

Corporate Governance Report

Austrian Corporate Governance Code

In 2002 the Austrian Corporate Governance Code established a regulatory framework for the management and monitoring of Austrian joint stock companies. This code contains internationally adopted 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.

**Voluntary commitment
to the Austrian Corporate
Governance Code**

The rules are aimed at ensuring the responsible management and supervision of companies and corporations with the goal of achieving a sustainable and long-term creation of 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 efficient checks by the Supervisory Board and auditors.

Companies voluntarily undertake to comply with the guidelines contained in the Austrian Corporate Governance Code in the current and binding version. The version of the code that was applicable in the 2011 financial year was published in January 2010 and takes into account the changes included in the Austrian Stock Corporation Amendment Act of 2009 and the implementation of the European Commission's Recommendation on Directors' Remuneration of April 30, 2009. The Austrian Corporate Governance Code was last amended in January 2012. The amendments contained therein are valid for financial years that begin after December 31, 2011 and therefore do not apply to the present Corporate Governance Report of Semperit AG Holding.

The Austrian Corporate Governance Code can be viewed at the website www.corporate-governance.at.

Statement on corporate governance

The Semperit Group hereby declares that it will voluntarily observe the Austrian Corporate Governance Code, and also intends to observe the code in the future or justify any deviations from it. The Supervisory Board also reached a corresponding unanimous decision.

**Compliance
with the code**

Semperit Holding AG complies with all legally binding L-rules (Legal Requirement). Unless otherwise declared, the C-rules (Comply-or-Explain) will be observed by the relevant bodies and the company.

Corporate bodies of Semperit AG Holding

Management Board

Thomas Fahnemann

Chairman and Chief Executive Officer since April 14, 2011; previously Deputy Chairman since joining the company on December 1, 2010; current period of office ends November 30, 2013

Departmental responsibilities: Medical Sector, which includes the Sempermed segment, Corporate Development & Strategy, Human Resources, Internal Audit, Communications, Purchasing, Compliance and Legal Matters

Following his studies in business administration in Mainz, Germany, Thomas Fahnemann, who was 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 the USA. In 1995 he was appointed Group Department Manager for Trevira in North Carolina, USA and starting 1998 served as Chief Operating Officer for KoSa in Houston, USA. In 2003 he returned to Austria and worked as CEO and Chairman of the Management Board of Lenzing AG. From 2009 to 2010 he was Chairman of the Management Board of RHI AG, Vienna. He exercises no Supervisory Board mandates in other companies 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 October 1, 2001; current period of office ends May 31, 2012; in September 2011 this was extended early, until May 31, 2015

Departmental responsibilities: Technology, Innovation, Operational Excellence and Quality Assurance

After concluding his studies in process engineering (chemical plant engineering) at Graz University of Technology, Richard Ehrenfeldner, who was born in 1954, commenced his professional career in 1984 with AT&S in Leoben, where he headed the Production and Expansion Departments, 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, Hat Yai and Shanghai. He exercises no Supervisory Board mandates in other companies 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 April 15, 2011; Chief Financial Officer (CFO); current period of office ends April 14, 2014

Departmental responsibilities: Accounting, Segment Controlling, Treasury, IT, Planning & Reporting, Taxes and Investor Relations

Johannes Schmidt-Schultes, who was born in 1966, concluded his studies in economics at the University of Hanover in 1993. In 1996 he graduated with a PhD from the Ludwig Maximilian University, Munich. He also studied abroad at Aston University in Birmingham, UK, as well as the University of California in Berkeley, USA.

During his doctoral studies, Johannes Schmidt-Schultes worked for the strategic 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 Telekom Telstra Corporation, which is based in Melbourne. He exercises no Supervisory Board mandates in other companies not included in the consolidated financial statements pursuant to C-rule 16 of the Austrian Corporate Governance Code.

Richard Stralz

Member of the Management Board since June 1, 2004; current period of office ends May 31, 2013

Departmental responsibilities: Heads the Industrial Sector, including the Semperflex, Sempertrans and Semperform segments, as well as Marketing, Sales and Logistics

Following the completion of his studies at Montan University of Leoben, Richard Stralz, who was born in 1963, started his professional career at Semperit AG Holding in 1987 as a Semperform Production Management Assistant. In 1989 he became Production Manager for Rubber and Plastic Moulded Parts. From 1991 to 1994 he headed the Industrial Engineering and Logistics Departments. Subsequently he switched to the Semperflex segment, first as Technical Segment Manager from 1994 to 1996, and later as Commercial Division Manager during the years 1996 to 2004. He exercises no Supervisory Board mandates in other companies not included in the consolidated financial statements pursuant to C-rule 16 of the Austrian Corporate Governance Code.

