

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 2016 was issued in January 2015 and can be found on the website at 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 four 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 (L-rule 13).

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

Thomas Fahnemann Chief Executive Officer		Frank Gumbinger Chief Financial Officer		Michele Melchiorre Chief Technical Officer		Richard Ehrenfeldner	
Business Sectors Medical+ Industrial	Procurement & Logistics	Accounting	Controlling	Engineering & Maintenance	Innovation & Technology	Semperflex Asia Corp. (SAC)	Special Projects
Corporate Development & Strategy	Communications	Tax	Treasury	Operational Excellence	Quality Management		
Human Resources	Compliance	Investor Relations	Internal Audit	Mixing	Operations Industrial + Medical		
		Risk Management	Legal				
		Information Technology	Opal				

■ Management Board ■ Business Sectors ■ Central functions

Corporate bodies of Semperit AG Holding: Management Board

Thomas Fahnemann

Chairman of the Management Board since 14 April 2011; previously Deputy Chairman of the Management Board since joining the company on 1 December 2010; period of office ends on 31 December 2019

Following his studies in business administration in Mainz, Germany, Thomas Fahnemann, born in 1961, completed an Executive MBA Program at Northwestern University in Chicago. Thomas Fahnemann began his professional career with Hoechst AG in Frankfurt in 1983. He subsequently assumed several executive positions in Germany and in the USA. In 1995, he was appointed Group Department Manager for Trevira in North Carolina, USA, and starting in 1998, served as Chief Operating Officer for KoSa in Houston, USA. In 2003, he became CEO and Chairman of the Management Board of Lenzing AG in Austria. From 2009 to 2010, he was Chairman of the Management Board of RHI AG, Vienna. 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.

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 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.

Richard Ehrenfeldner

Member of the Management Board since 1 October 2001; member of the Management Board; period of office ends on 31 May 2018

After concluding his studies in process engineering (chemical plant engineering) at the Graz University of Technology, Richard Ehrenfeldner, born in 1954, commenced his professional career in 1984 with AT&S in Leoben, where he was head of the Departments of Production and Expansion with a particular focus on large investments in expanding production capabilities. In 1989, he moved to Semperit AG Holding. As Technical Manager of the Sempermed segment, he was responsible for the expansion of manufacturing facilities as well as the construction and development of new plants in Sopron, Hungary, Hat Yai, Thailand, and Shanghai, China. 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 Technical Officer (CTO); 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.

Johannes Schmidt-Schultes

Member of the Management Board since 15 April 2011; Chief Financial Officer (CFO); period of office ended on 30 November 2016

Johannes Schmidt-Schultes, born in 1966, concluded his studies in economics at the University of Hanover, Germany, in 1993. In 1996, he earned a doctorate at the Ludwig Maximilian University in Munich, Germany. He studied abroad at Aston University in Birmingham, UK, as well as at the University of California in Berkeley, USA. During his tenure as a university assistant, Johannes Schmidt-Schultes worked for the strategy consultants Bain & Company in Munich. From 1996 to 1999, he served as Head of the Department of Investment Controlling and Group Development at VIAG AG in

Munich, and from 1999 to 2001, he was Managing Director of Finance for Kloeckner & Co in Vienna. In 2001, he moved to Deutsche Telekom Group – first as CFO of T-Mobile Austria in Vienna and then, from 2004 to 2007, of T-Mobile UK in Hatfield, UK. From 2007 to 2011, he was Deputy Chief Financial Officer of the Australian telecommunications company Telstra Corporation in Melbourne, Australia. He held 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.

In agreement with the company, Johannes Schmidt-Schultes resigned from his position as of 30 November 2016.

