

## Remuneration Policy of Semperit AG Holding

The Remuneration Policy defines the principles which are used for determining the remuneration of the management board and the supervisory board of Semperit AG Holding (Semperit). The remuneration system implements the statutory requirements of the Austrian Stock Corporations Act (Section 78 et seq. AktG) and the recommendations of the Austrian Code of Corporate Governance (ÖCGK). The primary aim of the Remuneration Policy is to promote long-term and sustainable business development.

### Remuneration of the management board

#### Principles of remuneration of members of the management board

The remuneration committee of the supervisory board is responsible for preparing, regularly revising and controlling the implementation of the Remuneration Policy for the management board. Final determination of the Remuneration Policy is the responsibility of the entire supervisory board. If need be, the committee and/or the supervisory board will be supported by an external remuneration advisor. To avoid conflicts of interest it is ensured that the advisor who may be used does not advise the management board on remuneration issues at the same time.

The tasks and activities of the management board members, the situation of the company and the customary levels of remuneration are taken into consideration when fixing the remuneration of the management board. Work experience and responsibility of the management board members, as well as the scope and complexity of their work will be taken into account. A horizontal remuneration comparison to other Austrian and German industrial enterprises ensures that the remuneration of the management board is competitive and in conformity with the market and will attract, motivate and bind the most qualified management board members to the company. In addition, the remuneration and employment condition of the company's employees will be taken into account to put the remuneration of the management board in context with the company's remuneration structure.

Management board members are employed on local Austrian conditions. Thus, remuneration components are fixed in euros (gross). The management board members' employment contracts are concluded with Semperit and subject to Austrian law.

#### Components and structure of remuneration

The remuneration of management board members is comprised of performance-independent and performance-dependent components which are as follows:

## Overview of remuneration components

Remuneration components	Description of major parameters
<b>Performance-independent remuneration</b>	
Base remuneration	Fixed salary at a competitive level taking into account responsibility and activities of each management board member
Remuneration in kind and other benefits	Company car, insurance premiums
Pension contributions	Defined pensions are paid via an external pension fund
<b>Performance-dependent remuneration</b>	
Short-term variable performance bonus (Short-Term Incentive, STI)	<p>Performance assessment based on financial and non-financial criteria over an assessment period of one year</p> <ul style="list-style-type: none"> <li>– Financial criteria: EBITDA and ROCE</li> <li>– Non-financial targets: Overall performance and individual performance (modifier of +/-20%)</li> </ul> <p>Cap: 150% of the target value bonus</p>
Long-term variable performance bonus (Long-Term Incentive, LTI)	<p>Performance assessment based on financial criteria over an assessment period of several years</p> <ul style="list-style-type: none"> <li>– Financial criteria: ROCE, earnings after tax and relative TSR</li> </ul> <p>Cap: 200% of the target value bonus</p>
Special grants and bonuses	May be granted in the case of extraordinary achievements which have a future-oriented benefit for the company, and sign-on bonuses and retention bonuses

The components of the target remuneration (exclusive of remuneration in kind and other benefits, pension contributions or special grants or bonuses, if any) account for the following percentages:

Percentage of remuneration components in target remuneration in %	Management board chairperson	Management board member
Base salary	40-55%	40-55%
STI	20-35%	20-35%
LTI	20-40%	20-35%

The relative percentages of existing contracts with management board members are within the above-stated ranges. At the same time they serve as a benchmark for the conclusion of future contracts with management board members. Details on the absolute amounts of remuneration components can be found in the Corporate Governance Report or in the company's Remuneration Reports after the shareholders' meeting dealing with financial year 2020.

The long-term variable performance bonus promotes a medium-term and long-term increase in value as well as a successful implementation of Semperit's group strategy. In addition, the LTI also takes into consideration the relative total shareholder return (TSR), i.e. the shareholder return from share price development and dividend in relation to the selected companies of the ATX Prime and the MDAX. This serves the purpose of aligning the targets of management board members with interests of shareholders and other stakeholders.

Due to consideration of the relative TSR management board members are granted share-based remuneration. For the rest, the focus of the variable remuneration components is more on internal performance indicators which concern the company's business results. The reason is that the stock market price of the company's shares is sometimes strongly affected by exogenous factors such as the development of interest rates or bull and bear phases of the capital market and is thus only of limited use as a benchmark for assessing the management board's performance.

With regard to C-Rule 27 of the Austrian Code of Corporate Governance the Remuneration Policy provides that the company may claim back variable remuneration components if it turns out that they were paid on the basis of obviously false data (clawback).

