

CORPORATE GOVERNANCE REPORT

AUSTRIAN CORPORATE GOVERNANCE CODE

In 2002, 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 the basic principles encompassed in the OECD Guidelines for Corporate Governance.

These rules are 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. It creates guidelines for the equal treatment of all shareholders, for transparency, open communication between the Management and Supervisory Boards, the avoidance of conflicts of interest between bodies, and for efficient monitoring and auditing as performed by the Supervisory Board and the auditor, respectively. Companies voluntarily undertake to comply with the guidelines contained in the current version of the Austrian Corporate Governance Code. The version of the Code that was applicable in 2014 was published in July 2012. The Corporate Governance Code that is applicable to this report and the updated version of the Code, issued in January 2015 can be found on the website at www.corporate-governance.at.

STATEMENT ON CORPORATE GOVERNANCE

The Semperit Group 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. The Supervisory Board also reached a corresponding unanimous decision. 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 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).

Internal rules of procedure regulate the allocation of business responsibilities and 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 laid down by the Supervisory Board form the basis for corporate management. In addition, behavioural guidelines are also contained in the Austrian Corporate Governance Code.

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.

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. The Supervisory Board determines the allocation of departments and responsibilities in the Management Board, as well as decides those transactions requiring its explicit authorisation in accordance with statutory provisions. Furthermore, the Supervisory Board supports the Management Board in managing the company, particularly when decisions of fundamental importance are to be made.

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 2016

Responsibilities: Medical Sector, which includes the Sempermed segment; Industrial Sector, consisting of the Semperflex, Sempertrans, and Semperform segments; Corporate Development & Strategy, Procurement & Logistics, Human Resources, Communications.

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.

Johannes Schmidt-Schultes

Member of the Management Board since 15 April 2011; Chief Financial Officer (CFO); period of office ends on 30 April 2017

Responsibilities: Accounting & Reporting, Planning & Financial Controlling, Tax, Treasury, Investor Relations, Internal Audit, Risk Management, Legal, Compliance.

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 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; Chief Technical Officer (CTO); period of office ends on 31 May 2018

Responsibilities: Engineering & Maintenance, Innovation & Technology, Operational Excellence, Quality Management.

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, Hatyai, 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.

Declan Daly

Member of the Management Board since 1 June 2014; Chief Information Officer (CIO); period of office ends on 31 May 2017

Responsibilities: Information Technology, Business Excellence, Process Optimisation

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 Delay 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 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

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 net profit (earnings after tax), the return on total assets and individual, qualitative targets.

In line with the stipulations contained in the Austrian Corporate Governance Code, a variable, performance-based salary 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 degree of achievement of the targeted objectives, this bonus is subsequently determined for the past financial year and paid out in three equal instalments over a period of three years. If the pre-defined goals are not attained, no bonus relating to this remuneration component will be allocated, or, in the case of a premature termination of the Management Board mandate, the remaining unpaid share of the bonus will not be disbursed.

The upper limit for variable, performance-based remuneration components (short- and long-term components) is between 97% and 150% of the annual fixed remuneration. In 2014, the remuneration paid to the active members of the Management Board totalled EUR 2,907 thousand (previous year: EUR 2,062 thousand), of which EUR 1,315 thousand (previous year: EUR 942 thousand) consisted of variable salary components. As a result of changes to the composition of the Management Board during the year, comparing total compensation with the previous year amounts is of limited value.

In addition, payments amounting to EUR 149 thousand were made in 2014 to the former Management Board member Richard Stralz (EUR 271 thousand in 2013).

The remuneration paid out to the former Chairman of the Management Board Rainer Zellner in 2014 amounted to EUR 371 thousand (2013: EUR 727 thousand). Further payments totalling EUR 371 thousand were made in 2014 on termination of his employment relationship (2013: EUR 838 thousand).

