mandates outside of the H&R Group, the Advisory Board decides whether and to what extent the remuneration is to be taken into account, in consideration of the circumstances.

Temporary deviation from the remuneration system

According to Section 87a paragraph 2, sentence 2 AktG, the Advisory Board has the option to temporarily deviate from the remuneration system under extraordinary circumstances, if this is necessary, in the interest of the long-term well-being of H&R KGaA. For example, such deviations may be necessary for ensuring an appropriate incentive in the case of a serious corporate crisis or a serious economic crisis. However, generally unfavorable market developments do not justify any deviation.

In the financial year 2021, the option of temporary deviation from the remuneration system was exercised. As the remuneration system envisages a one-year assessment period and a consultation on the targets BEFORE the beginning of the financial year, the agreement of short-term variable remuneration (ESG component) was exceptionally waived for 2021.

Disclosure of Executive Board remuneration

The following table shows the fixed and variable remuneration components granted to the current members of the Executive Board in the past financial year and in the previous year, i.e., the remuneration components that have actually been received and those that are owed, i.e., legally binding and due but not yet fulfilled, including the respective relative share according to Section 162 AktG.

EXECUTIVE BOARD REMUNERATION (GRANTED AND OWED)

Members of the Executive Board	IN €			Benefits granted	
		2020	2020	2021	2021
	Fixed remuneration	500,000	75%	510,417	71%
	Fringe benefits ¹⁾	371	0%	371	0%
	Total	500,371	75%	510,788	71%
	One-year variable remuneration	167,891	25%	205,874	29%
	ESG component	-	-	-	-
	Multiple-year variable remuneration	-	0%	-	0%
Niels H. Hansen	Total	668,262	100%	716,662	100%
Chairman of the Executive Board (until July 31, 2019)	Pension expenses	-		-	-
Sole member of the Executive Board (since August 1, 2019)	Total remuneration	668,262	100%	716,662	100%

¹⁾ Inter alia, this item includes the use of a car and casualty insurance premiums

No remuneration components owed for the financial year 2020 and granted in 2021 were subsequently reclaimed (malus/clawback regulation).

Short-Term Variable Remuneration (Income Component) – Target Achievement

In relation to the relevant financial performance criterion of EBITDA for the 2021 financial year (threshold for 0% target achievement equal to 75% of the budget EBITDA / target value for 100% target achievement equal to budget EBITDA / threshold for maximum target achievement

equal to 120% of the budget EBITDA) the target achievements shown in the table are determined after the end of the financial year for the period from August 2021. For the months up to August 2021, budget EBITDA plus 10% corresponds to full target achievement.

The calculation was made on a pro rata temporis basis.

Performance criterion	Threshold for 0% target achievement	Target value for 100% target achievement	Maximum value, capped at 120% target achievement	EBITDA in € million, achieved	Target achievement in %
EBITDA in € million	168,750	225,000	270,000	132.5	162

Short-term Variable Remuneration (ESG Component) – Target Achievement

The short-term variable remuneration (ESG component), as a component of the remuneration system, was approved during the year by the Annual Shareholders' Meeting and accordingly included in the new regulation of the managing director's employment contract from August 1, 2021. As the remuneration system envisages a one-year assessment period and a consultation on the targets BEFORE the beginning of the financial year, the agreement of short-term variable remuneration (ESG component) was exceptionally waived for 2021 and achievement assumed from August 2021.

provisions)) was specified by the Advisory Board with a current average target value of 15% (ROCE target value). If an average ROCE in the amount of the ROCE target value is reached within the relevant three-year period, the degree of target achievement is 100%. For the achievement of a degree of target achievement of 100%, a target amount is specified in euros. The target achievement in relation to the ROCE performance criterion of the sustainability component can be a maximum of 133% (maximum value). This is achieved if the average ROCE exceeds the ROCE target value by 5 percentage points or more within the relevant three-year period. If the achieved average ROCE is 10 percentage points below the ROCE target value (threshold value), the target achievement is 33%. If the achieved average ROCE is more than 10 percentage points below the ROCE target value, the target achievement is 0% and the payment of a sustainability component completely ceases to apply.

