



The following chapter is published in the remuneration report as part of the Group Management Report of BAUER AG for the business year 2009 from page 41 on:

## REMUNERATION OF THE MANAGEMENT BOARD

The Management Board of BAUER AG comprises four members. The Supervisory Board sets the overall levels of remuneration paid to the individual members of the Management Board based on proposals submitted by the Presidial and Personnel Committee. The plenary Supervisory Board reviews and approves the remuneration system for the members of the Management Board following prior consultations in the Presidial and Personnel Committee.

The overall levels of remuneration paid to the individual members are set on the basis of a performance assessment. This process assures that the overall remuneration is appropriate to the duties and performance of the Management Board member concerned and to the situation of the company.

The remuneration paid to each Management Board member is composed of a fixed basic salary, paid in equal monthly instalments, and a variable annual bonus which is determined according to both short-term and long-term criteria. The short-term criteria applied in assessing levels of variable remuneration are weighted equally to the long-term criteria.

The criteria for setting the fixed remuneration to members of the Management Board are the assignment of duties, the performance of the respective Management Board member, the economic position of the Group and its profitability and ongoing future prospects.

The variable remuneration paid to each member of the Management Board is limited by an individually defined maximum bonus level. This maximum is the upper limit of potential bonus payment in the normal course of business, and is paid in full if all set goals are attained. If business performance is exceptionally good, the said levels may be surpassed by up to 1.8 times.

The short-term criteria applied in setting the variable remuneration elements are the performance of the respective Management Board member in the past financial year and the economic position of the Group in respect of attainment of budget targets in the financial year, particularly the attainment of profit and revenue targets, taking into account general economic trends.

The long-term criteria applied in setting the variable remuneration elements are the success and future prospects of the Group and the performance of the Management Board in respect of these criteria. This assessment judges the decisionmaking of the

Management Board in terms of sustainable business development over the past three financial years and the effects of this decision-making in achieving long-term stability for the business. Criteria applied here are long-term profit and revenue prospects, sustainable personnel development in accordance with the future prospects of the Group, the development of the corporate culture, the development of intra-Group collaboration, the safeguarding of corporate harmony, strategic market and product development, longterm investment planning, risk and security management, long-term financial stability, and the quality of key financial indicators relative to the prevailing economic conditions.

In assessing the appropriateness of the remuneration paid to the Management Board, the variable remuneration is set and compared in proportion to the fixed basic salary. Furthermore, the fixed and variable portions respectively, and the overall remuneration paid, are compared against the normal levels of remuneration received by management board members of other stock market quoted companies, and other companies operating in the same sector, or companies similar in other ways, in Germany (horizontal comparison). A vertical comparison is carried out on two levels: firstly, the salaries of the Management Board members are compared against those of the directors of the major BAUER Group subsidiaries; secondly, they are assessed relative to salary grade A VIII stipulated in the collective pay agreement applicable within the Group within the industry-wide framework of salary and training remuneration to salaried staff and foremen in the construction sector.

The remuneration is further set so as to remain competitive with that generally paid to highly qualified management staff on the market as a whole.

The Annual General Meeting held on April 28, 2006 resolved that the BAUER AG financial statements and the Group consolidated financial statements would contain no disclosures of the remuneration paid to individual Management Board members, or of any payments to individual members of the Management Board in the event of premature termination of contract, for a period of five years, thereby applying the legal authority assigned to it by Section 286, Subsection 5 and Section 314, Subsection 2 HGB.

The total remuneration paid to members of the Management Board in the year under review, excluding allocations to provisions for defined benefit plans, was EUR 1,824 thousand (previous year: EUR 1,683 thousand). Of this total, EUR 1,094 thousand (previous year: 1,053 thousand) was not performance-related and EUR 730 thousand (previous year: 630 thousand) was performance-related. The total remuneration includes benefits in kind arising from the private use of a company car and reimbursement of travel expenses for



each member of the Management Board, as well as pro rata group accident insurance premiums and employer's liability insurance association contributions.

The company pension scheme for Management Board members incurred pension service costs totalling EUR 83 thousand (previous year: EUR 74 thousand). The pay component entailing vested pension rights, which serves as the basis for calculating pension levels, is significantly lower than the basic salary in all contracts. Calculated in accordance with IAS 19, the defined benefit obligation entailed by all pension commitments to members of the Management Board at the end of the year was EUR 2,314 thousand (previous year: EUR 1,979 thousand).

The contracts of Management Board members include individual severance clauses regulating the specific terms of premature termination, with settlements oriented to the length of service of the Management Board member concerned and gauged so as not to exceed an amount of two years' remuneration for any one Management Board member. No provisions for compensation in the event of a takeover offer being made have been agreed with the members of the Management Board.