

REPORT OF THE SUPERVISORY BOARD

For many years, Deutsche Beteiligungs AG has made a name for itself as an investor that enjoys a high degree of confidence amongst mid-sized companies in a highly competitive market. The expanded sector focus in prior financial years has made an important contribution to the positive development seen in 2018/2019.



Gerhard Roggemann
Chairman of
the Supervisory Board

In the 2018/2019 financial year (1 October 2018 to 30 September 2019), we carefully considered the state of the Company and its performance. We consistently and conscientiously performed the supervisory and advisory duties incumbent upon us by law, the Articles of Association and internal regulations. The Supervisory Board was updated regularly, in detail and without delay by the Board of Management about business development, the asset, financial and earnings position, the outlook, risk management and compliance at DBAG, both in writing and orally. We deliberated on these issues extensively. The Board of Management commented on and explained any deviations from planned business development. It also informed us of all strategic and major operational decisions, as well as its future business policy.

Supervisory Board meetings during the year under review

In the 2018/2019 financial year, eight Supervisory Board meetings were convened, one of which was a conference call. The sole subject of this conference call was the resolution regarding the amount of variable remuneration for the Board of Management and the follow-on remuneration for its former members. The Supervisory Board also met in the absence of the Board of Management.

In-depth reporting on the situation of individual portfolio companies was a regular component of meetings attended in-person. We received detailed written quarterly reports for this purpose from the Board of Management. The Board of Management informed us comprehensively and without delay of investments that were not performing according to plan.

Discussing the strategic development of Deutsche Beteiligungs AG was the focus of the meeting held on **19 OCTOBER 2018**. We agreed to the proposal that DBAG in future be able to enter into investments without drawing on DBAG Funds, i.e. by exclusively using DBAG's own financial resources (Principal Investments). On this issue, we decided that the Supervisory Board's approval will be required for any individual investment above 35 million euros.

At our first scheduled meeting on **14 NOVEMBER 2018**, we examined the preliminary results of DBAG and the DBAG Group for the 2017/2018 financial year. We decided to amend provisions of the Board of Management members' service agreements governing the maximum level of fringe benefits. In addition, we examined the Supervisory Board's report of the previous financial year's activities.

After the auditors first reported on the outcome of the audit of the financial statements and the consolidated financial statements for the year ending 30 September 2018 at the meeting of the Audit Committee – at which members of the Supervisory Board who were not members of the committee regularly attended as guests – we confirmed the financial statements and approved the consolidated financial statements for the 2017/2018 financial year at the regular scheduled meeting on **29 NOVEMBER 2018**. We then approved the agenda for the 2019 Annual Meeting and discussed the Nomination Committee's proposed resolution for the election of a Supervisory Board member; we passed the resolution. We received detailed information about the market and the competitive environment for DBAG. In addition, we deliberated on various models for structuring performance-related remuneration for potential future investments acquired exclusively using DBAG's financial resources.

The focus of our meeting following the Annual Meeting on **21 FEBRUARY 2019** was information about the state of preparations for the successor fund to DBAG Fund VII.

In a meeting on **5 MARCH 2019**, we analysed the structure and details of different incentive systems for listed private equity companies at length. The background includes current initiatives governing management board remuneration, including the Act Implementing the Shareholders' Rights Directive and the revision of the [German Corporate Governance Code](#). We also

discussed issues relating to the acceptability of the planned legal structure of the successor fund to DBAG Fund VII under German company law. We decided to provide for additional contractual provisions, to further protect DBAG's interests in the event of a disagreement between fund investors and the fund's management company. Finally, we continued the discussion on the structure of performance-related remuneration related to Principal Investments for the members of the Board of Management responsible for the Private Equity Investments business.

On **13 MAY 2019**, we issued approvals in connection with the commencement of fundraising for DBAG Fund VIII, the successor fund to DBAG Fund VII. This also concerned DBAG's co-investment in the DBAG Fund VII for both sub-funds, in line with the structure of DBAG Fund VII; we approved the provisions relating to carried interest for DBAG's co-investment. We amended the requirements governing the consent of the Supervisory Board for entering into investments. The Board of Management informed us of the progress of the request for information from the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin) relating to compliance with reporting and disclosure requirements. We also addressed Board of Management matters.

At the meeting on **12 SEPTEMBER 2019**, the Board of Management informed us about the earnings forecast for the current 2018/2019 financial year. We discussed the dividend proposal for the 2018/2019 financial year extensively. We approved the Board of Management's conclusions regarding the amount of the dividend proposal, which were based on the dividend policy that had been in place for three years. In this meeting, as in nearly all meetings, we also were informed of current investment plans and the performance of individual portfolio companies. In addition, we discussed the budget for the 2019/2020 financial year. We were presented with preliminary medium-term planning related to that year and the two following financial years. The Board of Management commented on the state of preparations for a successor fund to DBAG Fund VII. We also contributed to the Corporate Governance Statement and issued the Declaration of Compliance and the joint report of the Board of Management and Supervisory Board on DBAG's Corporate Governance. We approved



provisions governing performance-related remuneration for the Board of Management members responsible for the investment business for potential future investments acquired exclusively using DBAG's financial resources.

The Spokesman of the Board of Management informed the Chairman of the Supervisory Board immediately about important business transactions outside of meetings as well; the information was then shared with the entire Supervisory Board thereafter. We were involved in all major decisions.

