

# 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 2019 was issued in January 2018 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.

## Management Board

### Composition and function of the Management Board

The Management Board leads the company and consisted of three members in 2019. 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 comprehensively and autonomously 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 Board and Supervisory Board

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 2019<sup>1)</sup>**

<b>Martin Füllenbach</b> Chief Executive Officer		<b>Frank Gumbinger</b> Chief Financial Officer		<b>Felix Fremerey</b> Member of the Management Board	
Business Sector Industrial	Business Development	Finance Sectors Industrial and Medical	Accounting & Tax	Business Sector Medical	Manufacturing Engineering
Communications & Sustainability	Compliance	Controlling	Information Technology		
Human Resources	Mixing	Internal Audit	Investor Relations		
Pricing	Quality Management	Legal	Procurement		
Research & Development	Safety, Health & Environment	Risk Management	Treasury		
SemperMOVE10	World Class Manufacturing				

1) Since January 2020 Kristian Brok has been a member of the Management Board of Semperit AG Holding as Chief Operating Officer (COO), see page 20. From 1 January 2020, therefore, responsibilities will change as follows: Kristian Brok is responsible for Production Operations Industrial, Mixing, Quality Management, Safety, Health & Environment, World Class Manufacturing (renamed Operational Excellence in 2019), Procurement, Research & Development and Manufacturing Engineering. Martin Füllenbach takes over the Legal division; he is also responsible for the Business Development unit that includes Strategy and was renamed Corporate Development as of November 1, 2019. In addition, the Customer Excellence Center was established.

**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 2023 (early extension of the mandate, previously limited to 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 19 March 2020 (early termination of the contract at his own request, originally planned end of term: 30 June 2022).<sup>1)</sup>

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. He is a member of the Advisory Board in the paper processing company Hanns Julius Lichtenberger GmbH, Germany.

### Felix Fremerey

Member of the Management Board since 10 September 2018; period of office ends on 30 November 2020.

Felix Fremerey studied Industrial Engineering at the Technical University of Karlsruhe and obtained his doctorate in Mechanical Engineering at the Technical University of Stuttgart in cooperation with the Fraunhofer Institute IAO. As a mechanical and industrial engineer, the German national Felix Fremerey is a proven industrial and technical expert and has worked in management positions for several international companies. He acted as Chief Technology Officer of the engineering and construction company GEA AG. Felix Fremerey was also Member of the Board for Product Supply Management at the medical and hygiene products company Paul Hartmann AG, Advisory Board member of the logistics service provider Logistics Group International (LGI) as well as Managing Director of the Kajo Neukirchen Group. Most recently, Felix Fremerey held the newly created position of Chief Technology Officer (CTO) at B&C Industrieholding.

After Michele Melchiorre stepped down from his position on 10 September 2018, the Supervisory Board newly appointed Felix Fremerey to the Management Board. Until the replacement of the Management Board position, the Management Board responsibilities that were previously assumed by Michele Melchiorre will be taken over on an interim basis by Felix Fremerey and Martin Füllnbach. The Supervisory Board mandate of Felix Fremerey in Semperit AG Holding was suspended in the transition phase from 10 September 2018 until he resigned from the Supervisory Board on 8 May 2019. He is holding a Supervisory Board mandate at Lenzing AG.

### Kristian Brok

Member of the Management Board since 1 January 2020, Chief Operating Officer; period of office ends on 31 December 2023.

Kristian Brok, born in 1965, was appointed as Chief Operating Officer of Semperit AG Holding on January 1, 2020. In this position, he is responsible for Operations in the Industrial Sector and for the areas of Manufacturing Engineering, Mixing, Operational Excellence, Procurement, Research & Development as well as Safety, Health & Environment (SHE). Kristian Brok studied Engineering at the Technical University of Denmark and pursued further education in innovation, product portfolio

<sup>1)</sup> Frank Gumbinger's contract will be terminated at his own request on 19 March 2020; his mandate was originally extended until 30 June 2022. Petra Preining was appointed as his interim successor with effect from 20 March 2020.

management and business insight at MIT, USA and INSEAD, France. He has more than 20 years of managerial experience operating in a high specification manufacturing and engineering business. Before joining Semperit, he spent ten years at Trelleborg Sealing Solutions (a division of Trelleborg AB) in several senior leadership positions, most recent nine years as a member of the Divisional Board and President of the Business Unit Global Operations Elastomers. In parallel he headed up legal entities in the USA, Mexico, China and India, as well as several legal entities in Europe. 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.