Long-term Variable Remuneration (Sustainability Component) – Target Achievement

The ROCE (EBIT divided by the average capital employed (equity capital plus net financial debt, pension provisions, and other non-current

Performance criterion	Threshold for 0% target achievement	Target value for 100% target achievement	Maximum value, capped at 133% target achievement	ROCE in %, 3-year average	Target achievement in %
ROCE in %	5%	15%	20%	4.77%	0
Target amount in €	0	375,000	498,750	0	0

Comparative Presentation of the Remuneration and Income Development

The following comparative presentation shows the annual change to the remuneration granted and owed of the present and previous members of the Executive Board, the income development

of the company and the remuneration of management staff on a full-time-equivalent basis, whereby, for the latter, the average salary of a managing director viewed across all subsidiaries of the Group worldwide in the respective financial year is used as the basis.

REMUNERATION AND INCOME DEVELOPMENT FOR MEMBERS OF THE EXECUTIVE BOARD

	Granted and owed remuneration		Change							
	2021	2020	2020 to 2021	2020 to 2021	2019 to 2020	2019 to 2020	2018 to 2019	2018 to 2019	2017 to 2018	2017 to 2018
			IN € THOUSAND	IN %	IN € THOUSAND	IN %	IN € THOUSAND	IN %	IN € THOUSAND	IN %
Current members of the Executive Board										
Niels H. Hansen	717	668	49	7%	-145	-18%	-89	-10%	122	16%
Previous members of the Executive Board										
Detlev Wösten	-	-	-	-	-305	-100%	-91	-22%	-12	-3%
Management staff										
Global average	*	235	*	*	19	9%	-2	1%	1	0%
Employees										
Global average	*	56	*	*	1	1%	2	4%	1	1%
Income development										
Group annual results (€ million)	50.2	-9.0	59.2	n.a.	-7.6	-	-23	-	-10.5	-33%

* In the "managerial staff" and "employees" presentation, in addition to the fixed salary granted in the respective financial year, the bonus remuneration owed for the previous year and paid out with a delay in the following year is also shown. As the latter is only calculated after the completion of the annual financial statements, the comparative presentation can consequently only take place with a time delay.

The maximum remuneration of the members of the Executive Board specified in the remuneration system was not reached by the remuneration granted in the financial year 2021 and actually received of €717 thousand.

Supervisory Board Remuneration

Supervisory Board remuneration is governed by Section 13 of our Articles of Association and primarily comprises the following elements:

Supervisory Board remuneration

a) Every member of the Supervisory Board receives fixed annual remuneration of €30,000.00. The Chair of the Supervisory Board receives three times this amount, and the Deputy Chair receives one and a half times this amount.

b) In addition to the fixed remuneration according to paragraph 1, the members of actually formed committees receive fixed annual remuneration of €10,000.00; if a Nomination Committee is formed, by way of derogation from half-sentence 1, its members receive fixed annual remuneration of €5,000.00. Supervisory Board members who chair one of the aforementioned committees receive twice the remuneration payable for membership of the committee in question.

c) The remuneration according to paragraph 1 and 2 is payable for the past financial year within ten bank business days (Frankfurt/Main) after the Annual Shareholders' Meeting, which passes a resolution regarding granting discharge to the members of the Supervisory Board for the respective financial year.

- d) Members of the Supervisory Board, who have only belonged to the Supervisory Board or a committee for a part of the financial year, receive the remuneration according to paragraph 1 and 2 on a pro rata temporis basis.
- e) The members of the Supervisory Board receive compensation from the company for the expenses that they incur in exercising their office, as well as possible value-added tax payable on the remuneration.
- f) In its own interest, the company may take out insurance for purely financial losses, which also covers the liability of the members of the Supervisory Board.
- g) The members of the Supervisory Board are entitled to the remuneration in the amount resulting from the current version of this Section 13 for the first time for the company's financial year starting on January 1, 2016.

Underlying remuneration system

The remuneration is based on the following remuneration system for the members of the Supervisory Board:

The members of the Supervisory Board receive fixed remuneration. A meeting fee and variable or share-based remuneration are not granted to the members of the Supervisory Board. The payment of fixed remuneration corresponds to the prevailing practice of other listed companies and simultaneously follows suggestion G.18 sentence 1 GCGC 2019/2020. In the view of the general partner with full personal liability and of the Supervisory Board, it takes the best account of the independence and monitoring function of the Supervisory Board.

According to the Articles of Association, each member of the Supervisory Board receives fixed annual remuneration (basic remuneration) of €30,000.00. The Chair of the Supervisory Board receives three times, and their deputy one and a half times, this fixed remuneration. This complies with recommendation G.17 GCGC 2019/2020 at the same time, according to which, for the remuneration of the members of the Supervisory Board, the greater amount of time spent by the Chair of the Supervisory Board and the Deputy

Chair of the Supervisory Board must be taken appropriately into consideration. Concretely, the following annual basic remuneration therefore applies: €90,000.00 for the Supervisory Board Chair, €45,000.00 for the Deputy Supervisory Board Chair and €30,000.00 for the other members of the Supervisory Board.