### Base salary

The base salary consists of a fixed annual salary which is paid in 14 equal instalments. These payments cover all overtime, travel times and all work done beyond the normal working hours applying to employees of the company. They also cover offices on corporate bodies of the group.

The base salary is a fixed competitive payment which incentivises management board members to act for the welfare of the company in compliance with shareholder interests, employee interests and public interests.

### Short-Term Incentive (STI)

The STI is based on the company's results in the past financial year and depends on the financial key performance indicators of Consolidated EBITDA and Consolidated ROCE as well as on non-financial criteria.

#### Overview of STI performance criteria

	Financial		Non-financial
<b>Performance criterion</b>	EBITDA (absolut)	Return on Capital Employed (ROCE)	Modifier
<b>Weighting</b>	70%	30%	0,8 - 1,2

The remuneration committee of the supervisory board defines the target values and the upper and lower limits for financial performance criteria for the assessment period (the current financial year), which apply to all management board members equally, by 31 January of the financial year. The target value may be defined by following the approved budget for the relevant year, among other methods. The actual target achievement rates will then be calculated on the basis of the audited IFRS consolidated financial statements after the end of the respective financial year.

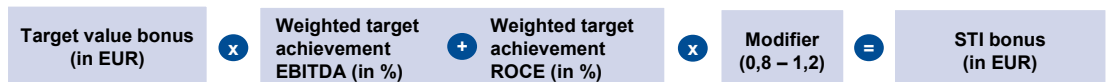
#### Financial performance criteria - STI

Performance	Target achievement rate
Upper limit	150%
Target value	100%
Lower limit	50%
Lower limit not reached	0%

If the EBITDA or the ROCE achieved in the relevant financial year is exactly equal to the lower limit, the target achievement rate will be 50%. If the upper limit is reached or exceeded, the target achievement rate will be 150% (CAP). The target achievement rates in between are linear (linear interpolation). If the lower limit is not reached, the target achievement rate will be 0%. Thus, the bonus share for the relevant

performance criterion and the short-term variable performance bonus (STI) as a whole may be skipped completely.

### STI entitlement calculation overview



In the case of extraordinary performance which is not reflected in the financial criteria the remuneration committee may increase the bonus that results from the achievement of the financial performance criteria by a maximum of 20% by applying a modifier or reduce the same by a maximum of 20% in the case that performance is below expectations. Normally, a modifier of 1.0 will be applied. The basis for assessing non-financial performance is, on the one hand, the collective performance of the entire management board and, on the other hand, the individual performance of each management board member. This may, for example, be the achievement of important strategic corporate goals and the realisation of key projects.

The amount of the STI target value bonus is defined individually for each management board member in his or her employment contract. The STI bonus is limited to 150% of the target value bonus and cannot be exceeded, not even by applying the modifier. The amount of the payment will be calculated by 30 June of the financial year following the end of the assessment period and will then be paid in seven equal instalments in the months July to December (including a special payment in December).

Taking into account two financial and one non-financial target key performance indicators ensures a comprehensive and balanced assessment of the management board members' performance. The financial target key performance indicators take into account both the development of profitability and of efficiency. By using EBITDA with a weighting of 70% the focus is on the development of earning power. In addition thereto, ROCE with a weighting of 30% takes into account the efficiency of capital employment.

Under special circumstances (in particular in a period of corporate restructuring) the supervisory board's remuneration committee may replace the two financial performance criteria by alternative performance criteria, such as free cash flow or EBITDA or EBIT margin, by 31 January of the current financial year. The weightings of the two criteria may also be adjusted in the course of that change. This is supposed to enable management to focus on generating free cash flows in critical phases in compliance with the development of profitability.

### Long-Term Incentive (LTI)

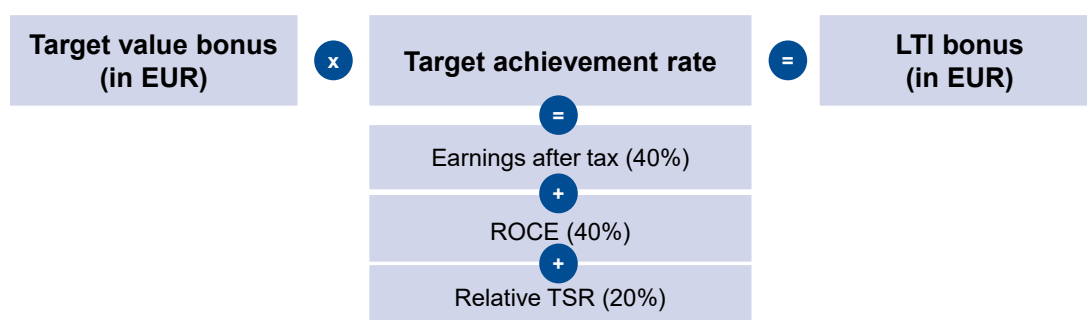
The LTI is a performance-based remuneration component with an assessment period of several years which is supposed to bring about a long-term incentive effect. The LTI is granted on a rolling basis, i.e. in annual tranches with assessment periods of three years each. Only financial performance criteria, i.e. the consolidated earnings after tax, the consolidated ROCE and the company's capital market performance in relation to selected comparables (relative TSR), are considered.