## Remuneration of the Management Board

In consideration at the end of 2019 (and of the active Management Board members at the end of 2018), the remuneration paid to the Management Board members in 2019 totalled EUR 2,402 thousand (2018: EUR 1,497 thousand) of which EUR 1,394 thousand or 58% (2018: EUR 1,052 thousand or 70%) consisted of fixed remuneration and EUR 1,008 thousand or 42% (2018: EUR 446 thousand or 30%) of variable salary components.

### Remuneration paid to the Management Board

in EUR thousand	2019			2018		
	Fixed remuneration (incl. payments in kind and daily allowances) <sup>1)</sup>	Variable short- and long-term remuneration	Total	Fixed remuneration (incl. payments in kind and daily allowances) <sup>1)</sup>	Variable short-term remuneration	Total
Martin Füllenbach	526	624	1,150	519	141	659
Frank Gumbinger	420	353	773	393	255	648
Felix Fremerey	448	31	479	140	50	190
<b>Subtotal active Management Board Members (as of end of 2018)</b>	<b>1,394</b>	<b>1,008</b>	<b>2,402</b>	<b>1,052</b>	<b>446</b>	<b>1,497</b>
Michele Melchiorre			–	298	211	509
<b>Total</b>	<b>1,394</b>	<b>1,008</b>	<b>2,402</b>	<b>1,349</b>	<b>657</b>	<b>2,006</b>

<sup>1)</sup> The column for fixed remuneration includes the contributions for the employee pension fund.

### Variable remuneration model for the Management Board for 2018

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 2018, 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 Martin Füllenbach and Franz Gumbinger. After determination of the objectives by the Remuneration Committee of the Supervisory Board, 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"). Due to a change of the remuneration model for these two Management Board Members as of

1 January 2019, the proportionate LTI claims for 2017 and 2018 will be determined and paid out at the beginning of 2019.

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 128% and for Felix Fremerey at 33% and is calculated from the short-term variable share plus the proportionate long-term bonus share in relation to the current fixed annual remuneration.

### **Variable remuneration model for the Management Board as of 1 January 2019**

The remuneration regulations in the Management Board contracts were revised and standardised in 2018. The variable remuneration (short-term and long-term bonuses) was replaced by the revised remuneration model with effect from 1. January 2019.

The aim of the revision was to define ambitious and relevant goals for the Management Board in the interest of our stakeholders. The new remuneration model provides incentives for a sustainable corporate development and continues to comply with all legal requirements of the Stock Corporation Act as well as the recommendations of the Austrian Corporate Governance Code. Total remuneration continues to consist of a current fixed remuneration, a short-term variable (performance-related) share ("short-term Incentive" or "STI") as well as a long-term variable (performance-related) share ("long-term incentive" or "LTI").

The STI depends on the company's success in the past financial year and, due to the ongoing transformation, takes into account the financial targets of corporate free cash flow and corporate EBITDA margin in 2019. In addition to the financial targets, the Remuneration Committee performs an annual assessment of non-financial criteria which may increase or decrease the bonus amount calculated from the financial targets by 20%. Prerequisite for a bonus claim is the achievement of a threshold value for at least one of the two financial targets. Payment is made in cash after the end of the respective financial year. The STI cannot exceed 150% of the STI target value.