Declan Daly

Member of the Management Board since 1 June 2014; Chief Information Officer (CIO); period of office ended on 30 November 2016

Declan Daly, born in 1966 in Dublin, studied electrical engineering at the Dublin City University and graduated with honours. He began his professional career in 1988 in software engineering at Asea Brown Boveri (ABB), where he specialised in industrial process automation and was responsible for sales of control systems in Ireland and Austria. In 1996, he completed an MBA programme at the INSEAD Business School in Fontainebleau, France, and then worked for three years as a management consultant at Gemini Consulting in Germany. In 2000, he moved to General Electric for ten years, where, at the beginning, he headed the Corporate Initiatives Europe department. From 2002, Declan Daly worked as Chief Operating Officer for GE Money Bank in Switzerland, where he was responsible for the modernisation and reorganisation of customer service, contract processing and collections. He was appointed CEO of GE Money Bank Austria in 2006, where he contributed in this role to the strategic reorientation of the bank's activities in preparation for its sale, which took place in 2009. From 2009 until 2014, he was Vice President Europe at Western Union, an international financial services provider. He held 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.

In agreement with the company, Declan Daly resigned from his position as of 30 November 2016.

Remuneration of the Management Board

The remuneration of the Management Board consists of a fixed salary component, a short-term variable, performance-based component, and a long-term variable, performance-based component, as well as remuneration in kind. The assessment for the short-term variable, performance-based salary component of the Management Board is based on consolidated net profit, the return on capital employed (ROCE) and individual, qualitative targets.

A variable, performance-based bonus component that is linked to the achievement of sustainable, long-term and multi-year performance criteria has been integrated into the remuneration of all Management Board members. Based on the achievement of the quantitative changes of revenue, EBIT margin and total shareholder return (TSR) compared with a determined peer group as well as of personal quantitative goals, the long-term bonus for Thomas Fahnemann and Richard Ehrenfeldner was determined for the past financial year. The subsequently determined long-term bonus is credited to the bonus bank account and the balance is paid out at one third each. If the pre-defined goals are not attained within a year, no bonus will be allocated. In case of a substantial underperformance compared with the peer group companies, a negative allocation is made to the bonus bank, or, in certain cases of a premature termination of the Management Board mandate, the remaining unpaid share of the bonus was agreed.

For Michele Melchiorre, the long-term increase of Semperit's equity value in accordance with a predefined formula over a calculation period of several years is the target value for the long-term bonus from the start of the business year.

For Frank Gumbinger, the achievement of qualitative strategic goals with long-term effects is the target value for the long-term bonus from the start of the business year.

The upper limits for variable, performance-based remuneration components (short- and long-term components) for Thomas Fahnemann and Richard Ehrenfeldner are at 150% and 93% of the annual fixed remuneration. The relevant upper limit for Michele Melchiorre is at 121% and for Frank Gumbinger at 107% and is calculated from the short-term variable share plus the long-term bonus share in relation to the current fixed annual remuneration.

In 2016, the remuneration paid to the active members of the Management Board totalled EUR 2,676 thousand (2015: EUR 3,323 thousand) – in consideration of the repayments for variable remunerations for previous years – of which EUR 2,117 thousand or 79% (2015: EUR 1,903 thousand or 57%) consisted of fixed remuneration and EUR 559 thousand or 21% (2015: EUR 1,420 thousand or 43%) of variable salary components.

Remuneration paid to the Management Board

in EUR thousand					2016			2015	
	Fixed remuneration (incl. payments in kind and daily allowances)	Variable short-term remuneration	Variable long-term remuneration (bonus bank)	Repayment for variable remuneration in previous years	Total	Fixed remuneration (incl. payments in kind and daily allowances)	Variable short-term remuneration	Variable long-term remuneration (bonus bank)	Total
Thomas Fahnemann, Chairman	562	340	115	-267	750	600	663	138	1,401
Richard Ehrenfeldner	432	159	49	-139	501	411	184	55	649
Frank Gumbinger	35	80	-	-	115	-	-	-	-
Michele Melchiorre	245	60	-	-	305	-	-	-	-
Johannes Schmidt-Schultes	395	171	45	-158	453	418	199	49	665
Declan Daly	450	170	24	-90	553	474	116	18	608
Total	2,117	980	233	-654	2,676	1,903	1,162	259	3,323

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 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 correspond to the remaining period of office. The named Management Board members have the opportunity to achieve an additional variable remuneration of similar value by achieving special individual targets during the remaining period of office. The reason for the reclaim was the retroactive adjustment due to the change of the accounting method of Siam Sempermed Corp. 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 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.

