

# Corporate Governance Report

## Austrian Corporate Governance Code

The Austrian Corporate Governance Code, a regulatory framework for the management and monitoring of Austrian joint stock companies, has been established. This code contains internationally adopted, customary standards, as well as significant related regulations stipulated in the Austrian Stock Corporation-, Stock Exchange-, and Capital Markets Acts and is based on the EU recommendations on the tasks of supervisory board members and on the remuneration of directors as well as on the principles encompassed in the OECD Guidelines for Corporate Governance. The Code is aimed at ensuring a responsible management and supervision of individual companies and groups, with the goal of creating sustainable and long-lasting value. The code seeks to create a high level of transparency for all company stakeholders.

Companies voluntarily undertake to comply with the guidelines contained in the current version of the Austrian Corporate Governance Code as amended. The version of the Corporate Governance Code that is applicable to the year 2017 was issued in January 2015 and can be found on the website at [www.corporate-governance.at](http://www.corporate-governance.at).

## Statement on Corporate Governance

The Semperit Group, as an internationally operating, publicly listed company, hereby declares that it will voluntarily observe the Austrian Corporate Governance Code and that it also intends to observe the Code in the future or justify any deviating behaviour. Semperit AG Holding complies with all legally binding L-rules (Legal Requirements). Unless otherwise declared, the C-rules (Comply-or-Explain) will be observed by the relevant bodies and the company. Explanation of the C-Rule 64: Semperit does not have a current shareholder identification for the reporting period, so that differentiation of the shareholder structure according to geographic origin and investor type is not available.

## Management Board

### Composition and function of the Management Board

The Management Board leads the company and consists of three members. It has full responsibility for managing the company for the benefit of the enterprise while considering the interests of shareholders and employees as well as the public interest.

The Management Board's internal rules of procedure regulate the allocation of business responsibilities and the principles of cooperation between members of the Management Board. Decisions of primary importance are taken by the Board as a whole. The Management Board itself assumes communication tasks that have a significant impact on how the company is perceived by its stakeholders. Legally binding regulations, the Articles of Association, and the internal rules of procedure for the Management and Supervisory Board laid down by the Supervisory Board form the basis for corporate management.

### Cooperation between the Management and Supervisory Boards

The Management Board and Supervisory Board are committed to managing the company in accordance with the principles of good corporate governance. This management takes place in open discussions between the Management Board and the Supervisory Board as well as within these corporate bodies. Among other things, the Management Board's internal rules of procedure govern the Management Board's ongoing reporting to the Supervisory Board. They also specify a catalogue of transactions and measures that, in addition to legal provisions, also require the Supervisory Board's explicit authorisation. The Supervisory Board controls the Management Board and supports it in managing the company, particularly when decisions of fundamental importance are to be made.

The strategic direction of the company is determined in close cooperation between the Management Board and the Supervisory Board and is discussed in Supervisory Board meetings held at regular intervals.

### Organisational structure Semperit Group

<b>Martin Füllenbach</b> Chief Executive Officer		<b>Frank Gumbinger</b> Chief Financial Officer		<b>Michele Melchiorre</b> Chief Operating Officer	
Business Sectors Industrial + Medical	Business Development	Finance Sectors Industrial + Medical	Accounting	Operations Sectors Industrial + Medical	Research & Development
Communications & Sustainability	Human Resources	Controlling	Tax	Engineering & Maintenance	Quality Management
Compliance		Treasury	Investor Relations	Operational Excellence	Procurement & Logistics
		Internal Audit	Risk Management & Assurance	Mixing	SHE (Safety / Health / Environment)
		Legal	IT		

### Corporate bodies of Semperit AG Holding: Management Board

#### Martin Füllenbach

Chairman of the Management Board since 1 June 2017, period of office ends on 31. December 2020.