The new LTI is granted on a rolling basis, i.e. in annual tranches with a three-year assessment period, and therefore provides incentives for a long-term and sustainable corporate success. For this purpose, the targets corporate annual net profit and corporate ROCE are assessed during the term of a tranche. In addition, the capital market performance of the company is rated in comparison with a selected group of publicly listed companies. For this purpose, the so-called total shareholder return – i.e. the share price development including dividend pay-out – is determined and opposed to the comparative group. The prerequisite for a bonus claim is the achievement of a threshold value for at least one of the three target values. Payment will be made in cash at the end of the three-year assessment period. The LTI cannot exceed 200% of the (absolute) LTI target value. If a member of the Management Board resigns prior to the end of the appointment period or if the member of the Management Board is dismissed for important reasons within the meaning of article 75 of the Stock Corporation Act, all claims from current LTI tranches whose assessment periods have not elapsed will expire.

### **Contributions to pensions**

A defined-contribution pension agreement and/or an obligation to it has been established for the Management Board members Martin Füllenbach and Frank Gumbinger. Annually, the company pays approximately 1/10 of the respective fixed remuneration into a pension fund (APK Pensionskasse AG) for Martin Füllenbach and Frank Gumbinger. 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. For Martin Füllenbach, the contractual implementation was made in 2018. All provisions made up to this point were paid in 2018 – as seen in the table below the values are accrued appropriately. There is no pension agreement for Felix Fremerey.

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	2019	2018
Martin Füllenbach	48	48
Frank Gumbinger	40	27
Michele Melchiorre	–	20
<b>Total</b>	<b>88</b>	<b>95</b>

#### Termination benefits – severance payments

The Management Board members Martin Füllenbach, Frank Gumbinger and Felix Fremerey 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.

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.

The total amount of provisions for severance payments was EUR 0 thousand as of 31 December 2019, 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.

#### 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 and has resolved to establish the following committees consisting of its own members to carry out specific functions: Audit Committee, Remuneration Committee, Nominating Committee, Strategy and Transformation Committee, Committee for Urgent Issues, Sempermed Committee. 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 2019

The Supervisory Board convened for six meetings. In 2019, no member of the Supervisory Board attended less than 50% of the meetings. In 2019, Peter Edelmann<sup>1)</sup> was Chairman of the Supervisory

<sup>1)</sup> On 9 January 2020, Peter Edelmann resigned from his position as Chairman of the Supervisory Board of Semperit AG Holding and from all committee chairs effective immediately. However, he remains a member of the Supervisory Board. Walter Koppensteiner, who has been a member of the Supervisory Board of Semperit AG Holding since 2012, has been nominated as the new Chairman of the Supervisory Board.

Board (as of 8 May 2019, after Christoph Kollatz); as in the previous year, Stefan Fida was his Deputy Chairman.

The **Audit Committee**, led by the financial expert Birgit Noggler (as of 8 May 2019, after Christoph Trentini), 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 six meetings and specifically dealt with the preparation of the resolution for the 2018 annual and consolidated financial statements, risk management, the internal control system, internal auditing, the compliance organisation, corporate governance and the preparation for the audit of the annual and consolidated financial statements for 2019.

The **Remuneration Committee**, chaired by Peter Edelmann<sup>1)</sup> (as of 8 May 2019, after Christoph Kollatz), held eight meetings dealing primarily with the performance assessment and the objectives of the members of the Management Board as well as further general remuneration topics of the Management Board. The Remuneration Committee also dealt with 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. In addition, the Remuneration Committee is responsible for preparing and reviewing the remuneration policy for Management Board and Supervisory Board members as well as for monitoring the implementation of the remuneration policy for Management Board members.

The **Nominating Committee**, under the chairmanship of Peter Edelmann<sup>1)</sup> (as of 8 May 2019, after Christoph Kollatz), held seven meetings to deal, among other things, with initiating and ensuring a management assessment process, succession planning for the levels below the Management Board, and employee turnover. In addition to the talent development process, the focus was on employee diversity.

The **Strategy and Transformation Committee**<sup>2)</sup>, under the chairmanship of Peter Edelmann<sup>1)</sup>, dealt in detail with the transformation and restructuring of the company in three meetings in 2019.