We followed the proposed resolutions of the Board of Management mentioned regarding the structure of DBAG Fund VIII, including the top-up fund, and the co-investment agreements with the fund. We further agreed to the addition of a new business segment (Principal Investments), comprising investments made exclusively using DBAG's financial resources. There was no other business requiring approval in the 2018/2019 financial year.

The Supervisory Board convened five meetings during the financial year under review. All committee members attended the meetings of the Audit Committee, the Executive Committee and the Nomination Committee during the period under review.

Corporate Governance

We subject our work on the Supervisory Board to regular efficiency testing. We also monitor the development of Corporate Governance practices in Germany on an ongoing basis and take advantage of opportunities to help shape opinions in institutions and organisations concerned with Corporate Governance matters. Together with the Supervisory Board, the Board of Management reports on the Company's Corporate Governance; we publish the report in the annual report (pages 202 to 205) and make it available to the public along with the Corporate Governance Statement on the Company's website. The Board of Management and the Supervisory Board issued their annual Declaration of Compliance in September 2019 on the basis of the German Corporate Governance Code as amended on 7 February 2017 (section 161 of the German Stock Corporation Act (Aktengesetz – AktG)) and made this Declaration permanently available to the public on the Company's website.

Every member of the Supervisory Board discloses any potential conflicts of interest that may arise to the Supervisory Board as recommended in the Code. In the previous financial year, no conflicts of interests were disclosed.

To enhance the efficiency of its work and distribute responsibilities, the Supervisory Board has established an Executive Committee, which also performs the functions of a Nomination Committee, and an Audit Committee. The Chairmen of the committees regularly reported on the work of their committees to the Supervisory Board during the financial year under review.

Work of the Executive Committee (also Nomination Committee)

The Executive Committee met twice in its named capacity during the financial year under review: in a conference call on 17 October 2018, it determined the short-term performance-related and long-term components of the remuneration of the members of the Board of Management for the 2017/2018 financial year. The Supervisory Board approved this recommendation in a conference call on 18 October 2018, after careful deliberation. In a further conference call on 28 November, the Executive Committee – in its capacity as the Nomination Committee – discussed various proposals for the nomination of a member of the Supervisory Board for election at the 2019 Annual Meeting. This election was necessary because the previous Supervisory Board member, Andrew Richards, resigned his post with effect from 13 October 2018. We nominated Dr Maximilian Zimmerer, who was elected by the Annual Meeting on 21 February 2019.

Work of the Audit Committee

The Audit Committee convened six meetings during the financial year under review. The focus was nearly entirely on the financial statements and consolidated financial statements, the half-yearly financial report and the quarterly reports, which we discussed with the Board of Management prior to each publication. In four meetings, we approved the external auditors' non-audit services as presented.

In the meeting on **14 NOVEMBER 2018**, we were presented with the preliminary results of the 2017/2018 financial year. The external auditors reported on the status and initial results of

the audit of the financial statements. In this meeting, we also discussed drafts of the financial statements and the consolidated financial statements for the year ending 30 September 2018 and the audit reports for both before we recommended that the Supervisory Board sign off on the financial statements and confirm the consolidated financial statements on **29 NOVEMBER 2018**. In its report on the financial year under review, the Board of Management explained the current portfolio valuation process. It also addressed a methodological change to account for the anticipated performance of individual portfolio companies in medium-term planning. Lastly, two auditors from KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG) reported on the results of the audit of the financial statements and consolidated financial statements as at the conclusion of the previous financial year.

On **6 FEBRUARY 2019**, we considered the interim financial statements dated 31 December 2018 and discussed the quarterly statement.

On **13 MAY 2019**, BDO, the external auditors elected by the Annual Meeting on 21 February 2019, reported the results of the audit review of the interim financial statements dated 31 March 2019, which we also discussed with the Board of Management during the same meeting.

The interim financial statements dated 30 June 2019 were the focus of the meeting on **7 AUGUST 2019**. We discussed the Board of Management's report and reviewed the quarterly report for that reporting date. We also took note of the Board of Management's risk report. In this meeting, we reviewed and discussed the report and internal audit of DBAG that addressed the treatment of remuneration for advisory committee activities for members of the investment team.

On **12 SEPTEMBER 2019**, the external auditors explained their plans for their 30 September 2019 audit and the focal points of the audit, which was to be conducted by BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, for the first time.

Over the course of the year under review, we monitored the accounting process and the effectiveness of the internal control and auditing system, as well as the risk management system. We had no objections relating to the Company's practices.

We looked into the necessary independence of the external auditors and the additional (non-audit) services performed by the external auditors. We also advised on setting the focal points of the audit, as well as on the auditors' fees.

We meet the requirements of sections 100 (5) and 107 (4) of the AktG, pursuant to which one member of the Supervisory Board and the Executive Committee must have sufficient expertise in the area of accounting or auditing, in multiple respects: Mr Roggemann, who was the Chairman of the Audit Committee and the deputy Chairman of the Supervisory Board, and an independent Supervisory Board member pursuant to the German Corporate Governance Code until 13 October 2018, has particular expertise and experience in the application of accounting principles and internal auditing procedures; the same applies for Dr Otto, who assumed the Chair of the Audit Committee with effect from 14 October 2018.