Martin Füllenbach studied economics and business organisation in Munich, and subsequently gained his doctorate in financial sciences at the University of Nuremberg. After more than ten years as an officer of the German Armed Forces with numerous international deployments, he took over tasks in the planning staff of the CEO and in programme planning of the military aircraft production at the aerospace company EADS at the beginning of his industrial career. From 2004 to 2007, Martin Füllenbach was Head of Corporate Development as well as from 2007 to 2012 Director of Voith Turbo, which is headquartered in Heidenheim, Germany: He was a member of the divisional management "drive technology" as well as CEO of the business unit "marine". Most recently, Martin Füllenbach was CEO of Oerlikon Leybold Vakuum in Cologne since 2012 and, in addition, an appointed member of the Group Management Board of OC Oerlikon AG in Pfäffikon, Switzerland, since 2014. He holds no Supervisory Board mandates in other companies that are not included in the consolidated financial statements pursuant to C-rule 16 of the Austrian Corporate Governance Code. However, he exercises an Advisory Board mandate of the Gebr. Becker GmbH, Germany.

### **Frank Gumbinger**

Member of the Management Board since 1 December 2016, Chief Financial Officer (CFO), period of office ends on 31 December 2019.

After completing his university degree in Business Administration at Goethe University in Frankfurt, Frank Gumbinger, born in 1968, worked as an auditor and consultant with PricewaterhouseCoopers from 1996 to 1998 prior to switching to Delton AG in Bad Homburg in 1999. He held various leading positions within the associated group companies until 2008. From 2001 to 2005 he was Head of the Corporate Development and Strategy Department as well as Head of Controlling with ERGO-PHARM Beteiligungsgesellschaft mbH/Heel GmbH. Then Gumbinger transferred within the group to become CFO of CEAG AG. Most recently, he was CFO of the Progroup AG in Landau. He holds no Supervisory Board mandates in other companies that are not included in the consolidated financial statements pursuant to C-rule 16 of the Austrian Corporate Governance Code.

### **Michele Melchiorre**

Member of the Management Board since 1 June 2016; Chief Operating Officer (COO); period of office ends on 31 May 2019.

Michele Melchiorre, born in 1964, studied mechanical engineering at the prestigious Technical University Aachen and business administration at the University of Hagen. He began his professional career at Daimler Benz AG in 1988. In the following years, he assumed a number of management functions in the international automotive and aviation industry – initially at the DASA / EADS Group in Augsburg and then at DaimlerChrysler AG in Stuttgart. In 2007 he became Vice President Manufacturing Engineering at Fiat Chrysler Automobiles in Turin. He was most recently employed as Group Vice President Global Supply Chain at Bombardier Transportation in Berlin. He holds no Supervisory Board mandates in other companies that are not included in the consolidated financial statements pursuant to C-rule 16 of the Austrian Corporate Governance Code.

### **Thomas Fahnemann**

Thomas Fahnemann was Chairman of the Management Board since 14 April 2011, previously Deputy Chairman of the Management Board since joining the company on 1 December 2010. His period of office ended on 15 March 2017.

### **Richard Ehrenfeldner**

Richard Ehrenfeldner was member of the Management Board since 1. October 2001. His period of office ended on 15. April 2017.

## **Remuneration of the Management Board**

The remuneration of the Management Board consists of a fixed salary component, a short-term variable and a long-term variable component, as well as remuneration in kind. In 2017, remuneration of the Management Board is based on qualitative criteria.

A long-term variable bonus component (LTI/long-term incentive) that is linked to the achievement of sustainable, long-term and multi-year performance criteria/targets has been agreed for all Management Board members. The Remuneration Committee of the Supervisory Board annually determines the achievement of objectives. The amount of the annual LTI remuneration is determined every year according to the extent of objectives achieved and is credited to the LTI account ("remuneration"). Disbursement of 100% of the LTI account balance is made when the contractual relationship is extended by another board period after expiry of the contract or when the member of the Management Board does not want a contract renewal due to legal old-age retirement or when he or she starts an occupational invalidity pension or when he or she passes away. If the Management Board contract is not extended or if the Management Board refuses a proposal by the company to extend the Management Board contract for the time after the contract expires on equivalent terms and conditions, the Management Board member is eligible to conceive 50% of the LTI amount.

For Martin Füllenbach, the LTI amount will be paid on the condition that the eligibility criteria regulated by the employment contract are met after the Supervisory Board has treated and/or approved the consolidated financial statements of 2020, at the latest on 30 April 2021.

For Frank Gumbinger, the LTI amount will be paid on the condition that the eligibility criteria regulated by the employment contract are met after the Supervisory Board has treated and/or approved the consolidated financial statements of 2019, at the latest on 30 April 2020.