### LTI performance criteria overview

Performance criterion	Financial		
	Consolidated earnings after tax	Return on Capital Employed (ROCE)	Relative total shareholder return (TSR)
Weighting	40%	40%	20%

The remuneration committee of the supervisory board defines the target values and the upper and lower limits of the financial LTI performance criteria of consolidated earnings after tax and consolidated ROCE for the assessment period (mean of the next three financial years), which shall apply to all management board members, by 31 January of the financial year.

### LTI entitlement calculation overview



Incentivising management board members in a uniform manner simplifies the integration of newly appointed management board members which serves sustainable success of the business. When defining LTI targets internal sources such as corporate planning and, where appropriate, also external sources such as expectations of analysts or historical performance of peers are used. This is intended to create a target that is ambitious compared to competitors which supports the long-term competitiveness of Semperit. The target achievement rate will then be calculated on the basis of the audited IFRS consolidated financial statements of the financial years of the assessment period. In contrast to the STI the LTI target achievement rate is 200% (CAP) when reaching the upper limit.

### Financial performance criteria - LTI

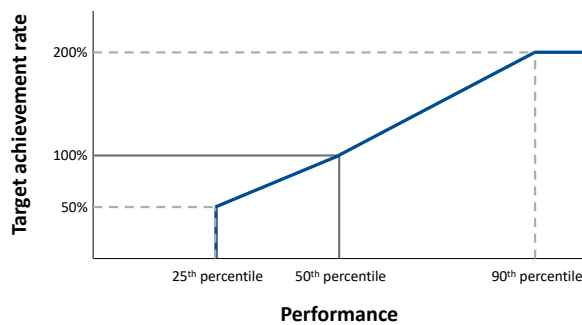
Performance	Target achievement rate
Upper limit	200%
Target value	100%
Lower limit	50%
Lower limit not reached	0%

Accordingly, the bonus share for the relevant performance criterion and the long-term variable performance bonus as a whole may be skipped completely.

To assess the target achievement rate of the relative TSR, TSR performance of Semperit is compared with the performance of all ATX Prime and MDAX companies (each exclusive of banks, insurance companies and real estate companies). If the TSR of Semperit equals the 50th percentile (median) of the

peer group, the target achievement rate will be 100%. The 25th percentile is defined as the lower limit with a target achievement rate of 50% and the 90th percentile is defined as the upper limit with a target achievement rate of 200%. If the TSR of Semperit is below the 25th percentile, the target achievement rate is 0%. Between the 25th percentile and the 50th percentile and between the 50th percentile and the 90th percentile the TSR target achievement rates are linear (linear interpolation).

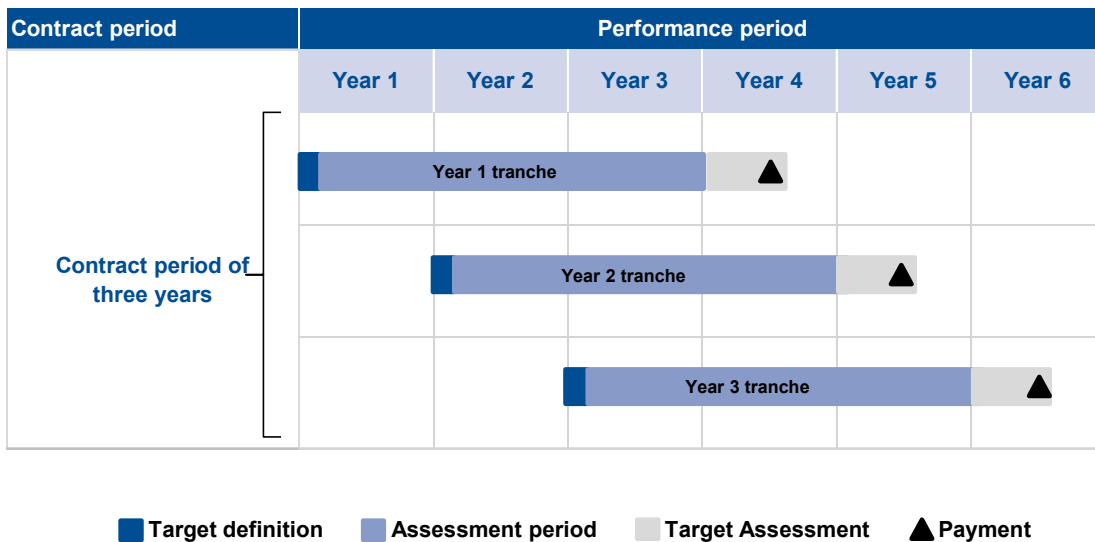
### Target achievement curve – relative TSR