Remuneration paid out to the Management Board

	2014				2013			
	Fixed remuneration (incl. Payments in kind and daily allowances)	Variable short-term remuneration	Variable long-term remuneration ("bonus bank")	Total	Fixed remuneration (incl. Payments in kind and daily allowances)	Variable short-term remuneration	Variable long-term remuneration ("bonus bank")	Total
in EUR thousand								
Thomas Fahnemann, Chairman	560	397	113	1,071	461	351	160	972
Richard Ehrenfeldner	378	371	32	781	377	248	10	635
Johannes Schmidt-Schultes	393	224	28	644	282	150	23	455
Declan Daly	261	150	0	411	–	–	–	–
Total	1,592	1,142	173	2,907	1,120	749	193	2,062

Contributions to pensions

A defined-contribution pension scheme has been established for the Management Board members Thomas Fahnemann, Johannes Schmidt-Schultes and Declan Daly. Annually, 1/14 of the respective fixed remuneration is paid 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. The Management Board member 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.

Contributions to pensions

in EUR thousand	2014	2013
Thomas Fahnemann	36	37
Johannes Schmidt-Schultes	25	18
Richard Ehrenfeldner	53	53
Declan Daly	19	–
Total	133	108

Termination benefits – severance payments

The Management Board members Thomas Fahnemann, Johannes Schmidt-Schultes and Declan Daly are subject to the Austrian Corporate Employee and Self-Employed Pension Act (Betriebliches Mitarbeiter- und Selbstständigenvorsorgegesetz – BMSVG). This Act stipulates that 1.53% of a covered 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 for these three active members of the Management Board amounted to EUR 28.2 thousand (2013: EUR 21.9 thousand). Richard Ehrenfeldner is covered by the termination benefits in accordance with statutory provisions (Section 23 of the Austrian Employees Act (Angestelltengesetz – AngG)) for employment relationships in Austria that began prior to 1 January 2003 ("Abfertigung Alt"). In 2014, allocations were made to the provision for severance payments owed to Mr Ehrenfeldner amounting to EUR 25.2 thousand (2013: EUR 32.3 thousand). The total provision for severance payments stood at EUR 665.1 thousand as of 31 December 2014 (31 December 2013: EUR 637.3 thousand).

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. 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 and Joint Ventures Committee. The authority to make decisions and pass resolutions rests in the hands of the entire Supervisory Board. The Supervisory Board supervises the Management Board and supports it in managing the company, particularly when decisions of fundamental importance are to be made.

Meetings of the Supervisory Board and its committees

The Supervisory Board convened for six meetings during the 2014 financial year. In 2014, no member of the Supervisory Board attended less than 50% of the meetings.

The Presidium of the Supervisory Board consists of the Chairman, Veit Sorger, and his deputy, Michael Junghans.

The Audit Committee led by Veit Sorger carried out its activities in accordance with prevailing legal regulations and defined tasks (three meetings), and in particular dealt with the 2013 annual and consolidated financial statements, risk management, corporate governance, and preparation for the audit of the annual and consolidated financial statements for 2014.

The Nominating Committee, also under the chairmanship of Veit Sorger, held three meetings to deal with appointments for Supervisory Board mandates becoming vacant and regarding issues in connection with the extension of the Management Board term of Richard Ehrenfeldner and the appointment of Declan Daly.

The Strategy Committee, likewise under the chairmanship of Veit Sorger, met once to deal with fundamental questions about the strategic development of the group.

The Joint Ventures Committee, which is chaired by Veit Sorger, convened six meetings and dealt with the management of the relationship with our joint venture partner Sri Trang Agro-Industry Public Co Ltd. in Thailand as well as the associated litigation.

The Remuneration Committee, chaired by Veit Sorger, held two meetings, at which it dealt with the agreement on objectives of the members of the Management Board and the remuneration system for Management Board members as well as the extension of Richard Ehrenfeldner's employment agreement.

In the 2014 financial year, the Supervisory Board conducted a self-evaluation for the first time with the support of an external human resources management consultant; this is the third such self-evaluation that the Supervisory Board has conducted so far. This evaluation in 2014 was performed by distributing a questionnaire focused on issues such as the control function of the Supervisory Board with regards to the Management Board and the Management Board's adherence to its information-notification duties towards the Supervisory Board. An external provider performed the anonymous evaluation of the questionnaires completed by the Supervisory Board members. The results of the self-evaluation show that the activities of the Supervisory Board have been assessed as good. The Supervisory Board implemented individual suggestions for improvement from the 2013 self-evaluation process. In addition, a catalogue of measures was established aimed at achieving an even further improvement in the efficiency of the Supervisory Board's activities.