For Michele Melchiorre, the LTI amount will be paid on the condition that the eligibility criteria regulated by the employment contract are met after the Supervisory Board has treated and/or approved the consolidated financial statements of 2019, at the latest on 30 April 2020.

For Thomas Fahnemann and Richard Ehrenfeldner, a special arrangement independent from the above-mentioned criteria has been made within the scope of the contract termination.

The upper limits for variable, performance-based remuneration components (short- and long-term components) for Martin Füllenbach are at 197% of the annual fixed remuneration. The relevant upper limit for Frank Gumbinger is at 107% and for Michele Melchiorre at 107% and is calculated from the short-term variable share plus the proportionate long-term bonus share in relation to the current fixed annual remuneration.

In consideration of the active Management Board members at the end of 2017, the remuneration paid to the Management Board members in 2017 totalled EUR 1,237 thousand (2016: EUR 419 thousand) of which EUR 1,084 thousand or 88% (2016: EUR 279 thousand or 67%) consisted of fixed remuneration and EUR 153 thousand or 12% (2016: EUR 140 thousand or 33%) of variable salary components.

In an overall assessment, the remuneration paid to all members of the Management Board in 2017 amounted to EUR 4,606 thousand (2016: EUR 2,676 thousand, taking into account the repayments for variable remunerations for previous years), of which EUR 1,562 thousand or 34% (2016: EUR 2,117 thousand or 79%) consisted of fixed remuneration and EUR 3,045 thousand or 66% (2016: EUR 559 thousand or 21%) of variable salary components.

The specified amounts in both approaches are not comparable with the previous year due to several changes in the team of the Management Board during the year.

#### Remuneration paid to the Management Board

in EUR thousand	2017				2016				
	Fixed remuneration (incl. Payments in kind and daily allowances)	Variable short-term remuneration	Variable long-term remuneration	Total	Fixed remuneration (incl. Payments in kind and daily allowances)	Variable short-term remuneration	Variable long-term remuneration	Repayments for variable long-term remuneration	Total
Martin Füllenbach	301	80	0	381	–	–	–	–	–
Frank Gumbinger	390	0	0	390	35	80	–	–	115
Michele Melchiorre	394	73	0	466	245	60	–	–	305
<b>Subtotal active Management Board Members (as of end of 2017)</b>	<b>1,084</b>	<b>153</b>	<b>0</b>	<b>1,237</b>	<b>279</b>	<b>140</b>	<b>0</b>	<b>0</b>	<b>419</b>
Thomas Fahnemann	142	1,720	0	1,862	562	340	115	–267	750
Johannes Schmidt-Schultes	35	521	–	556	395	171	45	–158	453
Richard Ehrenfeldner <sup>1)</sup>	126	424	0	550	432	159	49	–139	501
Declan Daly	175	226	–	401	450	170	24	–90	553
<b>Total</b>	<b>1,562</b>	<b>3,045</b>	<b>0</b>	<b>4,606</b>	<b>2,117</b>	<b>980</b>	<b>233</b>	<b>–654</b>	<b>2,676</b>

<sup>1)</sup> Richard Ehrenfeldner was entitled to additional severance payments amounting to EUR 555.4 thousand in 2017.

In 2016, the Supervisory Board (Remuneration Committee) has claimed a partial reimbursement of paid variable remunerations of the financial years 2014 and 2015 amounting to EUR 654 thousand from the former Management Board members Thomas Fahnemann, Richard Ehrenfeldner, Johannes Schmidt-Schultes and Declan Daly, which was repaid by the Management Board members in 2016. A non-interest-bearing employer loan of the same amount was awarded to the named Management Board members. The loans' terms roughly corresponded to the originally remaining period of office. The named Management Board members had the opportunity to achieve an additional variable remuneration of similar value by achieving special individual targets during the remaining period of office. Under the termination agreements, an assessment of these target achievements was made for all former Management Board members; the non-interest-bearing employer loans were repaid entirely in the course of 2017. The reason for the reclaim was the retroactive adjustment due to the change of the accounting method of Siam Sempermed Corp. Ltd. (now Sri Trang Gloves (Thailand) Co. Ltd.) in the consolidated financial statement of 2014, which had led to changed target achievements for the variable short- and long-term bonus targets in 2014 and 2015.