Rainer Zellner

Chairman of the Management Board and CEO from October 1, 1989 to April 14, 2011; previously member of the Management Board from March 1, 1983

The Management Board consists of four members. It has full responsibility for managing the company for the benefit of the enterprise while taking account of the interests of shareholders and employees as well as the public interest (L-rule 13).

In April 2011, Rainer Zellner stepped down as Chairman of the Management Board. His deputy, Thomas Fahnemann, was appointed to succeed him. In April 2011, Johannes Schmidt-Schultes was appointed as Chief Financial Officer (CFO) and in September 2011 Richard Ehrenfeldner's period of office was extended early, for a further three years.

Internal rules of procedure govern the allocation of business responsibility and cooperation between members of the Management Board. Decisions of primary importance are taken by the Management Board as a whole. The Management Board itself takes full responsibility for communication tasks that have a significant impact on how the company is perceived by its stakeholders. The 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.

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) 4) 5) 6) 7)}	1942	26.5.2004	Until the Annual General Meeting (AGM) resolving upon the 2011 financial year	Lenzing AG
Michael Junghans Deputy Chairman	^{2) 3) 4) 5) 6)}	1967	28.4.2010	Until the Annual General Meeting (AGM) resolving upon the 2012 financial year	Lenzing AG (Chairman) Allgemeine Baugesellschaft A. Porr AG
Walter Lederer Member	²⁾	1961	7.6.2002	Until 14.4.2011	–
Martin Payer Member	^{2) 7)}	1978	24.5.2007	Until the Annual General Meeting (AGM) resolving upon the 2011 financial year	Lenzing AG
Patrick Prügger Member	^{2) 5)}	1975	14.4.2011	Until the Annual General Meeting (AGM) resolving upon the 2013 financial year	Lenzing AG
Andreas Schmidradner Member	²⁾	1961	20.5.2008	Until the Annual General Meeting (AGM) resolving upon the 2012 financial year	Lenzing AG
Anton Schneider Member	^{2) 7)}	1951	30.4.2009	Until the Annual General Meeting (AGM) resolving upon the 2011 financial year	Linz Textil AG SHW AG (Germany) (Chairman)
Employee representatives					
Alexander Hollerer	^{5) 6)}	1954	1.7.1998	-	-
Andreas Slama	⁵⁾	1966	31.1.2009	-	-
Matthias Unkrig		1968	5.4.2005	-	-

1) One fifth of the members of the Supervisory Board automatically leave their positions every year at the end of the Annual General Meeting, pursuant to the Articles of Association.

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

3) Executive Committee

4) Remuneration Committee

5) Audit Committee

6) Nominating Committee

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

Supervisory Board

The Supervisory Board consists of six shareholder representatives and three employee representatives.

The Supervisory Board resolved to establish the following committees consisting of its own members to carry out specific functions: Executive Committee, Remuneration Committee, Audit Committee, Nominating Committee and Strategy Committee (see page 70). 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 primary importance are to be made.

Meetings of the Supervisory Board and its committees

The Supervisory Board convened for five meetings and a separate strategy workshop during the 2011 financial year. No member of the Supervisory Board attended less than 50% of the meetings in the course of 2011.

The Audit Committee led by Veit Sorger carried out its activities in accordance with prevailing legal regulations (two meetings), and in particular dealt with risk management, corporate governance and cooperation with the auditors.

The Nominating Committee, also under the chairmanship of Veit Sorger, met twice to prepare for the selection of a new Chief Financial Officer and the reappointment of Richard Ehrenfeldner as a member of the Management Board.

The Strategy Committee was set up for the first time in December 2011.

The Remuneration Committee, chaired by Veit Sorger, held three meetings at which it discussed the objectives of the newly appointed members of the Management Board and the remuneration system for the reappointed member of the Management Board.