Financial statements and consolidated financial statements without objections

Before the Supervisory Board put forward BDO AG Wirtschaftsprüfungsgesellschaft (BDO), Hamburg, to be the external auditors for the 2018/2019 financial year at the Annual Meeting, it received a Statement of Independence from BDO. Following the 2019 Annual Meeting, where our proposal was accepted, the Chairman of the Supervisory Board instructed BDO to carry out the audit. The instructions included that we be informed immediately of any major findings and issues arising in the course of the audit that related to our work. The external auditors laid out their audit plans in the meeting of the Audit Committee on 12 September 2019.

BDO audited the financial statements of Deutsche Beteiligungs AG for the 2018/2019 financial year and the condensed Management Report of Deutsche Beteiligungs AG and the Group, including the underlying accounts and returned an unqualified auditor's opinion. The same applies for the 2018/2019 consolidated financial statements. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The auditors confirmed that the consolidated financial statements complied with IFRS, as applicable in the European

Union, and the applicable supplementary regulations pursuant to section 315a (1) of the German Commercial Code (Handelsgesetzbuch – HGB) that the consolidated financial statements as a whole accurately presented the position of the Group, as well as the opportunities and risks associated with its future performance.

The Supervisory Board received the audited and verified financial statements of Deutscheeteiligungs AG for the financial year ending 30 September 2019 and the condensed Management Report of Deutscheeteiligungs AG, taking into account the report of the Chairman of the Audit Committee and the external auditors, examined them itself and discussed the documents individually with the Board of Management in the presence of the auditors. This also applies for the consolidated financial statements and the profit appropriation proposal.

At our meeting on 19 November 2019, the external auditors set out the information they had gathered during the preliminary review. At the meeting on 9 December 2019, and at the Audit Committee meeting held on the same day, they presented the results of their audit. There were no objections. They also reported on the services they performed in addition to the audit services. The external auditors provided detailed answers to our questions. There were also no objections raised after the Supervisory Board conducted its own detailed examination of all the documentation. We concurred with the results of the audit put forward by the external auditors. On 9 December 2019, we confirmed the consolidated financial statements and financial statements of Deutscheeteiligungs AG as recommended by the Audit Committee. The financial statements are thus confirmed.

The Supervisory Board examined the Board of Management's proposal for the appropriation of net retained profit (Bilanzgewinn). Following this examination, the Supervisory Board approved the proposal of the Board of Management to distribute 22.6 million euros, and to carry forward the remaining net retained profit of 155.5 million euros.

DBAG entered into five new investments during the financial year under review. This demonstrates the Company's good market position and its ability to find and evaluate attractive

opportunities and realise investments in a highly competitive environment. Four in many respects extremely successful disposals document DBAG's success in developing mid-sized companies. The Supervisory Board wishes to recognise and extend special thanks to the Board of Management, and the employees that have contributed to this success with their high degree of dedication over the past year.

Frankfurt/Main, 9 December 2019



Gerhard Roggemann
Chairman of the Supervisory Board

CORPORATE GOVERNANCE REPORT

Corporate governance refers to the way a company is responsibly managed and overseen. The Board of Management and the Supervisory Board of Deutsche Beteiligungs AG acknowledge and endorse these principles. Therefore we have created a Code of Conduct that contains our Company's key values and principles of conduct. Our aim is to provide a set of guidelines for employees, and to communicate to our business partners and investors that our actions are firmly rooted in ethical principles – and that we will always interact fairly in good partnership. Furthermore, our principles of conduct encompass avoiding conflicts of interest and acknowledging our social responsibility. We act politically neutral, but support social projects and commit to fair competition. We are also committed to sustainable corporate governance and comply with high ESG standards.

Our Corporate Governance Statement sets out the basic principles behind our business conduct; it is published online and accessible on our website, together with this report. We discuss the topic of sustainability in our Annual Report; we are not required to publish a comprehensive sustainability report ("Non-financial statement") pursuant to section 289b of the German Commercial Code (Handelsgesetzbuch – HGB).

Consistent with the recommendation of the German Corporate Governance Code, as amended on 7 February 2017 (the "German Corporate Governance Code"), the following is a combined report by the Board of Management and the Supervisory Board on the corporate governance practised at Deutsche Beteiligungs AG. The Corporate Governance Statement and the Report of the Supervisory Board contain more information

on the subject; the information therein is part of our corporate governance reporting. We will refer to other sections of this Annual Report for the individual aspects.

Compliance: employees, transaction process, portfolio companies

Compliance with all legal provisions applicable to Deutsche Beteiligungs AG and its subsidiaries, as well as adherence to all internal rules by management and employees have been Company goals and core elements of our corporate culture for a long time now. However, as a private equity company, this commitment does not only refer to our Company: it also includes current and future portfolio companies, where we endorse the establishment and development of compliance systems. DBAG's compliance system therefore consists of three components:

- compliance by DBAG staff,
- compliance in the transaction process and
- compliance at portfolio companies.

A Compliance Officer oversees adherence by **EMPLOYEES** to the rules established in the Code of Conduct and in the Compliance Policy. Within this function, the Compliance Officer is independent, reporting directly to the Spokesman of the Board of Management. Four times a year, the Compliance Manager submits a report to the entire Board of Management. The Compliance Policy establishes, for example, the rules for accepting and offering gifts, for entertainment and invitations to events.

As requested by the German Corporate Governance Code, we have appointed an ombudsman, commissioning a lawyer from a specialised law firm for this task. DBAG employees may approach the ombudsman with confidential information on actual or suspected unlawful activity, especially regarding insider trading and money laundering legislation, but also with evidence of compliance violations, criminal offences or irregularities regarding DBAG. In the past financial year, no such reports were made to the ombudsman.