In the above table, the remunerations for the former Management Board members Johannes Schmidt-Schultes and Declan Daly – both of them resigned from their positions on 30 November 2016 – are shown for the full year 2016 for reasons of comparability.

In 2017, payments amounting to EUR 556.3 thousand were made to former Management Board member Johannes Schmidt-Schultes, of which EUR 30.6 thousand were current earnings and EUR 521.4 thousand were payments on the occasion of employment termination. Payments totalling EUR 401.3 thousand were made to former Management Board member Declan Daly in 2017, of which EUR 171.3 thousand were current earnings and EUR 226.0 thousand were payments due to the termination of employment.

The above table shows the remunerations for former Management Board members Thomas Fahnemann and Richard Ehrenfeldner in 2017 until the dates of resignation (15 March 2017 and 15 April 2017 respectively). In addition, payments amounting to EUR 1,720.2 thousand were made to former Management Board member Thomas Fahnemann in 2017 on the occasion of the termination of employment. Moreover, former Management Board member Richard Ehrenfeldner received payments of EUR 979.9 thousand (including EUR 555.4 thousand severance payment) due to the termination of employment.

### Contributions to pensions

A defined-contribution pension agreement and/or an obligation to it has been established for the Management Board members Martin Füllenbach, Frank Gumbinger and Michele Melchiorre. Annually, the company pays 1/14 of the respective fixed remuneration into a pension fund (APK Pensionskasse AG) for Frank Gumbinger and Michele Melchiorre. The amount of the pension is based on the capital available in the pension fund. The pay-out is made in accordance with the pension fund agreement. Martin Füllenbach is obliged to pay a fixed annual amount of EUR 48 thousand for a defined contribution plan for pensions. The final contractual implementation was not in place by the end of 2017. An appropriate provision was recognised.

In addition, pension payments are made to previous Management Board members or their widows in accordance with the contractual commitments made by the company in the past.

### Contributions to pensions

in EUR thousand	2017	2016
Martin Füllenbach	28	–
Frank Gumbinger	27	2
Michele Melchiorre	27	16
Thomas Fahnenmann	10	36
Johannes Schmidt-Schultes	2	25
Richard Ehrenfeldner	0	58
Declan Daly	12	29
<b>Total</b>	<b>106</b>	<b>143</b>

### Termination benefits – severance payments

The Management Board members Martin Füllenbach, Frank Gumbinger and Michele Melchiorre are subject to the Austrian Corporate Employee and Self-Employed Pension Act (Betriebliches Mitarbeiter- und Selbstständigenvorsorgegesetz – BMSVG). This Act stipulates that 1.53% of the individual's total remuneration (which includes all current remuneration, remuneration in kind and special payments) has to be paid to BONUS Vorsorgekasse AG.

Termination benefits amounting to EUR 555.4 thousand were paid to Richard Ehrenfeldner in 2017. The total amount of provisions for severance payments was EUR 0 thousand as of 31 December 2017 (31 December 2016: EUR 688.4 thousand), since all Management Board members are subject to the Austrian Corporate Employee and Self-Employed Pension Act (Betriebliches Mitarbeiter- und Selbstständigenvorsorgegesetz – BMSVG) and therefore provisions for severance payments are not necessary. Income of EUR 133.0 thousand (2016: remuneration expenses of EUR 35.9 thousand) resulted from the release of provisions and netting with the severance payments to Richard Ehrenfeldner.

Upon premature termination of the Management Board mandate, the framework conditions for premature termination of contracts, pursuant to C-rule 27a of the Austrian Corporate Governance Code, will be considered adequately.

### Directors and Officers (D&O) Insurance

A Directors and Officers (D&O) insurance has been taken out for the members of the Management Board and senior executives. The company bears the related costs. In case of damage, deductibles were agreed for the Management Board members.