In addition to the basic remuneration, the members of actually formed committees receive fixed annual remuneration of €10,000.00. If a Nomination Committee has been formed, by way of derogation from this, its members receive an additional annual fixed remuneration of €5,000.00, which takes account of the expected less time spent on Nomination Committee activities. Supervisory Board members who chair one of the committees receive twice the remuneration payable for membership of the committee in question. This also complies with recommendation G.17 GCGC 2019/2020, according to which, for the remuneration of the members of the Supervisory Board, the greater amount of time spent by the chair and members of the committees must be taken appropriately into consideration.

Members of the Supervisory Board, who have only belonged to the Supervisory Board or a committee for a part of the financial year, only receive the respective fixed remuneration on a pro rata temporis basis.

The aforementioned fixed remuneration is respectively payable for the past financial year within ten bank business days (Frankfurt/Main) after the Annual Shareholders' Meeting, which passes a resolution regarding granting discharge to the members of the Supervisory Board for the respective financial year. Apart from this, no postponement periods exist for the payout of remuneration components.

The cap for the remuneration of members of the Supervisory Board results from the fixed remuneration, the amount of which depends individually on the assumed tasks in the Supervisory Board/its committees. A maximum amount of remuneration is not specified for the members of the Supervisory Board.

In addition to the fixed remuneration described above, the members of the Supervisory Board

receive compensation from the company for the expenses that they incur in exercising their office, as well as possible value-added tax payable on the remuneration. Furthermore, the members of the Supervisory Board can be included in insurance for purely financial losses taken out by the company, the premiums of which are paid by H&R GmbH & Co. KGaA.

Disclosure of Supervisory Board Remuneration

The following table shows the fixed remuneration and remuneration for committee work that has been granted to, i.e., actually been received by the present Supervisory Board members in the past financial year. This refers to work carried out in the previous financial year.

SUPERVISORY BOARD REMUNERATION (GRANTED)

IN €	Fixed remuneration			Remuneration for committee work			Total	
	2020	2021	2021 (share of total remuneration)	2020	2021	2021 (share of total remuneration)	2020	2021
Dr. Joachim Girg (Chair)	90,000.00	90,000.00	78%	25,000.00	25,000.00	22%	115,000.00	115,000.00
Roland Chmiel	45,000.00	45,000.00	69%	20,000.00	20,000.00	31%	65,000.00	65,000.00
Sven Hansen	30,000.00	30,000.00	60%	20,000.00	20,000.00	40%	50,000.00	50,000.00
Dr. Rolf Schwedhelm	30,000.00	30,000.00	67%	15,000.00	15,000.00	33%	45,000.00	45,000.00
Dr. Hartmut Schütter	30,000.00	30,000.00	60%	20,000.00	20,000.00	40%	50,000.00	50,000.00
Dr. Peter Seifried	11,835.36	-	-	7,889.76	-	-	19,725.12	-
Sabine Dietrich	18,164.64	30,000.00	60%	12,110.24	20,000.00	40%	30,274.88	50,000.00
Reinhold Grothus	30,000.00	30,000.00	100%	-	-	-	30,000.00	30,000.00
Holger Hoff	30,000.00	30,000.00	100%	-	-	-	30,000.00	30,000.00
Harald Januszewski	30,000.00	30,000.00	100%	-	-	-	30,000.00	30,000.00
Total	345,000.00	345,000.00	67%	120,000.00	120,000.00	33%	465,000.00	465,000.00

Comparative Presentation of the Remuneration and Income Development

The following comparative presentation shows the annual change to the remuneration received

of the present and previous members of the Supervisory Board (see above).