DBAG acts as a responsible investor, and thus we also consider compliance aspects within **TRANSACTION PROCESSES**, specifically in the due diligence process and in purchase agreements. Investigating compliance issues is an integral part of every due diligence process, typically carried out with a team of specialised compliance lawyers. To minimise the liability risk for DBAG in connection with compliance violations, warranty clauses to that effect are set to be included in every purchase agreement for a portfolio company.

DBAG employees holding office in a **PORTFOLIO COMPANY'S** supervisory board or advisory board, or acting as representatives for a portfolio company shareholder, are asked to endorse the introduction and development of a compliance system within the portfolio company. The DBAG Compliance Standard for Portfolio Companies serves as a guideline. All portfolio companies have introduced a compliance system, or are currently in the process of developing and launching such a system.

Composition of the Supervisory Board: operability is key

The German Corporate Governance Code recommends that the Supervisory Board has specific targets for its composition, develops a skills profile for the entire corporate body and reports on the status quo of target achievement.

The skills profile summarises the skills and requirements regarded as necessary by the Supervisory Board for the composition of the entire corporate body. Specifically, this includes the following areas of expertise and knowledge: industry knowledge, M&A processes, business strategy and planning, capital and financial markets, corporate governance, accounting/financial reporting and auditing financial statements, (regulatory) legislation, compliance and risk management, as well as IT and digitalisation. On top of these professional requirements, the following personal requirements apply: independence, availability, age, job tenure, and management experience. In addition, members may not be exposed to any conflicts of interest and should speak the Company language (German) as well as English.

DBAG's Supervisory Board consists of six members, elected by shareholders at the Annual Meeting. The key objective for its composition and guiding principle for the skills profile is the Supervisory Board's operability, which is best addressed when members are independent to a great extent and not exposed to conflicts of interest, when they are broadly experienced in the multifaceted operations of DBAG and have expert knowledge of applicable accounting principles. The Supervisory Board is of the opinion that the majority – i.e. at least four – of its members should be independent, the Chairperson of the Supervisory Board being one of them.

The current structure of the Supervisory Board fulfils this objective. None of the Supervisory Board members has a business or personal relationship with the Company or its bodies, or with a controlling shareholder or an entity affiliated with the controlling shareholder, which may cause a substantial and not merely temporary conflict of interest. Therefore, the Supervisory Board deems all current members to be independent in terms of section 5.4.2 of the German Corporate Governance Code: Gerhard Roggemann (Chairman), Sonja Edeler, Wilken Freiherr von Hodenberg, Philipp Möller, Dr Hendrik Otto and

Dr Maximilian Zimmerer. With Mr von Hodenberg, a former member of the Board of Management joined the Supervisory Board. Should, contrary to expectations, conflicts of interest arise in individual instances, they will be disclosed and the Supervisory Board will deal with them. The Supervisory Board members have a great variety of professional and personal experience, including management positions abroad or with international companies in Germany. The Supervisory Board members fulfil the skills profile requirements and are, in their entirety, familiar with the sector DBAG operates in.

The specified age limit of 72 means that, on the one hand, the Company can benefit from their knowledge as long as possible, whilst the age limit is conducive to introducing the desired changes in the Board's composition on the other. The limited job tenure for Supervisory Board members of three full terms maximum, plus a potential partial term of office, insofar as that a Supervisory Board member was not elected at a regular election, also induces change. We have achieved the target specified in the Corporate Governance Statement of "at least one woman" on the Supervisory Board. Within the context of preparing for the most recent by-election of one Supervisory Board member at the Annual Meeting (February 2019), the Supervisory Board ensured that the candidate was in a position to devote the required amount of time to his prospective office.

Independence of bodies: no conflicts of interest

No conflicts of interest on the part of Board of Management and Supervisory Board members requiring immediate disclosure to the Supervisory Board came to our attention in the year under review.

Principle of equal treatment: provision of timely information to all interested parties

We attach great importance to the principle of informing all interested parties about an event promptly and simultaneously, publishing all material reports, announcements and presentations online as soon as an event takes place. The key

presentations we prepare for meetings with investors are also available on our website, as are the dates and locations of road shows and investors' conferences. We also make recordings of our oral presentations during analysts' conference calls available on our website.

Our Annual Meeting is usually webcast on the internet. Shareholders can also exercise their voting rights via a proxy of their own choice, or via a proxy appointed by the Company and bound to vote in accordance with their instructions. Casting a vote per post is also possible. All documents and information on the Annual Meeting are accessible on our website in German and in English.

Board of Management remuneration: based on corporate performance

The remuneration paid to the Board of Management is composed of fixed and performance-related components, the latter of which take effect mainly in the long term. We disclose Board of Management remuneration individually. At the 2011 Annual Meeting, the remuneration scheme was approved with an affirmative vote of approximately 92 per cent.

Supervisory Board remuneration is exclusively fixed.

For details on the Board of Management and Supervisory Board remuneration, please refer to the Remuneration Report (see pages 206 to 210).

Strict rules on share ownership

Apart from participating in the annual employee share ownership plan, employees and members of the bodies may only purchase DBAG shares within a limited timeframe. Shares may only be purchased or sold during specific periods of time and exclusively after receiving approval for each transaction. Trading periods begin on the day after publication of (if applicable, also preliminary) quarterly or annual financial reports, and end at the following quarterly reporting date. In the event that these trading periods overlap with the statutory trading prohibition of managers' transactions, the trading period for DBAG employees is also curtailed.