### Supervisory Board

The Supervisory Board consists of eight shareholder representatives and four employee representatives. Due to the resignation of Stephan B. Tanda as of 1 February 2017, the number of shareholder representatives is reduced to seven persons until the next Annual General Meeting on 23 May 2017. Since the Annual General Meeting the Supervisory Board has consisted of eight shareholder representatives again. The Supervisory Board has resolved to establish the following committees consisting of its own members to carry out specific functions: Audit Committee, Remuneration Committee, Nominating Committee, Strategy Committee, Committee for the Profit Improvement Programme, and Committee for Urgent Issues. The authority to make decisions and pass resolutions rests in the hands of the entire Supervisory Board.

### Meetings of the Supervisory Board and its committees in 2017

The Supervisory Board convened for eight meetings. In 2017, no member of the Supervisory Board attended less than 50% of the meetings. Veit Sorger is Chairman of the Supervisory Board, first deputy is Patrick Prügger and his second deputy is Stefan Fida.

The **Audit Committee**, led by the financial expert Patrick Prügger, performs its duties in accordance with article 92 section 4a of the Austrian Stock Corporation Act and rule 40 of the Austrian Corporate Governance Code. The Audit Committee held four meetings in 2017 and specifically dealt with the preparation of the resolution for the 2016 annual and consolidated financial statements, risk management, the internal control system (ICS), internal auditing, the compliance organisation, corporate governance and the preparation for the audit of the annual and consolidated financial statements for 2017.

The **Remuneration Committee**, chaired by Veit Sorger, held thirteen meetings dealing particularly with the performance review talks for 2016 and the agreement of objectives of the members of the Management Board for 2017, the remuneration system for Management Board members, the termination agreements with Management Board members, the monitoring of the execution of the employment agreements of the Management Board as well as the bonus system for blue-collar and white-collar workers.

The **Nominating Committee**, under the chairmanship of Veit Sorger, held five meetings to deal with the definition of qualification profiles for Management Board members, the definition of appointment procedures for Management Board positions, the selection process for Management Board members and the preparation of the nomination of candidates for the Management Board as well as the Talent Development and Succession Planning Process, the assessment of candidates for the Executive Committee and the succession planning for the Management Board within the Group.

The **Strategy Committee**, under the chairmanship of Patrick Prügger, did not hold any meetings in 2017 due to corporate transformation that started in the third quarter of 2017. Instead a separate Supervisory Board meeting with a focus on strategy took place in the first quarter of 2018.

The **Committee for the Profit Improvement Programme**, under the chairmanship of Patrick Prügger, held seven meetings, at which it dealt primarily with the monitoring of the project for the sustainable increase of the operational results in the Sempermed segment as well as the improvement of operational results in the Sempertrans, Semperform and Semperflex segments.

Since the subjects treated in the Strategy Committee and the Committee for the Profit Improvement Programme are of central importance for the entire Supervisory Board, they will be discussed and decided in the entire Supervisory Board from now on. Therefore, these two committees were dissolved in February 2018.

The **Committee for Urgent Issues**, chaired by Veit Sorger, did not hold any meetings dealing with the management of time-sensitive investment projects.

The now dissolved **Joint Ventures Committee** held one meeting, at which it dealt with the termination of almost all joint venture activities with the partner Sri Trang Agro-Industry Public Co Ltd. in Thailand.

In 2017, the Supervisory Board discussed in plenary the **self-evaluation** conducted in early 2017 in the form of a questionnaire and in accordance with C-Rule 36 of the Austrian Corporate Governance Code. Measures were picked up and derived from it for the efficiency enhancement of the Supervisory Board activities. The results of the self-evaluation showed that the activities of the Supervisory Board have been assessed as good.