Provisions have been made for the premature termination of the Management Board contracts with Johannes Schmidt-Schultes and Declan Daly in the financial year of 2016, while payment is made in the financial year of 2017.

Contributions to pensions

A defined-contribution pension agreement has been established for the Management Board members Thomas Fahnemann, Frank Gumbinger and Michele Melchiorre as well as Declan Daly and Johannes Schmidt-Schultes. Annually, the company pays 1/14 of the respective fixed remuneration into a pension fund (APK Pensionskasse AG). The amount of the pension is based on the capital available in the pension fund. The payout is made in accordance with the pension fund agreement. Richard Ehrenfeldner is covered by a pension scheme based on a reinsurance policy with Generali Versicherung AG, where 1/7 of the annual fixed remuneration is paid in.

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	2016	2015
Thomas Fahnemann	36	36
Richard Ehrenfeldner	58	53
Frank Gumbinger	2	–
Michele Melchiorre	16	–
Johannes Schmidt-Schultes	25	25
Declan Daly	29	29
Total	166	143

Termination benefits – severance payments

The Management Board members Thomas Fahnemann, Frank Gumbinger, Michele Melchiorre as well as Declan Daly and Johannes Schmidt-Schultes 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.

In total, the expenses for severance payments amounted to EUR 35.9 thousand (2015: EUR 37.6 thousand). Richard Ehrenfeldner is covered by the termination benefits in accordance with legal requirements (Section 23 of the Austrian Employees Act (Angestelltengesetz – AngG)) for employment relationships in Austria that began prior to 1 January 2003 ("Abfertigung Alt"). In 2016, allocations were made to the provision for severance payments owed to Mr Ehrenfeldner amounting to EUR 15.4 thousand (2015: EUR 11.6 thousand). The total provision for severance payments stood at EUR 688.4 thousand as of 31 December 2016 (31 December 2015: EUR 701.9 thousand).

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 – no deductible is due from Management Board members in the event of a claim; the company bears the related costs.

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. The Supervisory Board has resolved to establish the following committees consisting of its own members to carry out specific functions: Remuneration Committee, Audit Committee, Nominating Committee, Strategy Committee, Joint Ventures Committee, Committee for Special Projects 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

The Supervisory Board convened for six meetings during the 2016 financial year. In 2016, no member of the Supervisory Board attended less than 50% of the meetings. Veit Sorger is Chairman of the Supervisory Board and his deputy is Felix Strohbichler.

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 three meetings in the financial year 2016 and specifically dealt with the preparation of the resolution for the 2015 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 2016.

The **Remuneration Committee**, chaired by Veit Sorger, held five meetings dealing with the performance review talks for the financial year 2015 and the agreement of objectives of the members of the Management Board for the financial year 2016, 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 seven 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 Felix Strohbichler, held two meetings, to deal with fundamental questions about the positioning of the business segments in the market and competitive environment as well as the strategic development of the group and accompanied the strategy project "Focus 2020".

The **Joint Ventures Committee**, under the chairmanship of Felix Strohbichler, convened five meetings and dealt with the relationships with the joint venture partner Sri Trang Agro-Industry Public Co Ltd. in Thailand, including the project for reorganisation of the joint venture activities, as well as the associated legal proceedings.

The Committee for Special Projects was established in July 2016 by the Supervisory Board and is chaired by Felix Strohbichler. The Committee held five meetings, at which it dealt primarily with the monitoring of the project for the sustainable increase of the operational results in the Sempermed segment.

The **Committee for Urgent Issues**, chaired by Veit Sorger, held one meeting dealing with the management of time-sensitive investment projects.

In the financial year 2016, the Supervisory Board discussed in plenary the **self-evaluation** conducted in the fourth quarter of 2015 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. Due to the dense work programme of the full Supervisory Board and its committees in 2016, a new self-evaluation by questionnaire was started at the beginning of 2017.