Based on the nature of our business operations, further rules apply to stock trading by DBAG staff. Irrespective of the trading restrictions for DBAG shares, employees are not permitted to trade shares of companies in which the DBAG-advised funds are invested, are reviewing an investment, or shares of companies whose portfolios contain companies in which an investment is being considered.

Reportable securities transactions (managers' transactions)

Pursuant to Article 19 of the EU Market Abuse Regulation, DBAG's Board of Management and Supervisory Board members as well as related parties are required to report managers' transactions in DBAG shares, debt instruments and derivatives or other financial instruments linked thereto.

Individual subject to the reporting requirement	Body	Transaction date	Transaction	No. of shares	Share price (€)
Susanne Zeidler	Board of Management	12 August 2019	Purchase	1,000	30.59 (aggregated)

As at 30 September 2019, the members of the Board of Management held a total of 40,613 no-par value shares, and the Supervisory Board members a total of 2,000 no-par value shares, and thus less than one per cent of Deutsche Beteiligungs AG's share capital.

Declaration of Compliance pursuant to section 161 of the AktG

The Board of Management and the Supervisory Board declare that Deutsche Beteiligungs AG (DBAG) has complied with the recommendations of the German Corporate Governance Code (the "Code"), as amended on 7 February 2017, with one exception: in the contracts with the Board of Management members, variable remuneration components with a multi-year assessment basis are not essentially forward-looking in their characteristics (section 4.2.3 of the Code).

The remuneration system meets the currently applicable statutory criteria for participation in sustainable corporate success. The financial performance of a single DBAG financial year depends to a large extent on a small number of transactions executed by DBAG funds. Within this context, postponing transactions to a subsequent period can make sense if better conditions are anticipated for the future. If the Board of Management's variable remuneration were to be based on the planned measures, its members could be incentivised to make decisions that would ultimately prove less than ideal. The Supervisory Board is convinced that the existing variable remuneration concept is best suited to provide incentives for the Company's long-term positive development. Apart from this one exception, we will continue to comply with all of the Code's recommendations.

Moreover, we have followed all of the Code's suggestions since issuance of the last Declaration of Compliance, and will continue to do so.

Frankfurt/Main, September 2019

Deutsche Beteiligungs AG

The Board of Management The Supervisory Board

OTHER STATUTORY DISCLOSURES AND EXPLANATORY INFORMATION

REMUNERATION REPORT

The remuneration report summarises the principles applied in fixing the remuneration for the members of the Board of Management and the Supervisory Board of Deutscheeteiligungs AG. It presents the structure and amount of remuneration paid to the members of the Board of Management and the Supervisory Board. The remuneration report is an integral constituent of the combined management report.

Management remuneration: geared to assignment, personal and company performance

The remuneration framework for the members of the Board of Management depicted in the following was approved by shareholders at the 2011 Annual Meeting. Since then it has fundamentally remained the same. However, at the start of the 2018/2019 financial year, adjustments took effect relating to the amount of fixed remuneration, the maximum amount of variable remuneration and its distribution between the one-year and multi-year components; a further adjustment will take effect at the start of the 2019/2020 financial year.

Remuneration system for financial year 2018/2019

Total remuneration for the members of the Board of Management consists of

- > a fixed base salary,
- > one-year variable remuneration,
- > multi-year variable remuneration,
- > follow-on remuneration from completed remuneration models
- > fringe benefits, and
- > where applicable, pension benefits.

Criteria for the appropriateness of remuneration levels are, in particular, the responsibilities of the respective Board of Management member, their personal performance, and the economic position, performance and prospects of DBAG. To that end, the structure and level of remuneration schemes common to the private equity industry, which are required to attract and retain qualified key personnel, are considered.

Insofar as the members of the Board of Management receive remuneration for offices held in other portfolio companies, this is transferred to DBAG. Remuneration for executive functions in other companies or institutions subject to approval by the Supervisory Board remains with the respective member of the Board of Management. A severance pay cap is provided for in the service contracts of all Board of Management members. The D&O (directors' and officers') liability insurance that the Company has taken out contains a deductible for the Board of Management members. No advances or loans have been granted to them.

NON-PERFORMANCE-LINKED REMUNERATION consists of a fixed monthly salary and fringe benefits. Fringe benefits mainly consist of the taxable amounts for the use of a company car; these are limited to 50 per cent (previously: 100 per cent) of the fixed salary.

THE ONE-YEAR VARIABLE REMUNERATION depends on individual performance during the past financial year and may now be as high as 40 per cent (previously: 50 per cent) of the fixed salary. Personal performance is determined by the Supervisory Board at its equitable discretion.

MULTI-YEAR VARIABLE REMUNERATION is based on the Group's performance over the reference period. It comprises the reporting year and the two prior financial years. The Supervisory Board determines the Company's performance based on the return on equity. The remuneration is granted if the return on equity is at least equal to the three-year average cost of

equity; the maximum amount of remuneration – 80 per cent (previously 50 per cent) of the fixed salary – is achieved with a return on equity of 20 per cent.