REMUNERATION AND INCOME DEVELOPMENT FOR MEMBERS OF THE SUPERVISORY BOARD

	Remuneration received		Change							
	2021	2020	2020 to 2021	2020 to 2021	2019 to 2020	2019 to 2020	2018 to 2019	2018 to 2019	2017 to 2018	2017 to 2018
			IN €	IN %	IN €	IN %	IN €	IN %	IN €	IN %
Current members of the Supervisory Board										
Dr. Joachim Girg	115,000	115,000	-	-	-	-	-	-	-	-
Roland Chmiel	65,000	65,000	-	-	-	-	-	-	-	-
Sven Hansen	50,000	50,000	-	-	-	-	-	-	-	-
Dr. Rolf Schwedhelm	45,000	45,000	-	-	-	-	-	-	-	-
Dr. Hartmut Schütter	50,000	50,000	-	-	-	-	-	-	-	-
Sabine Dietrich	50,000	50,000	-	-	20,000	67%	30,000	100%	-	-
Reinhold Grothus	30,000	30,000	-	-	-	-	-	-	-	-
Holger Hoff	30,000	30,000	-	-	-	-	-	-	9,000	46%
Harald Januszewski	30,000	30,000	-	-	-	-	-	-	-	-
Previous members of the Supervisory Board										
Dr. Peter Seifried	-	-	-	-	-20,000	-100%	-30,000	-60%	-	-
Mathias Erl	-	-	-	-	-	-	-	-	-9,000	-100%
Management staff										
Global average	*	235	*	*	19,000	9%	-2,000	1%	1,000	0%
Employees										
Global average	*	56	*	*	1,000	1%	2,000	4%	1,000	1%
Income development										
Group annual results (€ million)	50.2	-9.0	59.2	n.a.	-7.6	-	-23	-	-10.5	-33%

* In the "managerial staff" and "employees" presentation, in addition to the fixed salary granted in the respective financial year, the bonus remuneration owed for the previous year and paid out with a delay in the following year is also shown. As the latter is only calculated after the completion of the annual financial statements, the comparative presentation can consequently only take place with a time delay.

Report of the Independent Auditor on the Audit of the Remuneration Report pursuant to Section 162 Paragraph 3 AktG

To the H&R GmbH & Co. KGaA

Opinion

We have formally audited the remuneration report of H&R GmbH & Co. KGaA, Salzbergen, for the financial year from January 1, 2021 to December 31, 2021 to determine whether the disclosures pursuant to section 162 paragraph 1 and 2 German Stock Corporations Act [Aktengesetz - AktG] have been made in the remuneration report. In accordance with section 162 paragraph 3 AktG, we have not audited the content of the remuneration report.

In our opinion, the disclosures required by section 162 paragraph 1 and 2 AktG have been made in all material respects in the accompanying remuneration report. Our opinion does not cover the content of the remuneration report.

Basis for the Opinion

We conducted our audit of the remuneration report in accordance with section 162 paragraph 3 AktG and IDW [Institut der Wirtschaftsprüfer e.V.: Institute of Public Auditors in Germany] Auditing Standard “The formal audit of the remuneration report in accordance with section 162 paragraph 3 AktG” (IDW AuS 870). Our responsibility under this provision and this standard is further described in the “Auditor’s Responsibilities” section of our auditor’s report. As an audit firm, we have applied the IDW Standard on Quality Assurance “Requirements for Quality Assurance applicable to German Auditing Practices” (IDW QS 1). We have complied with the professional responsibilities according to the Public Accountant Act [Wirtschaftsprüferordnung] and the German Professional Charter for Public Auditors/Sworn Auditors [Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer] including independence requirements.

Hamburg, 15 March, 2021

Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

von Oertzen
Wirtschaftsprüfer
[German Public Auditor]

Pritsch
Wirtschaftsprüfer
[German Public Auditor]

Responsibility of the Executive director of the General Partner and the Super- visory Board

The executive director of the general partner and the supervisory board is responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of section 162 AktG. They are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor’s Responsibilities

Our objective is to obtain reasonable assurance about whether the disclosures required by section 162 paragraph 1 and 2 AktG are made in all material respects in the remuneration report and to express an opinion thereon in a report.

We planned and performed our audit so as to determine – by comparing the disclosures made in the remuneration report with the disclosures required by section 162 paragraph 1 and 2 AktG – the formal completeness of the remuneration report. In accordance with section 162 paragraph 3 AktG, we have not audited the accuracy of the disclosures, the completeness of the content of the individual disclosures, or the appropriate presentation of the remuneration report.

Consideration of Misleading Disclosures

In connection with our audit, our responsibility is to read the remuneration report, taking into account the knowledge obtained in the audit of the financial statements, and, in doing so, to remain alert for indications that the remuneration report contains misleading disclosures in relation to accuracy of the content of the disclosures, the completeness of the content of the individual disclosures, or the appropriate presentation of the remuneration report.

If, based on the work we have performed, we conclude that there are such misleading disclosures, we are required to report that fact. We have nothing to report in this regard.



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