Corporate bodies of Semperit AG Holding: Supervisory Board

Composition of the Supervisory Board⁴⁾

		Year of birth	First appointed	End of current term of office ¹⁾	Supervisory board position in other listed companies ⁴⁾
Shareholder representative					
Veit Sorger Chairman	^{2) 3)}	1942	26/05/2004	Until the Annual General Meeting resolving upon the 2018 financial year	Lenzing AG (Deputy Chairman)
Felix Strohbichler Deputy Chairman	²⁾	1974	28/05/2015	Until the Annual General Meeting resolving upon the 2018 financial year	Lenzing AG (Deputy Chairman)
Stefan Fida Member	²⁾	1979	29/04/2014	Until the Annual General Meeting resolving upon the 2016 financial year	–
Walter Koppensteiner Member	^{2) 3)}	1959	23/04/2012	Until the Annual General Meeting resolving upon the 2018 financial year	–
Patrick Prügger Member	²⁾	1975	14/04/2011	Until the Annual General Meeting resolving upon the 2016 financial year	Lenzing AG, AMAG Austria Metall AG
Andreas Schmidradner Member	²⁾	1961	20/05/2008	Until the Annual General Meeting resolving upon the 2019 financial year	–
Astrid Skala-Kuhmann Member	^{2) 3)}	1953	29/04/2014	Until the Annual General Meeting resolving upon the 2016 financial year	Lenzing AG
Employee representative					
Sigrid Haipl		1960	26/03/2012	–	Works Council function 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
Karl Voitl		1966	20/03/2015	–	Deputy Chairman of the Central Works Council of Semperit AG Holding, Chairman of the European Works Council, Deputy Chairman of the Works Council – Blue-collar workers, Wimpassing

¹⁾ 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.

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

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

⁴⁾ As of 28 February 2017

Resigned members of the Supervisory Board

	Year of birth	First appointed to the Supervisory Board	End of term of current office
Shareholder representative			
Stephan B. Tanda Member	1965	26/04/2016	Resigned the mandate on 01/02/2017
Ingrid Wesseln Member	1966	23/04/2012	Resigned the mandate on 26/04/2016
Employee representative			
Alexander Hollerer	1954	01/07/1998	Until 31/12/2016

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 Board¹⁾

Committee	Members
Audit Committee	Patrick Prügger (Chairman, financial expert) Alexander Hollerer, until 31/12/2016 Andreas Schmidradner Veit Sorger Markus Stocker, as of 01/01/2017 Felix Strohbichler Karl Voitl
Remuneration Committee	Veit Sorger (Chairman) Stefan Fida Sigrid Haipl Alexander Hollerer, until 31/12/2016 Andreas Schmidradner Markus Stocker, as of 01/01/2017 Felix Strohbichler
Nominating Committee	Veit Sorger (Chairman) Stefan Fida Sigrid Haipl Alexander Hollerer, until 31/12/2016 Andreas Schmidradner Markus Stocker, as of 01/01/2017 Felix Strohbichler
Strategy Committee	Felix Strohbichler (Chairman as of 26/04/2016) Alexander Hollerer, until 31/12/2016 Walter Koppensteiner Andreas Schmidradner Astrid Skala-Kuhmann Veit Sorger (Chairman until 26/04/2016) Markus Stocker, as of 01/01/2017 Karl Voitl
Joint Ventures Committee	Felix Strohbichler (Chairman as of 26/04/2016) Stefan Fida Alexander Hollerer, until 31/12/2016 Patrick Prügger Veit Sorger (Chairman until 26/04/2016) Markus Stocker, as of 01/01/2017
Committee for Special Projects	Felix Strohbichler (Chairman) Sigrid Haipl Alexander Hollerer, until 31/12/2016 Walter Koppensteiner Andreas Schmidradner Veit Sorger Markus Stocker, as of 01/01/2017
Committee for Urgent Issues	Veit Sorger (Chairman) Alexander Hollerer, until 31/12/2016 Markus Stocker, as of 01/01/2017 Felix Strohbichler