The amount of the two variable remuneration components for the 2018/2019 financial year was discussed by the Executive Committee of the Supervisory Board on 28 October 2019 and proposed to the Supervisory Board. The Supervisory Board approved the proposal and set the variable remuneration for the Board of Management at a total of 1,569,000 euros. Of that amount, 732,000 euros are attributable to one-year variable remuneration and this represents the maximum amount possible for each Board of Management member. The multi-year variable remuneration was fixed uniformly at approximately 57 per cent of the maximum amount possible and totals 837,000 euros. At the start of 2019, the members of the Board of Management had repaid a performance-related remuneration of 104,000 euros for the two previous financial years, after the consolidated net income for the 2016/2017 and 2017/2018 financial years had been adjusted.

Follow-up variable remuneration from old remuneration models

In the financial year 2018/2019, the two Board of Management members who are members of the investment team also received follow-up variable remuneration components from one of the two old remuneration models for members of the investment team. Both models had a particularly long-term measurement of investment success in common; the models are now only relevant for the few investments in the portfolio that were entered into prior to 2007.

- The profit-sharing scheme for investments entered into up to 31 December 2000 is geared to the return on equity of DBAG. Profit-sharing awards are only granted if the return on equity for the reporting year exceeds the mark of 15 per cent before taxes and bonuses. The computation base of equity relates exclusively to these investments. The remuneration for 2018/2019 is based on the profit distribution of the investment in JCK Holding.
- For investments that were made between 2001 and 2006, profit-sharing starts from a minimum return on investment of eight per cent per year after imputed costs of two per cent. They are exclusively paid from realised profits. Two-thirds of these entitlements are paid after the close of the respective financial year. Entitlement to the remaining one-third is subject to a final review after the divestment phase of all

investments involved has been completed, and is paid out in the amount of the remaining final entitlement. 2018/2019, remuneration was received on the basis of income from one of the two third-party managed international buyout funds.

The subsequent variable remuneration components from the two old remuneration models are each limited to 65 per cent (previously: 150 per cent) of the fixed salary per year.

Profit-sharing awards from personal co-investments in the DBAG funds

Since the start of the investment period of DBAG Fund V at the start of 2007, Board of Management members who are also members of the investment team have had to support DBAG's investments by acquiring a stake in the DBAG funds under company law using their own money. The purpose of taking a personal investment risk is to promote the initiative and commitment of the members of the Board of Management within the investment team vis-à-vis the success of DBAG funds' investments. If the funds are successful, these Board of Management members receive a profit share that is disproportionate to their capital commitment, subject to certain conditions (carried interest), as is common worldwide in the private equity sector. Investments and amounts received from such private investments in DBAG funds are included in the disclosures in Note 39 of the Notes to the Consolidated Financial Statements ("Related party disclosures, carried-interest participations of key management personnel and former key management personnel").

Adjustments to take effect at the start of the new financial year

At the start of the 2019/2020 financial year, a new element was added to the remuneration of Torsten Grede and Dr Rolf Scheffels, the two members of the Board of Management who belong to the investment team. In future, as part of their performance-related remuneration, they are entitled to receive a bonus for the performance of DBAG's investments entered into exclusively from the Company's own funds (Principal Investments bonus). The remuneration takes into account the performance of Principal Investments from two successive financial years (investment period). For the first investment period, an entitlement to a Principal Investments bonus may only arise from Principal Investments made from 1 October 2019 onwards during the active term of office of the relevant member of the Board of Management. Any entitlement to remuneration

arising in this way shall continue to exist after any termination of the Board of Management member's contract. The entitlement to remuneration arises only if DBAG has realised its invested capital plus a minimum return of eight per cent per annum (internal rate of return). In this case, a certain percentage of the total performance achieved in the respective investment period is paid out to the members of the Board of Management entitled to bonuses; for the first investment period, this is 6.5 per cent. Payments will only be made once DBAG has received the returns. The remuneration from the Principal Investments bonus is limited to 65 per cent of the fixed annual salary.

Pension commitments under two models

Pension commitments to Board of Management members are based on two models. Members of the Board of Management appointed for the first time up to 1 January 2001 received a pension commitment; members appointed after this date participate in what is known as the contribution plan. This plan is also extended to other staff of Deutscheeteiligungs AG; however, it has been closed to those employees and board members not covered by collective agreements since the beginning of the financial year 2004/2005. Members of the Board of Management appointed for the first time since then do not receive defined pension benefits; this applies to Susanne Zeidler.

Pension arrangements for Torsten Grede provide for defined annual pension benefits; they amount to 87,000 euros. The present value of this pension obligation was 1,560,000 euros as at 30 September 2019 (previous year: 1,299,000 euros). Dr Rolf Scheffels participates in the contribution plan: for each year of service, a one-time pension contribution is paid that is measured by a percentage of the fixed salary for the year in question. The annual retirement benefit component amounts to 0.75 per cent of this remuneration, and six per cent of those parts of the remuneration exceeding the income threshold set by the state pension plan, each multiplied by an age factor that decreases with increasing age. The accrued pension capital for Dr Scheffels is capped at a contribution that corresponds to an annual pension entitlement of 87,000 euros. At 30 September 2019, the cap did not have an effect. The present value of the retirement benefit commitment to Dr Scheffels was 1,427,000 euros as at 30 September 2019 (previous year: 1,225,000 euros).

Benefits granted

The remuneration granted to Board of Management members in the 2018/2019 financial year totalled 3,682,000 euros (previous year: 3,274,000 euros); of that amount, 199,000 euros are attributable to pension expenses (previous year: 118,000 euros).