An explicit and formal self-evaluation (in accordance with Rule 36) did not take place in the 2011 financial year. However, the Supervisory Board regularly focused on its own work and its consequences for the company, and is working on its own further development. There are plans to introduce a structured self-evaluation process in the 2012 financial year.

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 interests, and thus could 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 2010 version of the Austrian Corporate Governance Code:

- The Supervisory Board member shall not have served as a member of the Management Board or as a senior manager 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 relationships with companies in which the Supervisory Board member has a considerable economic interest. The approval of individual transactions by the Supervisory Board according to Section 95 Para. 5 Austrian Stock Corporation Act does not automatically mean the person is qualified as not independent.
- The Supervisory Board member shall not have been 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 be a close relative (direct offspring, spouse, partner, parent, uncle, aunt, sibling, niece, nephew) of a Management Board member or of persons in one of the aforementioned positions.

Cooperation between Management Board and Supervisory Board

The strategic direction of the company is determined in close cooperation between the Management Board and the Supervisory Board and discussed in Supervisory Board meetings held at regular intervals. In addition, a strategy workshop was held during the year under review.

Responsible corporate
management

The Supervisory Board determines the division of departments and responsibilities in the Management Board, as well as 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 primary importance are to be made.

Remuneration of Management Board and Supervisory Board

The remuneration of the Management Board encompasses both a fixed salary component and a variable, performance-based component, as well as remuneration in kind. The assessment for the variable salary component of the Management Board is based on net profit (earnings after tax), the dividend amount distributed and the return on total assets.

Fixed and variable
remuneration

In line with the stipulations contained in the Austrian Corporate Governance Code, a third salary component was integrated in the remuneration of the most recently appointed Management Board members Thomas Fahnemann and Johannes Schmidt-Schultes. This is linked to the achievement of sustainable, long-term and multi-annual performance criteria. Based on the achievement of the targeted objectives, this bonus is subsequently determined for the past financial year and paid in three equal instalments over a period of three years. If the pre-defined goals are not attained, no bonus is assigned to the variable remuneration category, or else the still unpaid share of the bonus is either reduced or completely cancelled.

The variable remuneration components (the performance-based share and the third salary component) may not exceed more than 111% of the annual fixed remuneration.

In the 2011 financial year, the remuneration paid to the Management Board totalled kEUR 3,099 (previous year: kEUR 2,716), of which kEUR 1,619 (previous year: kEUR 1,540) consisted of variable salary components. Owing to changes in the composition of the Management Board during the year under review, the comparability with the previous year is limited.

A contractual agreement stipulating direct retirement benefits for the former Chairman of the Management Board was concluded on his initial appointment to this position. For the new Chairman and other members of the Management Board, retirement benefits are either specified in the Articles of Association, which prescribe pension plan reinsurance using the defined contribution principle, or specified in the respective contract using the defined contribution principle.

In the case of termination of the employment contract of a Management Board member, the respective member is entitled to a severance payment in accordance with the Salaried Employees Act or the Corporate Employee and Self-Employed Pension Act.

No share options have been granted.

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.

Remuneration of the Supervisory Board is governed by Section 15 of the Articles of Association. Accordingly, each member of the Supervisory Board receives an attendance fee for each session totalling EUR 120 as compensation for expenses, as well as an annual fee amounting to EUR 4,360. Both fees are linked to the consumer price index (basis: CPI 2000, annual average 2004 = 108.1), therefore the fees for 2011 are slightly higher than the aforementioned amounts. The fixed annual fee is increased by 100% for the Chairman of the Supervisory Board and 50% for the Deputy Chairman. In addition, the members of the Supervisory Board as a whole (excluding employee representatives) receive 0.15% of the earnings after tax of Semperit Holding AG as a performance-based profit-sharing bonus, after the consolidated financial statements have been granted an unqualified opinion by the auditors. This profit-sharing bonus is divided among the Supervisory Board members so that each member receives an equal share, the Chairman an additional 100% of this share and the Deputy Chairman an additional 50%. Moreover, the performance-based component may not exceed 2.5 times the annual fixed fee (excluding attendance fees) for each Supervisory Board member.