## Corporate bodies of Semperit AG Holding: Supervisory Board

### Composition of the Supervisory Board <sup>4)</sup>

	Year of birth	First appointed	End of current term of office <sup>1)</sup>	Supervisory board position in other listed companies <sup>4)</sup>
<b>Shareholder representative</b>				
Veit Sorger Chairman	<sup>2) 3)</sup> 1942	26/05/2004	Resigns the mandate on 25/04/2018 (Date of Annual General Meeting)	Lenzing AG (Deputy Chairman)
Patrick Prügger First Deputy Chairman	<sup>2)</sup> 1975	14/04/2011	Resigns the mandate on 25/04/2018 (Date of Annual General Meeting)	Lenzing AG, AMAG Austria Metall AG
Stefan Fida Second Deputy Chairman	<sup>2)</sup> 1979	29/04/2014	Until the Annual General Meeting resolving upon the 2020 financial year	–
Klaus Erkes Member	<sup>2) 3)</sup> 1958	23/05/2017	Until the Annual General Meeting resolving upon the 2019 financial year	–
Walter Koppensteiner Member	<sup>2) 3)</sup> 1959	23/04/2012	Until the Annual General Meeting resolving upon the 2018 financial year	–
Petra Preining Member	<sup>2)</sup> 1973	23/05/2017	Until the Annual General Meeting resolving upon the 2019 financial year	–
Astrid Skala-Kuhmann Member	<sup>2)</sup> 1953	29/04/2014	Until the Annual General Meeting resolving upon the 2020 financial year	Lenzing AG
Felix Strohbichler Member	<sup>2) 3)</sup> 1974	28/05/2015	Resigns the mandate on 25/04/2018 (Date of Annual General Meeting)	Lenzing AG (Deputy Chairman)
<b>Employee representative</b>				
				<b>Works council function</b>
Sigrid Haipl	1960	26/03/2012	–	Member of the Central Works Council of Semperit AG Holding, Member of the European Works Council, Chair of the Works Council – White-collar workers, Vienna
Michaela Jagschitz	1961	29/04/2014	–	Deputy Chairman of the Works Council – White-collar workers, Wimpassing
Markus Stocker	1979	01/01/2017	–	Chairman of the Central Works Council of Semperit AG Holding, Deputy Chairman of the European Works Council, Chairman of the Works Council – White-collar workers, Wimpassing
Michael Schwiigelhofer	1975	08/03/2017	–	Deputy Chairman of the Central Works Council of Semperit AG Holding, Chairman of the Works Council – Blue-collar workers, Wimpassing

<sup>1)</sup> Pursuant to the Articles of Association, one fifth of the members of the Supervisory Board automatically leave their positions every year at the end of the Annual General Meeting.

<sup>2)</sup> Have declared their independence vis-à-vis the Supervisory Board in accordance with C-Rule 53 of the Austrian Corporate Governance Code.

<sup>3)</sup> No representation by a shareholder over 10% (C-Rule 54 of the Austrian Corporate Governance Code).

<sup>4)</sup> As of 15 March 2018



## Resigned members of the Supervisory Board

	Year of birth	First appointed to the Supervisory Board	End of term of current office
<b>Shareholder representative</b>			
Stephan B. Tanda Member	1965	26/04/2016	Resigned the mandate on 01/02/2017
Andreas Schmidradner Member	1961	20/05/2008	Resigned the mandate on 23/05/2017
<b>Employee representative</b>			
Karl Voitl	1966	20/03/2015	Until 08/03/2017

### Guidelines for the independence of Supervisory Board members

A member of the Supervisory Board shall be deemed independent if he/she has no business or personal relations with the company or its Management Board that would constitute a material conflict of interest and could thus influence the member's behaviour.

In evaluating the independence of a Supervisory Board member, the Supervisory Board uses the following guidelines, which correspond to those contained in Appendix 1 of the January 2015 version of the Austrian Corporate Governance Code:

- The Supervisory Board member shall not have been a member of the Management Board or a managing employee of the company or one of its subsidiaries in the past five years.
- The Supervisory Board member shall not maintain or have maintained in the past year any business relations with the company or one of its subsidiaries to an extent of significance for the Supervisory Board member.

This shall also apply to business relationships with companies in which the Supervisory Board member has a considerable economic interest, but not for exercising functions in the bodies of the group. According to L-Rule 48, the approval of individual transactions by the Supervisory Board does not automatically mean that the person is qualified as not independent.

- The Supervisory Board member shall not have been the auditor of the company or have owned a share in the auditing company or have worked there as an employee in the past three years.
- The Supervisory Board member shall not be a member of the Management Board of another company in which a Management Board member of the company is a Supervisory Board member.
- The Supervisory Board member shall not serve on the Supervisory Board for more than 15 years. This limitation does not apply to Supervisory Board members who are shareholders with a direct investment in the company or who represent the interests of such a shareholder.
- The Supervisory Board member shall not be a close relative (direct offspring, spouses, life partners, parents, uncles, aunts, siblings, nieces, nephews) of a Management Board member or of persons having one of the aforementioned relations.