Remuneration disbursed	Torsten Grede Spokesman of the Board of Management				Dr Rolf Scheffels Member of the Board of Management				Susanne Zeidler Chief Financial Officer			
	2017/ 2018	2018/2019		2017/ 2018	2018/2019		2017/ 2018	2018/2019				
€'000		min.	max.		min.	max.		min.	max.			
Fixed salary (not linked to performance)	560	640	640	640	560	640	640	640	450	550	550	550
Fringe benefits	12	12	12	12	10	10	10	10	19	18	18	18
Total	572	652	652	652	570	650	650	650	469	568	568	568
Performance-linked component (one-year variable remuneration)	280	256	0	256	280	256	0	256	225	220	0	220
Component with long-term incentive effects (multi-year variable remuneration)												
Bonus for Company's long-term performance	205	293	0	512	205	293	0	512	165	251	0	440
Profit-sharing up to 2000	6	6	0	416	6	6	0	416	0	0	0	0
Profit-sharing 2001 to 2006	108	20	0	416	65	12	0	416	0	0	0	0
Total	1,171	1,227	652	2,252	1,126	1,217	650	2,250	859	1,039	568	1,228
Pension service costs	70	94	94	94	48	105	105	105	0	0	0	0
Total remuneration	1,241	1,321	746	2,346	1,174	1,322	755	2,355	859	1,039	568	1,228

Remuneration paid

The information in the following table also takes into account the aforementioned repayment of part of the performance-related remuneration for the financial years 2016/2017 and 2017/2018. In 2018/2019, the members of the Board of Management received inflows:

Remuneration disbursed	Torsten Grede Spokesman of the Board of Management		Dr Rolf Scheffels Member of the Board of Management		Susanne Zeidler Chief Financial Officer	
	2018/ 2019	2017/ 2018	2018/ 2019	2017/ 2018	2018/ 2019	2017/ 2018
€'000						
Fixed salary (not linked to performance)						
Fringe benefits	12	12	10	10	18	19
Total	652	572	650	570	568	469
Performance-linked component (one-year variable remuneration)	256	280	256	280	220	225
Component with long-term incentive effects (multi-year variable remuneration)						
Bonus for Company's long-term performance	293	205	293	205	251	165
Profit-sharing up to 2000	6	397	6	397	0	0
Profit-sharing 2001 to 2006	108	51	65	31	0	0
Other ¹	(37)	0	(37)	0	(30)	0
Total	1,277	1,505	1,232	1,483	1,009	859
Pension service costs	94	70	105	48	0	0
Total remuneration	1,371	1,575	1,337	1,531	1,009	859

Other: bonus repayments for the 2016/2017 and 2017/2018 financial years due to figures being restated in accordance with IAS 8

Former Board of Management members or their surviving dependants received total payments of 1,074,000 euros (previous year: 1,497,000 euros) in the financial year under review. This also includes follow-on payments to former members of the Board of Management from older investments (investments committed up to 31 December 2000 or entered into between 2001 and 2006). These payments amounted to 115,000 euros for the financial year under review (previous year: 558,000 euros). The present value of pension obligations for former Board of Management members and their surviving dependants amounted to 25,170,000 euros at the reporting date (previous year: 22,516,000 euros). Amounts received by former Board of Management members from private equity investments in DBAG funds are included in the disclosures in Note 39 to the consolidated financial statements ("Information on related parties, carried interest investments by current and former key management staff").

Supervisory Board compensation

The remuneration for members of the Supervisory Board is geared to the resolution passed at the Annual Meeting on 26 March 2013. It consists of two components: an annual fixed fee of 50,000 euros (base remuneration) and bonuses for the Chair, Vice Chair and committee membership (additional remuneration). The Chairman of the Supervisory Board receives a maximum of twice the base remuneration, irrespective of their membership on various committees. The Vice Chairman of the Supervisory Board and the Chairman of the Audit Committee receive a maximum of one and a half times the base remuneration. Members of the Executive and Nomination Committee receive a quarter of this amount.

Remuneration of the members of the Supervisory Board amounted to 370,000 euros for the 2018/2019 financial year (previous year: 388,000 euros).

€'000	Fixed fee	Bonus	Total
Andrew Richards Chairman until 13 October 2018	2	1	3
Sonja Edeler	50	–	50
Wilken Freiherr von Hodenberg	50	–	50
Philipp Möller	50	13	63
Dr Hendrik Otto Deputy Chairman since 14 October 2018	50	24	74
Gerhard Roggemann Deputy Chairman until 13 October 2018, Chairman since 14 October 2018	50	49	99
Dr Maximilian Zimmerer since 21 February 2019	30	–	30
Total	282	88	370

In the financial year 2018/2019, members of the Supervisory Board did not receive any fees for consultancy services.

TAKEOVER-RELATED DISCLOSURES (SECTIONS 289A (1) AND 315A (1) OF THE HGB)

At 30 September 2019, the share capital of Deutsche Beteiligungs AG amounted to 53,386,664.43 euros. It is divided into 15,043,994 no-par value registered shares with an imputed nominal value of 3.55 euros (rounded). There is only one class of shares. All shares carry the same rights and obligations. In accordance with section 67 (2) of the German Stock Corporation Act (Aktiengesetz–AktG), only shareholders who are listed in the share register are considered shareholders of the Company. With the exception of any treasury shares over which the Company is not entitled to exercise rights, each no-par value share carries one vote. The voting right does not begin until the contribution has been made in full. Rights and obligations attached to the shares ensue from the statutory provisions, in particular sections 12, 53a et seq., 118 et seq., and 186 of the AktG.