The **Committee on the Sempermed segment**, chaired by Peter Edelmann<sup>1)</sup>, held four meetings dealing with the restructuring of the Sempermed segment.

The **Committee for Urgent Issues**, chaired by Peter Edelmann<sup>1)</sup>, did not hold any meetings dealing with the management of time-sensitive investment projects. However, circular resolutions relating to urgent business cases were made.

In 2019, the Supervisory Board discussed in plenary a **self-evaluation** conducted 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.

<sup>1)</sup> On 9 January 2020, Peter Edelmann resigned from his position as Chairman of the Supervisory Board of Semperit AG Holding and from all committee chairs effective immediately. However, he remains a member of the Supervisory Board. Walter Koppensteiner, who has been a member of the Supervisory Board of Semperit AG Holding since 2012, has been nominated as the new Chairman of the Supervisory Board.

<sup>2)</sup> As of 9 January 2020, the Strategy and Transformation Committee was divided into two committees.

## Corporate bodies of Semperit AG Holding: Supervisory Board

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

	Year of birth	First appointed	End of current term of office <sup>2)</sup>	Supervisory board position in other listed companies
<b>Shareholder representative</b>				
Walter Koppensteiner Chairman	<sup>3) 4)</sup> 1959	23/04/2012	Until the Annual General Meeting resolving upon the 2022 financial year	–
Stefan Fida Deputy Chairman	<sup>3)</sup> 1979	29/04/2014	Until the Annual General Meeting resolving upon the 2020 financial year	Lenzing AG
Peter Edelmann Member	<sup>3)</sup> 1959	08/05/2019	Until the Annual General Meeting resolving upon the 2021 financial year	Lenzing AG AMAG Austria Metall AG
Klaus Friedrich Erkes Member	<sup>3) 4)</sup> 1958	23/05/2017	Until the Annual General Meeting resolving upon the 2022 financial year	–
Birgit Noggler Member	<sup>3)</sup> 1974	08/05/2019	Until the Annual General Meeting resolving upon the 2020 financial year	Raiffeisen Bank International
Petra Preining Member	<sup>3)</sup> 1973	23/05/2017	Until the Annual General Meeting resolving upon the 2019 financial year	Frequentis AG
Patrick Prügger Member	<sup>3)</sup> 1975	14/04/2011	Until the Annual General Meeting resolving upon the 2021 financial year	Lenzing AG AMAG Austria Metall AG
Astrid Skala-Kuhmann Member	<sup>3)</sup> 1953	29/04/2014	Until the Annual General Meeting resolving upon the 2020 financial year	Lenzing AG
<b>Employee representative</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	–	Member of the Works Council – White-collar workers, Wimpassing
Michael Schwiegelhofer	1975	08/03/2017	–	Deputy Chairman of the Central Works Council of Semperit AG Holding, Chair of the Works Council Blue-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

<sup>1)</sup> As of 19 March 2020

<sup>2)</sup> Pursuant to the Articles of Association, at least two members of the Supervisory Board automatically leave their positions every year at the end of the Annual General Meeting.

<sup>3)</sup> Have declared their independence vis-à-vis the Supervisory Board in accordance with C-Rule 53 of the Austrian Corporate Governance Code

<sup>4)</sup> No representation by a shareholder over 10% (C-Rule 54 of the Austrian Corporate Governance Code).



### 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>			
Felix Fremerey Member	1961	25/04/2018	Resigned the mandate on 08/05/2019
Christoph Kollatz Chairman	1960	25/04/2018	Resigned the mandate on 08/05/2019
Christoph Trentini Member	1968	25/04/2018	Resigned the mandate on 08/05/2019

### Guidelines for the independence of Supervisory Board members

The Supervisory Board has adopted the guidelines for independence according to appendix 1 of the Austrian Corporate Governance Code. Thereafter, all members of the Supervisory Board declared that their independency of the company and its Management Board. According to C-Rule 54 of the Austrian Corporate Governance Code, the members Klaus Erkes and Walter Koppensteiner have declared that they have not been shareholders of the company with an investment of more than 10%, respectively, nor represented the interests of such shareholders in 2019.