Statutory
remuneration of the
Supervisory Board

The remuneration paid to the Management and Supervisory Boards is not disclosed separately for each member but for the board as a whole (pursuant to Rules 31 and 51). Publication of the individual remuneration is the personal decision of each member of the Management and Supervisory Boards and in the opinion of Semperit AG Holding does not constitute additional information relevant to the capital market, nor does it provide significant additional information from the business perspective. Individual remuneration is therefore not disclosed in this report.

Compliance Directive

Semperit has issued its own compliance guidelines designed to prevent the misuse or dissemination of insider information. Compliance is monitored and administered by a specially designated compliance officer reporting directly to the Management Board. The Compliance Directive has been published on the company website at www.semperit.at.

Own compliance officer

Advancement of women

The Semperit Group attaches great importance to ensuring the equal treatment of men and women in all respects. In recent years, the number of women employed in management-track positions within the Semperit Group has steadily increased. In Austria women already comprise about one-third of the employees participating in junior management development programmes. Moreover, if the respective job position allows, Semperit promotes the compatibility of family and career by providing flexible working models and teleworking opportunities.

Proportion of women
steadily increasing

Directors' dealings

In accordance with Section 48d of the Austrian Stock Exchange Act, 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 conclusion of the transaction, and published on its website.

Disclosure of
directors' dealings

Internal auditing and risk management

The Internal Audit 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.

Internal Control
System

The effectiveness of the company's risk management system is evaluated by the 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. At the beginning of 2011, the Audit Committee commissioned an external evaluation to examine the effectiveness of the company's risk management system, and the results were reported to the Supervisory Board.

The Internal Control System (ICS) established in the Semperit Group serves to ensure the effectiveness and profitability of business operations, the integrity and reliability of financial reporting and adherence to the applicable laws and regulations. It is being continually updated and expanded by the Internal Audit department and the related departments in the company as a means of supporting the early identification and ongoing monitoring of risk. The ICS was last subject to an external evaluation in 2010, and the results were reported to the Supervisory Board.

External evaluation

In accordance with Rule 62 of the Austrian Corporate Governance Code, the Semperit Group has its compliance with the stipulations contained in the code and the accuracy of its related public reporting evaluated by an external institution. This was last performed at the beginning of 2011. The most recent evaluation carried out by KPMG did not discover any facts which are inconsistent with the declaration of the Management Board and Supervisory Board found in the Corporate Governance Report of the company with respect to its compliance with the C-Rules and R-Rules of the Austrian Corporate Governance Code.

Vienna, March 9, 2012



Richard Ehrenfeldner
**Member of the
Management Board**



Richard Stralz
**Member of the
Management Board**



Thomas Fahnemann
Chairman



Johannes Schmidt-Schultes
Chief Financial Officer

Contact

Semperit AG Holding

Modecenterstrasse 22
A-1031 Vienna
Tel.: +43 1 79 777 0
Fax: +43 1 79 777 600
office@semperit.at
www.semperit.at

Clemens Taschée

Head of Group Accounting
Tel.: +43 1 79 777 230
clemens.taschee@semperit.at
www.semperit.at/investor-relations

Financial Calendar 2012

March 29, 2012	Publication of 2011 annual financial statements and press conference
April 23, 2012	Annual General Meeting
April 26, 2012	Ex-dividend day
May 2, 2012	Dividend payment day
May 15, 2012	Report on the first quarter of 2012
August 14, 2012	Half-year financial report 2012
November 13, 2012	Report on the third quarter of 2012

Imprint

Ownership and publisher: Semperit Aktiengesellschaft Holding, Modecenterstrasse 22, A-1031 Vienna

We have prepared this Annual Report and verified the information contained in it with the greatest possible care. In spite of this, rounding, typesetting and printing errors cannot be ruled out. Rounding of differences in the totalling of rounded amounts and percentages may arise from the automatic processing of data.

The forecasts, plans and forward-looking statements contained in this report are based on the knowledge and information available and the assessments made at the time that this report was prepared. As is true of all forward-looking statements, these statements are subject to risk and uncertainties. As a result, the actual events may deviate significantly from these expectations. No liability whatsoever is assumed for the accuracy of projections or for the achievement of planned targets or for any other forward-looking statements

Statements referring to people are valid for both men and women.

This Annual Report was prepared in German and English.

In case of doubt, the German version shall take precedence.

This annual report was prepared by Mensalia (www.mensalia.at) on behalf of Semperit AG Holding.