Remuneration of the Supervisory Board

On 26 April 2016, the Annual General Meeting approved the remuneration structure for the members of the Supervisory Board for 2015. 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 2016 financial year to shareholder representatives in the Supervisory Board¹⁾

in EUR	Base remuneration	Remuneration for membership of the committee	Attendance fee	Total
Veit Sorger, Chairman	50,000	61,667	19,000	130,667
Felix Strohbichler, Deputy Chairman ²⁾	23,333	16,667	12,000	52,000
Stefan Fida	20,000	15,000	10,000	45,000
Walter Koppensteiner	20,000	5,000	8,000	33,000
Patrick Prügger	20,000	23,333	11,000	54,333
Andreas Schmidradner	20,000	13,333	13,000	46,333
Astrid Skala-Kuhmann	20,000	3,333	9,000	32,333
Ingrid Wesseln	20,000	5,000	5,000	30,000
Michael Junghans ³⁾	11,667	8,333	8,000	28,000
Total	205,000	151,666	95,000	451,666

¹⁾ Employee representatives receive no remuneration.

²⁾ Member of the Supervisory Board since 18/04/2015

³⁾ Deputy Chairman until 28/04/2015

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/compliance.

Advancement of women

Semperit sees itself as a fair and responsible employer, and would therefore like to offer equal opportunities to every employee. 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 2016. The share of female employees amounted to almost 30% throughout Europe. The share of women in the Supervisory Board was one fourth at the end of 2016. There were no women in the Management Board. Overall, the share of women in management (Management Board, Executive Committee, Management Forum, department heads) was more than 10%.

Mangers' 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>. Directors' Dealings before 3rd July 2016 are available here: <https://www.fma.gv.at/kapitalmaerkte/directors-dealings/directors-dealings-datenbank/>.

Risk Management & Assurance

The Risk Management & Assurance department assumes the central coordination, moderation and monitoring of the risk management process for the group as a whole. Together with the operational units, the department records and assesses substantial risks and reports them directly to the management and the Management Board. At least once a year, the Audit Committee presents the comprehensive risk report to the Supervisory Board. The Risk Management & Assurance department is supported by the local risk managers in the individual group units and also covers the insurance field. Whenever possible, the measures for risk reduction are also implemented in external insurance contracts.

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. has audited and confirmed the effectiveness of Semperit's risk management system for 2016 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 the 2016 financial year. 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 the 2019 financial year.

Vienna, 9 March 2017

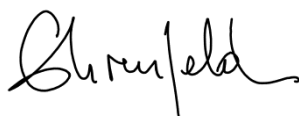
The Management Board



Thomas Fahnemann
Chairman



Frank Gumbinger
Finance



Richard Ehrenfeldner
Member



Michele Melchiorre
Technic

Report of the Supervisory Board

Dear Sir or Madam,



Veit Sorger,
Chairman of the
Supervisory Board

In the past financial year, Semperit was confronted with a difficult market environment. In the Industrial Sector, market shares were expanded despite a declining development of the sales markets, with a focus on opening up new markets as well as expanding and optimising existing production capacities. Despite a stable demand development, the market environment in the Medical Sector, which is largely independent of economic cycles, was burdened by higher raw material and energy prices and further price pressures. Therefore, the focus in the Medical Sector (Sempermed segment) was on measures for process optimisation and efficiency enhancement as well as the implementation of a cost-cutting programme for the improvement of profitability.

Furthermore, the cooperation with the joint venture partner in Thailand as well as the preparations for the agreement signed on 18 January 2017 for the termination of almost all joint business activities ("joint venture transaction") with Sri Trang-Agro Industry Public Co Ltd. ("Sri Trang") had negative effects on the financial year of 2016.

For the Supervisory Board, based on the experiences with the joint venture partner during the past years, the agreement which has now been reached was the right step for Semperit to focus its resources on the development of its own business activities.

The Supervisory Board held six meetings during the 2016 financial year, fulfilling its duties required by law and the company's statutes. The meetings focused primarily on business performance, the discussion of opportunities for the further strategic development of the group as well as the discussion on and resolution for key business events and measures.

The Management Board reported to the Supervisory Board on the development of business on a monthly regular basis. Prior to Supervisory Board meetings, detailed written documents about the group were made available. Beyond the meetings, the Management Board reported regularly to the Chairman of the Supervisory Board and his deputy on the business development and the group's situation.