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

Committee	Members
Committee for Urgent Issues	Walter Koppensteiner (Chairman) <sup>2)</sup> Patrick Prügger Markus Stocker
Committee for the Semparmed segment	Walter Koppensteiner (Chairman) <sup>2)</sup> Stefan Fida Birgit Noggler Petra Preining Michael Schwiegelhofer Markus Stocker
Nominating Committee	Walter Koppensteiner (Chairman) <sup>2)</sup> Stefan Fida Astrid Skala-Kuhmann Sigrid Haipl Markus Stocker
Audit Committee	Birgit Noggler (Chairwoman) <sup>3)</sup> Patrick Prügger Walter Koppensteiner Petra Preining Michael Schwiegelhofer Markus Stocker
Strategy Committee	Walter Koppensteiner (Chairman) <sup>2)</sup> Klaus Erkes Birgit Noggler Astrid Skala-Kuhmann Sigrid Haipl Markus Stocker
Transformation Committee	Walter Koppensteiner (Chairman) <sup>2)</sup> Klaus Erkes Birgit Noggler Petra Preining Michael Schwiegelhofer Markus Stocker
Remuneration Committee	Walter Koppensteiner (Chairman) <sup>2)</sup> Stefan Fida Markus Stocker

<sup>1)</sup> As of 19 March 2020

<sup>2)</sup> On 9 January 2020, Peter Edelmann resigned from his position as Chairman of the Supervisory Board of Semperit AG Holding and from all committee chairs effective immediately. However, he remains a member of the Supervisory Board. Walter Koppensteiner, who has been a member of the Supervisory Board of Semperit AG Holding since 2012, has been nominated as the new Chairman of the Supervisory Board.

<sup>3)</sup> Since 8 May 2019

## Remuneration of the Supervisory Board

On 8 May 2019, the Annual General Meeting adopted the remuneration structure and amount for the Supervisory Board members for the past financial year 2018 and for the first time for 2019. Remunerations totalling EUR 429.6 thousand were paid to Supervisory Board members in 2018 (EUR 519.3 thousand in 2018 for 2017) and EUR 442.6 thousand for 2019. 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 2019 for 2018 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 until 25/04/2018	16,667	10,000	6,000	32,667
Patrick Prügger, first Deputy Chairman <sup>2)</sup>	11,667	19,166	6,000	36,833
Stefan Fida, second Deputy Chairman <sup>3)</sup>	35,000	10,833	18,000	63,833
Klaus F. Erkes	20,000	5,000	8,000	33,000
Felix Fremerey <sup>4)</sup>	6,666	6,667	6,000	19,333
Christoph Kollatz, Chairman from 25/04/2018 <sup>5)</sup>	33,333	29,584	15,000	77,917
Walter Koppensteiner	20,000	8,333	10,000	38,333
Petra Preining	20,000	5,833	9,000	34,833
Astrid Skala-Kuhmann	20,000	4,167	7,000	31,167
Felix Strohbichler <sup>6)</sup>	6,667	–	1,000	7,667
Christoph Trentini <sup>7)</sup>	13,333	26,667	14,000	54,000
<b>Total</b>	<b>203,333</b>	<b>126,250</b>	<b>100,000</b>	<b>429,583</b>