CORPORATE BODIES OF SEMPERIT AG HOLDING: SUPERVISORY BOARD

Composition of the Supervisory Board

		Year of birth	First appointed	End of current term of office ¹⁾	Supervisory board positions in other listed companies
Shareholder representatives					
Veit Sorger Chairman	^{2) 3)}	1942	26/05/2004	Until the Annual General Meeting resolving upon the 2014 financial year	Lenzing AG, Binder+Co AG
Michael Junghans Deputy Chairman	²⁾	1967	28/04/2010	Resigns the mandate on 28/04/2015 (date of the Annual General Meeting)	Lenzing AG (Chairman)
Stefan Fida Member	^{2) 3)}	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 2014 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 2015 financial year	Lenzing AG
Astrid Skala-Kuhmann Member	^{2) 3)}	1953	29/04/2014	Until the Annual General Meeting resolving upon the 2016 financial year	Lenzing AG
Ingrid Wesseln Member	^{2) 3)}	1966	23/04/2012	Until the Annual General Meeting resolving upon the 2014 financial year	–
Employee representatives					
Sigrid Haipl		1960	26/03/2012	–	Chair of the Works Council – White-collar workers, Vienna, Member of the Central Works Council of Semperit AG Holding, Member of the European Works Council
Alexander Hollerer		1954	01/07/1998	–	Chairman of the European Works Council, Chairman of the Central Works Council of Semperit AG Holding, Chairman of the Works Council – White-collar workers, Wimpassing, Austria
Michaela Jagschitz		1961	29/04/2014	–	Member of the Works Council – White-collar workers, Wimpassing, Austria
Andreas Slama		1966	31/01/2009	Until 02/03/2015	
Karl Voitl		1966	20/03/2015	–	Deputy Chairman of the Central Works Council of Semperit AG Holding, Deputy Chairman of the European Works Council, Chairman of the Works Council – Blue-collar workers, Wimpassing, Austria

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).

Composition of the Committees of the Supervisory Board

Committee	Members
Remuneration Committee	Veit Sorger (Chairman) Michael Junghans Stefan Fida
Audit Committee	Veit Sorger (Chairman) Michael Junghans (Deputy Chairman) Patrick Prügger Andreas Schmidradner Alexander Hollerer Karl Voitl
Nominating Committee	Veit Sorger (Chairman) Michael Junghans Stefan Fida Ingrid Wesseln Alexander Hollerer Karl Voitl
Strategy Committee	Veit Sorger (Chairman) Michael Junghans Walter Koppensteiner Andreas Schmidradner Alexander Hollerer Karl Voitl
Joint Ventures Committee	Veit Sorger (Chairman) Michael Junghans Patrick Prügger Stefan Fida Alexander Hollerer

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 July 2012 version of the Austrian Corporate Governance Code:

- The Supervisory Board member shall not have been a member of the Management Board or as 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.

REMUNERATION OF THE SUPERVISORY BOARD

On 29 April 2014, the Annual General Meeting approved the remuneration structure for the members of the Supervisory Board for 2013. 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 2014 financial year to shareholder representatives in the Supervisory Board¹⁾

in EUR	Base remuneration	Remuneration for membership of the committee	Attendance fee	Total
Veit Sorger	40,000	35,000	8,000	83,000
Michael Junghans	30,000	20,000	8,000	58,000
Walter Koppensteiner	20,000	0	5,500	25,500
Patrick Prügger	20,000	10,000	6,000	36,000
Andreas Schmidradner	20,000	10,000	6,000	36,000
Ingrid Wesseln	20,000	5,000	5,000	30,000
	150,000	80,000	38,500	268,500

1) Employee representatives receive no remuneration.

COMPLIANCE DIRECTIVE

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

www.semperitgroup.com/en/ir/corporate-governance/compliance-code.