## Composition of the Committees of the Supervisory Board <sup>1)</sup>

Committee	Members
Audit Committee	Patrick Prügger (Chairman, financial expert) Petra Preining Veit Sorger Markus Stocker Michael Schwegelhofer
Remuneration Committee	Veit Sorger (Chairman) Stefan Fida Patrick Prügger Markus Stocker Sigrid Haipl
Nominating Committee	Veit Sorger (Chairman) Stefan Fida Patrick Prügger Sigrid Haipl Markus Stocker
Committee for Urgent Issues	Veit Sorger (Chairman) Patrick Prügger Markus Stocker, since 01/01/2017

<sup>1)</sup> As of 15 March 2018

## Remuneration of the Supervisory Board

On 23 May 2017, the Annual General Meeting approved the remuneration structure for the members of the Supervisory Board for 2016. A Directors and Officers (D&O) insurance has been taken out for the members of the Supervisory Board; the company bears the related costs.

### Remuneration paid in the 2017 financial year for 2016 to shareholder representatives in the Supervisory Board<sup>1)</sup>

in EUR	Base remuneration	Remuneration for membership of the committee	Attendance fee	Total
Veit Sorger, Chairman	50,000	43,750	20,000	113,750
Felix Strohbichler, Deputy Chairman <sup>2)</sup>	35,000	48,750	21,000	104,750
Patrick Prügger, first Deputy Chairman <sup>3)</sup>	20,000	30,000	12,000	62,000
Stefan Fida, second Deputy Chairman <sup>4)</sup>	20,000	15,000	14,000	49,000
Walter Koppensteiner	20,000	7,083	12,000	39,083
Andreas Schmidradner <sup>5)</sup>	20,000	20,417	18,000	58,417
Astrid Skala-Kuhmann	20,000	5,000	8,000	33,000
Stephan B. Tanda <sup>6)</sup>	13,333	0	4,000	17,333
Ingrid Wesseln <sup>7)</sup>	6,667	1,666	3,000	11,333
<b>Total</b>	<b>205,000</b>	<b>171,667</b>	<b>112,000</b>	<b>488,667</b>

<sup>1)</sup> Employee representatives receive no remuneration.

<sup>2)</sup> Deputy Chairman until 23/05/2017

<sup>3)</sup> First Deputy Chairman since 23/05/2017

<sup>4)</sup> Second Deputy Chairman since 23/05/2017

<sup>5)</sup> Member until 23/05/2017

<sup>6)</sup> Member from 26/04/2016 to 01/02/2017

<sup>7)</sup> Member until 26/04/2016

## Managers' transactions

Transactions with shares or debt instruments of the company or related derivatives respectively financial instruments carried out by members of the Management Board or the Supervisory Board are published in accordance with Article 19 of the Market Abuse Regulation: <http://issuerinfo.oekb.at/startpage.html>.

## Equal opportunities and diversity

Respect, diversity and inclusion are integral and indispensable elements of the corporate culture of Semperit AG Holding and are always considered when recruiting people for functions. When proposals are made to the Annual General Meeting for filling Supervisory Board mandates and nominating Management Board members, special importance is attached to a professional and diversity-related balance, because it contributes significantly to professionalism and efficiency in the work of the Supervisory and Management Boards. In addition to professional and personal qualifications, aspects such as the age structure, origin, sex, education and background experience are integrated. A written diversity concept was agreed on 1 February 2018. Already since May 2017, the Supervisory Board of Semperit AG Holding has met the women's quota of 30%, which is legally required as of 2018.

## Advancement of women

Semperit is committed to equal opportunities for all employees – regardless of age, gender, nationality, religion, skin colour or sexual orientation. It is the abilities and potentials within people that count. Using flexible work models such as flexitime and part-time work, as well as special parental part-time arrangements, the group aims at continuously increasing the proportion of female employees. As a traditional industrial company with a technical focus, the share of women in Austria and Group-wide was somewhat more than 20% at the end of 2017. The share of female employees amounted to around 25% throughout Europe. The share of women in the Supervisory Board was one third at the end of 2017. There were no women in the Management Board. Overall, the share of women in management (Management Board, Executive Committee, Management Forum, department heads) was around 10%.