**Remuneration paid in 2019 for 2019 to shareholder representatives in the Supervisory Board<sup>1)</sup>**

in EUR	Base remuneration	Remuneration for membership of the committee	Attendance fee	Total
Peter Edelmann, Chairman from 08/05/2019 <sup>8)</sup>	31,250	34,375	12,000	77,625
Patrick Prügger, first Deputy Chairman <sup>2)</sup>	12,500	3,125	7,000	22,625
Stefan Fida, second Deputy Chairman <sup>3)</sup>	35,000	15,000	14,000	64,000
Klaus F. Erkes	20,000	5,000	8,000	33,000
Christoph Kollatz, Chairman until 08/05/2019 <sup>5)</sup>	18,750	20,625	9,000	48,375
Walter Koppensteiner <sup>8)</sup>	20,000	20,000	13,000	53,000
Birgit Noggler <sup>9)</sup>	12,500	21,875	10,000	44,375
Petra Preining	20,000	5,000	9,000	34,000
Astrid Skala-Kuhmann	20,000	10,000	7,000	37,000
Christoph Trentini <sup>7)</sup>	7,500	13,125	8,000	28,625
<b>Total</b>	<b>197,500</b>	<b>148,125</b>	<b>97,000</b>	<b>442,625</b>

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

<sup>2)</sup> First Deputy Chairman from 23/05/2017 to 25/04/2018 (resignation). Re-election to the Supervisory Board as of 08/05/2019

<sup>3)</sup> Second Deputy Chairman from 23/05/2017 to 25/04/2018, since then Deputy Chairman

<sup>4)</sup> Member from 25/04/2018 to 08/05/2019. His Supervisory Board mandate was suspended from his membership in the Management Board on 10/09/2018 until he stepped down from the Supervisory Board on 08/05/2019, which is why no remuneration was paid during this transition phase.

<sup>5)</sup> Chairman from 25/04/2018 to 08/05/2019

<sup>6)</sup> Member until 25/04/2018 (resignation)

<sup>7)</sup> Member from 25/04/2018 to 08/05/2019 (resignation)

<sup>8)</sup> On 9 January 2020, Peter Edelmann resigned from his position as Chairman of the Supervisory Board of Semperit AG Holding and from all committee chairs effective immediately. However, he remains a member of the Supervisory Board. Walter Koppensteiner, who has been a member of the Supervisory Board of Semperit AG Holding since 2012, has been nominated as the new Chairman of the Supervisory Board.

<sup>9)</sup> Member since 08/05/2019

## 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 20% in 2019 (2018: 21%). The share of female employees amounted to 26% (2018: 25%) throughout Europe. Since May 2017, Semperit has met the 30% quota for women in the Supervisory Board, which has been required by law since 2018. 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 9% (2018: 10%).

## Issuer compliance directive

In order to implement and ensure compliance with all relevant stock exchange regulations, Semperit AG Holding 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 subsidiaries of the Semperit Group. The Group Compliance Officer reports any incidents to the Compliance Board. The Compliance Board consists of the CEO, CFO and the Group Compliance Officer, who is responsible for anti-corruption, antitrust law, export control, data protection and as the representative for capital market compliance. Other monitoring fields of

the Compliance Board are the Business Partner Check, accepting gifts and invitations, whistleblowing and conflicts of interest.

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 the automatic 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. Responsibilities have been identified, measures defined, and the tracking ensured. The bottom-up identification and prioritisation process is supported by workshops with the management of the respective Semperit company. This 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 and the competence center. Individual reports are made after visiting the respective Semperit company. In addition, top-down risks of the managers of segment and competence centres as well as the Management Board are also included and backed up with measures. The regular reporting process is complemented by an ad-hoc reporting process to escalate critical issues in time. At least once a year, a comprehensive risk report on individual risks, including aggregation, is submitted to the Audit Committee and the Supervisory Board.

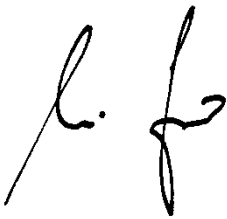
Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. has audited and confirmed the effectiveness of the risk management system of the Semperit Group for 2019 according to the C-Rule 83 of the Corporate Governance Code.

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 2019. 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 2019 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 2022.

Vienna, 19 March 2020  
The Management Board



**Martin Füllenbach**  
Chairman, Chief Executive Officer



**Frank Gumbinger**  
Chief Financial Officer



**Felix Fremerey**  
Member of the Management Board



**Kristian Brok**  
Chief Operating Officer