CODE OF CONDUCT

In order to strengthen and expand existing compliance tools beyond stock exchange compliance, a compliance organisation was implemented in 2012 that covers all corporate units. A Group Compliance Officer receives support in fulfilling his responsibilities from 15 compliance officers working in the largest subsidiaries of the Semperit Group. The Group Compliance Officer reports any incidents to the Compliance Committee and the Chief Financial Officer. The Compliance Committee meets regularly twice a year and also on an ad-hoc basis.

The Code of Conduct that was adopted in 2012 applies to all employees and managers. 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 in more than ten languages. 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/ir/corporate-governance/code-of-conduct.

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 was somewhat more than 20% at the end of 2014. The share of female employees amounted to 30% throughout Europe and to around 20% group-wide. The decline at the total group level compared with 2013 is due to the change in the method of consolidation for Siam Sempermed Corp. Ltd. in Thailand. In 2014, the share of women in management (Management Board, Executive Committee, department heads) was slightly less than 10%.

DIRECTOR'S DEALINGS

In accordance with Section 48d of the Austrian Stock Exchange Act (Börsegesetz – BörseG), share purchases or sales by members of the Management and Supervisory Boards must be reported to the Austrian Financial Market Authority within five working days following the conclusion of the transaction. They will be published on its website at:

<https://www.fma.gv.at/en/companies/issuers/directors-dealings/directorsdealings-database.html>.

INTERNAL AUDIT & RISK MANAGEMENT

The Internal Audit & Risk Management department reports directly to the Management Board and prepares an audit plan and an annual activity report for the previous financial year. The Management Board discusses these reports with the members of the Supervisory Board. In addition, the department performs risk management tasks. This includes, in particular, the central coordination and monitoring of risk management processes for the group as a whole, as well as risk assessment and comprehensive reporting to the Management and Supervisory Boards. The effectiveness of the company's risk management system is evaluated by the group's auditor on the basis of the reports and other documents provided. The auditor's report is presented to the Management Board as well as to the Supervisory Board.

The purpose of the internal control system (ICS) of the Semperit Group 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 Internal Audit & Risk Management department together with the relevant specialist departments. To that end, the accounting-related processes were subject to another comprehensive, systematic review in 2013 and 2014, with Internal Audit & Risk Management taking the lead role, in order to ensure an effective ICS. All companies in the group worldwide are required to comply with the minimum standards derived from this review. First, those standards were rolled out in 2013 primarily in Europe. In 2014, the rollout of these standards took place in Asia and America. Follow up audits in Europe were undertaken to ensure a sustainable implementation of the standards.

EXTERNAL EVALUATION

In accordance with R-Rule 62 of the Austrian Corporate Governance Code, the Semperit Group engaged an external organisation in 2014 to evaluate its compliance with the stipulations contained in the Code and the accuracy of the associated public reporting for the 2013 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 2013 of the company with respect to its compliance with the C-Rules and R-Rules of the Austrian Corporate Governance Code. In accordance with R-Rule 62, a new evaluation will take place for the 2016 financial year.

Vienna, 24 March 2015

The Management Board



Thomas Fahnemann
Chairman of the Management Board



Johannes Schmidt-Schultes
Chief Financial Officer



Richard Ehrenfeldner
Chief Technical Officer



Declan Daly
Chief Information Officer

REPORT OF THE SUPERVISORY BOARD

Dear Sir or Madam,

The Semperit Group achieved good results in 2014 despite varying degrees of regional economic and geopolitical uncertainty. Revenue increased by more than 2% thanks to very good sales and despite a decline in prices for raw materials. EBITDA and EBIT rose, too, whereas earnings after tax were lower compared to the previous reporting year. The change of the method of consolidation applied to the 50% interest in Siam Sempermed Corp. Ltd., a joint venture in Thailand, from the full consolidation method to an at-equity approach had a positive effect on EBITDA and EBIT.

The Supervisory Board held six meetings during the 2014 financial year, fulfilling its duties required by law and the company's statutes. The meetings focused primarily on business performance, the strategic further development of the group and key business events and measures.