In June 2019, the Company was last notified in accordance with section 33 of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) that 20.03 per cent of the voting rights were held directly by Rossmann Beteiligungs GmbH, Burgwedel, Germany. An agreement for the relinquishing of

control has existed between DBAG and this company since March 2013. The agreement initially had a term of five years until the end of the 2018 Annual Meeting; the agreement is extended automatically and can now be terminated annually with effect from the end of the next Annual Meeting. According to the agreement, for resolutions concerning the election or dismissal of Supervisory Board members, Rossmann Beteiligungs GmbH undertakes to exercise the voting rights attached to shares in DBAG attributable to the Rossmann Group as a whole – now and in the future – within a scope of no more than 45 per cent of the voting capital present at an Annual Meeting. The board of Management is not aware of any other restrictions relating to voting rights or the transfer of shares.

In accordance with the Articles of Association of DBAG, the Board of Management consists of at least two individuals. The appointment of these members to the Board of Management requires a simple majority of the votes cast by the Supervisory Board members. In the event of a tie, the Chairman has the casting vote (Article 11 (4) of the Articles of Association). The Supervisory Board may exempt all or individual members of the Board of Management, in general or in individual cases, from the restrictions in section 181 of the German Civil Code (Bürgerliches Gesetzbuch–BGB). So far it has not made use of this option.

Amendments to the Articles of Association may be adopted pursuant to the provisions of sections 179, 133 of the AktG and pursuant to Article 5 (3) and (4) and Article 17 of the Articles of Association. The Supervisory Board may adopt amendments to the Articles of Association that relate merely to wording. The Articles of Association provide that resolutions at the Annual Meeting shall be generally adopted with a simple majority of the votes, or, insofar as a majority of the share capital is required, by a simple majority of the share capital, except where the law or the Articles of Association demand otherwise.

At the Annual Meeting on 21 February 2018, the Board of Management was authorised, in accordance with section 71 (1) no. 8 of the AktG, to purchase own shares of up to ten per cent of the share capital existing at the time of the Annual Meeting (53,386,664.43 euros) up to and including 20 February 2023. The Board of Management may choose to acquire shares via the stock exchange or via a public tender to all shareholders or an invitation to submit such a tender. The Board of Management is authorised, subject to the consent of the Supervisory Board, to resell its own shares, for example,

as consideration in conjunction with corporate acquisitions or mergers or acquisitions of investments in enterprises under exclusion of shareholders' subscription rights in other ways than via the stock exchange or by public offer to all shareholders. In the past financial year, the Board of Management did not make use of these authorisations.

On 22 February 2017, the Annual Meeting passed a resolution authorising the Board of Management to increase the share capital, with the consent of the Supervisory Board, until 21 February 2022 by up to a total of 13,346,664.33 euros through one or more issues of new no-par value registered shares in exchange for cash or non-cash contributions (Authorised Capital 2017). Shareholders are generally to be granted subscription rights in such cases. The Board of Management is, however, authorised to exclude shareholders' subscription rights in certain instances and within a certain capital range. In the past financial year, the Board of Management did not make use of this authorisation.

In conjunction with the authorisation adopted at the Annual Meeting on 22 February 2017 concerning the issuance of warrant-linked bonds and/or convertible bonds for a total of up to 140,000,000.00 euros until 21 February 2022, with the option of excluding shareholders' subscription rights in certain instances and within a certain capital range, the share capital of the Company will be conditionally raised by up to 13,346,664.33 euros through the issuance of 3,760,998 new no-par registered shares (Conditional Capital 2017/I). The conditional capital increase will only be executed insofar as holders or creditors of warrant-linked bonds and/or convertible bonds exercise their option or conversion rights or fulfil their option/conversion obligation, or to the extent that the Company or the Group company issuing the debt security exercises an option to service the entitlements by delivering shares in the Company instead of a cash settlement (in whole or in part), and insofar as, in each case, cash compensation is not granted and treasury shares or shares from authorised capital or shares of another listed company are not used for servicing. In the past financial year, the Board of Management did not make use of this authorisation.

The existing authorisations are detailed in the respective resolutions passed at the Annual Meetings mentioned above. Details on Authorised and Conditional Capital, and on the acquisition of treasury shares, are also provided in the Notes to the consolidated financial statements (under "Notes to the consolidated statement of financial position"), and in the consolidated financial statements.

The members of the Board of Management do not have a special right to terminate their service contracts in the event of a change of control at Deutscheeteiligungs AG. In this event, they are also not entitled to severance payments based on compensation agreements.

CORPORATE GOVERNANCE STATEMENT (SECTIONS 289F AND 315D OF THE GERMAN COMMERCIAL CODE (HGB))

The Corporate Governance Statement pursuant to sections 289f and 315d of the HGB is permanently available in the Investor Relations section of our website under Corporate Governance (www.dbag.com/investor-relations/corporate-governance/management-declaration). It includes the Declaration of Compliance with the German Corporate Governance Code, pursuant to section 161 of the AktG, information on corporate governance practices and a description of how the Board of Management and the Supervisory Board work, as well as information on targets for the share of female members on the Supervisory Board, the Board of Management and the management level below the Board of Management.