## Issuer compliance directive

In order to implement and ensure compliance with all relevant stock exchange regulations, Semperit has issued its own Issuer Compliance Policy designed to prevent the misuse or dissemination of insider information. Compliance is monitored and administered by a specially designated Issuer Compliance Officer who reports directly to the Management Board.

## Code of Conduct

Beyond stock exchange compliance, Semperit Group has a compliance organisation that covers all corporate units. A Group Compliance Officer receives support in fulfilling his responsibilities from compliance officers working in the larger subsidiaries of the Semperit Group. The Group Compliance Officer reports any incidents to the Compliance Committee and the Management Board.

The Code of Conduct applies to all employees and managers and is available in several languages. Its most important objectives are to avoid corruption, money laundering, human rights

violations and insider trading. In addition, it deals with aspects of data protection, export restrictions and the protection of the interests of all stakeholders. These requirements for behaviour are further specified in thematic compliance guidelines that are available to all employees on the Intranet. Employees receive an in-depth and practical training on the matters referred to in the Code of Conduct. In addition, the relevant employees are regularly updated about current issues, or when appropriate. The Code of Conduct can be viewed at the following website: [www.semperitgroup.com/en/about-us/compliance/](http://www.semperitgroup.com/en/about-us/compliance/).

In order to support the above-mentioned targets of the Code of Conduct, the information hotline "SemperLine" was set up in January 2018 after obtaining the necessary authorisations for data protection. Employees as well as external people are welcome to report significant infringements of the Code of Conduct: [www.semperitgroup.com/en/about-us/compliance/semperline/](http://www.semperitgroup.com/en/about-us/compliance/semperline/).

## Risk Management & Assurance

The Group Risk Management & Assurance department assumes the central coordination, moderation and monitoring of the structured risk management process for the group as a whole. Relevant risks are prioritised from various perspectives and later their effects and probability of occurrence are assessed. The bottom-up identification and prioritisation process is supported by workshops with the management of the respective Semperit company. This top-down element ensures that potential new risks are put up for discussion on management level and are included in reporting afterwards in case of relevance. These risks are discussed and coordinated with the managing directors of the segments (top-down). Individual reports are made immediately after visiting the respective Semperit company. At least once a year, an extensive risk report is made on individual risks including aggregation to the Audit Committee and the Supervisory Board. The regular reporting process is complemented by an ad-hoc reporting process to escalate critical issues in time.

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. has audited and confirmed the effectiveness of Semperit's risk management system for 2017 according to the C-Rule 83 of the Corporate Governance Code.

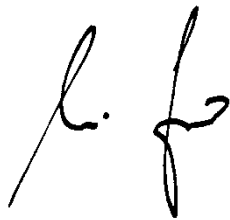
The purpose of the internal control system of Semperit is to ensure the effectiveness and efficiency of business operations, the reliability of financial reporting, and adherence to applicable laws and regulations. It also supports the early recognition and monitoring of risks from inadequate monitoring systems and fraudulent actions and is revised and expanded on an ongoing basis by the Risk Management & Assurance department together with the relevant specialist departments. The management of the respective business units is responsible for the implementation and monitoring of the ICS and the risk management system. Cross-sectoral, group-wide standards and regulations are determined by the Management Board of Semperit AG Holding. Follow-up audits are undertaken at the various locations to ensure a sustainable implementation of the standards and regulations.

## External evaluation

In accordance with C-Rule 62 of the Austrian Corporate Governance Code, the Semperit Group engaged an external organisation to evaluate its compliance with the stipulations contained in the Code and the accuracy of the associated public reporting for 2016. This evaluation, which was performed by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, did not identify any facts inconsistent with the declaration of the Management Board and Supervisory Board found in the Corporate Governance Report 2016 of the company with respect to its compliance with the C-Rules of the Austrian Corporate Governance Code. In accordance with C-Rule 62, a new evaluation will take place for 2019.

Vienna, 15 March 2018

The Management Board



**Martin Füllenbach**  
CEO



**Frank Gumbinger**  
CFO



**Michele Melchiorre**  
COO