

Report of the Supervisory Board

Dear Sir or Madam,



Walter Koppensteiner,
Chairman of the
Supervisory Board

The Semperit Group successfully continued the restructuring and transformation course in the Industrial Sector and looks back on a good year 2019. In contrast, it was not possible to improve the results in the Medical Sector to the same extent. For this reason, after a thorough evaluation of the situation, the decision was made at the beginning of 2020 to separate from the medical segment. This portfolio decision paves the way for an unrestricted focus on the Industrial Sector.

It is positive for the further implementation of the chosen transformation path that the Supervisory Board was able to win Martin Füllenbach for an early extension of his contract for another four years. Unfortunately, Frank Gumbinger will leave the company for personal reasons in 2020 after about three and a half years. The Supervisory Board would like to take this opportunity to thank him in advance for his commitment to the company.

At the beginning of 2020, Peter Edelmann resigned from his mandate as Chairman of the Supervisory Board and Walter Koppensteiner was elected new Chairman of the Supervisory Board.

In 2019, the **Supervisory Board** was informed by the Management Board on the course of the business in six meetings and discussed the strategic development as well as the restructuring and transformation of the company. In addition, significant business cases and individual measures were discussed, and the necessary resolutions passed.

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. Furthermore, the Chairman of the Supervisory Board and his Deputy received reports on the business development and the Group's situation on a regular basis beyond the meetings.

The **Audit Committee** held three meetings, focusing particularly on the preparation of the adoption of the annual and consolidated financial statements for 2018 and, in addition, on the risk management, the internal control system, internal auditing, the compliance organisation, corporate governance, IT security ("cyber security") and the preparation of the annual and consolidated financial statements for 2019.

In eight meetings, the **Remuneration Committee** focused on the performance assessment and agreement of targets of the members of the Management Board as well as the preparation and reviewing of the remuneration policy for members of the Management Board and the Supervisory Board. In addition, the Remuneration Committee dealt with the introduction of a new remuneration system for the Supervisory Board members whose contracts were extended prematurely. Furthermore, the committee dealt with the remuneration system for the newly appointed Management Board member Kristian Brok, and the bonus systems for blue-collar and white-collar employees.

Among other things, the **Nominating Committee** spent seven meetings on initiating and securing 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. Furthermore, the Nominating Committee dealt with the extension of Management Board mandates.

The **Strategy and Transformation Committee** reviewed in detail the portfolio decision as well as the corporate transformation and restructuring during three meetings.

The **Committee on the Sempermed Segment** held four meetings and dealt with the restructuring of the Sempermed segment.

The **Committee for Urgent Issues** has not held a meeting to handle time-sensitive investment projects. However, circular resolutions relating to urgent business cases were made.

In the Annual General meeting of 25 April 2019, Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., Vienna, was appointed to serve as the auditor of the financial statements and consolidated financial statements for the 2019 fiscal year. The financial statements and consolidated financial statements of Semperit AG Holding as of 31 December 2019 were audited by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., Vienna, which issued an unqualified audit opinion. The management report and the group management report are in accordance with the financial statements and consolidated statements. An independent audit of statements and data was made by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., Vienna, on non-financial reporting (Sustainability Report) for 2019.

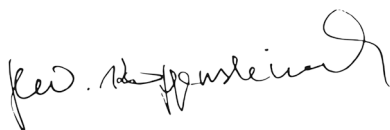
In its meeting held on 12 March 2020, the Audit Committee of the Supervisory Board dealt in particular with the annual financial statements, the consolidated financial statements, the group management report, the corporate governance report, the sustainability report and the auditor's report. Moreover, 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 2019, 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 2020.

The Supervisory Board has examined the annual financial statements, the consolidated financial statements, the management report, the group management report, the corporate governance report and the sustainability report, and concurs with the conclusions of the auditor. The Supervisory Board formally approves the annual financial statements for 2019, which are consequently adopted in accordance with Section 96 (4) of the Austrian Stock Corporation Act. The corporate governance report, the sustainability report, the management report and consolidated financial statements for 2019 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 2020.

Since the Semperit Group achieved negative earnings after tax in 2019, no dividend will be proposed at the Annual General Meeting in accordance with the dividend policy.

The Supervisory Board members would like to thank the Management Board, the Management Forum and all employees of the Semperit Group for their dedication and commitment. Special thanks also go to the shareholders, customers and partners of Semperit for the trust they have placed in us.

Vienna, 19 March 2020



Walter Koppensteiner

Chairman of the Supervisory Board