In three meetings held during the business year, the Audit Committee dealt in particular with the 2015 annual and consolidated financial statements, risk management, the internal control system (ICS), internal auditing, the compliance organisation, corporate governance and the preparation for the 2016 audit of the annual and consolidated financial statements.

The Nominating Committee held seven meetings to deal with the appointment procedure for Management Board positions, the selection process for board members and the preparation of the nomination of two board candidates as well as the Talent Development and Succession Planning Process, the assessment of candidates for the Executive Committee and succession planning for the Management Board within the company.

The Strategy Committee met twice and dealt with fundamental questions about the positioning of the business segments in the market and the competitive environment as well as the strategic development of the group. In addition, the Strategic Committee accompanied the implementation of the strategy project "Focus 2020".

The Joint Ventures Committee convened five meetings and dealt with the relationships with the joint venture partner Sri Trang including the project of realignment of the joint venture activities as well as with the associated legal proceedings.

The Remuneration Committee held five meetings, at which it dealt with the following topics: discussions on Performance Reviews on the financial year 2015, the agreement on objectives of the members of the Management Board for 2016, the remuneration models for two newly nominated Management Board members, the termination agreements for two Management Board members as well as the monitoring of the execution of the employment agreements of the Management Board.

In addition, the target agreement system for employees of Semperit was discussed with the Management Board members.

The Committee for Special Projects, which was established in July 2016 by the Supervisory Board, held five meetings and dealt primarily with the monitoring of the project for the sustainable increase of the operational results in the Sempermed segment.

The Committee for Urgent Issues, which was established according to the Austrian Corporate Governance Code, held one meeting dealing with time-critical investment projects.

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. of Vienna as annual auditor for the financial year 2016 audited the annual financial statements 2016 of Semperit AG Holding including the management report and the corporate governance report as well as the consolidated financial statements 2016, which were prepared in compliance with International Financial Reporting Standards (IFRS), and the group management report. The auditor issued an unqualified audit opinion on the annual financial statements and the consolidated financial statements 2016 of Semperit AG Holding.

In its meeting held on 9 March 2017, the Audit Committee of the Supervisory Board dealt in particular with the annual financial statements, the corporate governance report, the consolidated financial statements, the group management report and the auditor's report. Moreover, the Committee discussed the results of the audit in detail with the auditor. On the basis of its own audit, the Audit Committee concurred with the auditor's results and reported them to the Supervisory Board. Based on the efficient auditing process for the consolidated financial statements of 2016, the Audit Committee recommended to the Supervisory Board to propose to the Annual General Meeting the reappointment of Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., Vienna, as auditor for the financial year 2017.

The Supervisory Board has examined the annual financial statements, the consolidated financial statements, the management report, the group management report and the corporate governance report, and concurs with the conclusions of the auditor. The Supervisory Board formally approves the annual financial statements for the 2016 financial year, which are consequently adopted in accordance with Section 96 (4) of the Austrian Stock Corporation Act. The Corporate Governance report, management report and consolidated financial statements for 2016 have been approved by the Supervisory Board. The Supervisory Board follows the recommendation of the Audit Committee and proposes to the Annual General Meeting to reappoint Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., Vienna, for auditing the financial year 2017.

The Supervisory Board accepts the Management Board's proposal on the distribution of profits, according to which a dividend of EUR 0.70 per eligible share is to be paid from Semperit AG Holding's reported net profit for the period of EUR 14,547,748.66, with the remaining profit carried forward. This dividend proposal is based on the assumption that there will be a closing of the joint venture transaction. If the transaction fails to be closed, the Supervisory Board reserves the right in the same manner as the Management Board to make a resolution proposal at the Annual General Meeting that deviates from this dividend proposal.

On behalf of the entire Supervisory Board, I would like to thank the Management Board and all members of staff for their commitment in the past financial year. I would also like to thank the shareholders and customers of the Semperit Group for the faith they have placed in the company.

Vienna, 9 March 2017

Veit Sorger m.p.

Chairman of the Supervisory Board