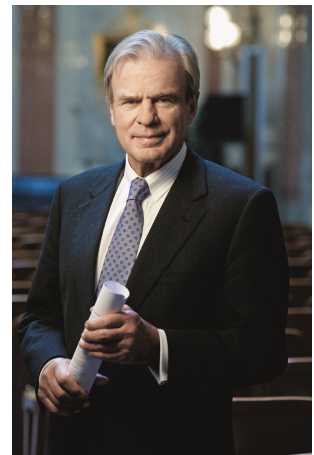
In three meetings held during the reporting year, the Audit Committee dealt in particular with the 2013 annual and consolidated financial statements, risk management, corporate governance and preparations for the 2014 audit of the annual and consolidated financial statements. Based on the efficient process with regard to the audit of the 2014 financial statements, the Supervisory Board will recommend at the Annual General Meeting that Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., Vienna be appointed as auditor for the 2015 financial year.

The Nominating Committee, under the chairmanship of Veit Sorger, held three meetings to deal with appointments for Supervisory Board mandates becoming vacant and regarding issues in connection with the extension of the Management Board term of Richard Ehrenfeldner and the appointment of Declan Daly.

The Strategy Committee met once to deal with fundamental questions about the strategic development of the group.

The Joint Ventures Committee convened six meetings and dealt with the management of the relationship with our joint venture partner Sri Trang Agro-Industry Public Co Ltd. in Thailand as well as with the associated legal proceedings.

The Remuneration Committee held two meetings, at which it discussed the agreement on objectives of the members of the Management Board and the remuneration system for Management Board members.



Veit Sorger
Chairman of the Supervisory
Board

The Management Board keeps the Supervisory Board informed of business developments, compiling a regular monthly report. Detailed documents about the group are made available in a timely manner in advance of the Supervisory Board meetings. Between these meetings, the Management Board also reports to the Presidium of the Supervisory Board regularly on the progress of the business and the overall situation of the company.

The annual financial statements of Semperit AG Holding, including the management report, were audited on the basis of the company's accounting records by the auditor Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. of Vienna, Austria. The auditor confirmed that the annual financial statements comply with statutory regulations, that they give a true and fair view of the company's assets and financial position as at 31 December 2014 and of the company's earnings for the financial year from 1 January 2014 to 31 December 2014 in compliance with generally accepted Austrian accounting principles, and that the management report is consistent with the annual financial statements. Furthermore, the auditor confirmed that a corporate governance report has been prepared. The auditor issued an unqualified audit opinion on the annual financial statements for 2014.

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. of Vienna audited the consolidated financial statements, which were prepared in compliance with International Financial Reporting Standards (IFRS) as they are applied in the EU, and the group management report which was prepared in accordance with the Austrian Commercial Code (UGB). The auditor confirmed that the consolidated financial statements give a true and fair view of the group's assets and financial position as at 31 December 2014 and of the group's earnings and cash flows for the financial year from 1 January 2014 to 31 December 2014, and that the group management report is consistent with the consolidated financial statements. The auditor issued an unqualified audit opinion on the consolidated financial statements for 2014.

In its meetings held on 17 and 24 March 2015, the Audit Committee of the Supervisory Board dealt in particular with the annual financial statements, the corporate governance report, the consolidated financial statements, and the auditor's reports. Moreover, the Committee discussed the results of the audit in detail with the auditor.

The Supervisory Board has examined the annual financial statements, the consolidated financial statements, the management report, and the group management report, and concurs with the conclusions of the auditor. The Supervisory Board formally approves the annual financial statements for the 2014 financial year, which are consequently adopted in accordance with Section 96 Para. 4 of the Austrian Stock Corporation Act. The management report, consolidated financial statements, and the group management report for 2014 have been approved by the Supervisory Board.

The Supervisory Board accepts the Management Board's proposal on the distribution of profits, according to which a dividend of EUR 6.00 (ordinary dividend of EUR 1.10 and a special dividend of EUR 4.90) per eligible share is to be paid from Semperit AG Holding's reported net profit for the period of EUR 123.572 thousand, with the remaining profit carried forward.

On behalf of the entire Supervisory Board, I would like to thank the Management Board and all members of staff for their commitment and the very good results they achieved for the 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. At the same time, they may rest assured that every effort will be made to continue the success of the company.

Vienna, 24 March 2015

Veit Sorger
Chairman of the Supervisory Board