In addition to the relative TSR both the development of efficiency and the development of income are taken into account in the LTI by use of the ROCE and the earnings after tax. While the ROCE is used to focus on efficient long-term employment of capital, the earnings after tax, as the basis for distribution of dividends, is used to strongly design remuneration according to shareholder interests. Normally, the target values and the upper and lower limits of the ROCE are not identical for the STI and the LTI. By using the ROCE in both remuneration components the focus is on efficient employment of capital.

The LTI is granted in yearly tranches which have an assessment period of three years. Here, the target values and the upper and lower limits for the three financial performance criteria always refer to the mean of the three years of the assessment period. An LTI target value bonus applies to each tranche, the amount of which is defined for each management board member individually in his or her employment contract.

The tranche model used for the LTI is intended to promote long-term strategic development of the company. When it comes to defining the LTI this model ensures that the performance of the company after the end of the term of office of a management board member is taken into account as well. In this way management board members are incentivised to sustainably invest in the company also at the end of their terms of office. In addition, it also helps to offset the effects of cyclical fluctuations in results on the LTI.



The payment amount of the LTI tranche will be calculated by 30 June of the financial year following the end of the assessment period for an LTI tranche and will then be paid in seven equal instalments in the months July to December (including a special payment in December). If the management board member resigns from his or her office before the end of the term for which s/he was appointed or if s/he is dismissed for important reason (cause) as defined in Section 75 AktG, all claims to LTI payments for all tranches granted during the current contract period for which the assessment period has not expired yet shall be forfeited. LTI tranches which were granted in earlier contract terms of the management board member shall be paid when a target achievement rate that is above the lower limit is achieved.

### Special grants and bonuses

The remuneration committee reserves the right to grant special bonuses for special work or achievements in addition to the mentioned variable performance bonuses, provided that the company has derived a future-oriented benefit from such special work or achievements. Special bonuses are intended to motivate management board members to manage the company sustainably and on a long-term basis.

Granting of sign-on bonuses and retention bonuses to management board members is permitted. This may be necessary to attract top qualified management board members and to bind them to the company.

In special cases change-of-control clauses may be agreed as well.

### Pension fund

Semperit pays contributions for managing board members employed by it into an external pension fund. The amount of those payments is defined individually for each management board member in his or her employment contract and is between 5% and 15% of the annual base salary. Normally, no early retirement schemes apply.

### Remuneration in kind and other benefits

The company may take out a directors and officers (D&O) insurance, accident insurance and any other insurance necessary for the activities as a management board member, such as a legal expenses insurance or a foreign travel health insurance. The company may provide management board members with a company car. In addition, management board members may be reimbursed reasonable business

expenses incurred in connection with their work as a management board member and travel expenses. Management board members enjoy health, pension and accident insurance cover with an Austrian social security institution. Social security contribution costs are split between management board members and the company according to the statutory key and the company pays a contribution prescribed by law to a severance payment and pension fund. In the case of the death of a management board member the company may grant the widow or the children of the deceased a death benefit.

### **Derogation from Remuneration Policy in extraordinary circumstances**

In extraordinary circumstances the remuneration committee or the supervisory board may temporarily derogate from this Remuneration Policy in accordance with Section 78a (8) AktG to ensure the company's long-term development and/or profitability.

If the office of a management board member is assumed by a supervisory board member on an interim basis, the variable remuneration components and the proportion between the base salary and variable remuneration components may be defined in a different manner to incentivise the management board member who has been delegated by the supervisory board in a manner that is appropriate for the situation.

In addition, in extraordinary circumstances which are a special challenge for the entire economy or specifically for the company, other short-term and long-term performance bonuses may be defined on a temporary basis to attract and/or keep particularly suitable management board members and to motivate them accordingly by means of remuneration incentives.

### **Term of office of management board members**

The term of office of a management board member is normally limited to approximately three years; in exceptional cases a term of office of up to five years may be agreed. Re-appointments are permitted. To guarantee continuity on the management board the supervisory board ensures that the majority of contracts of management board members will not end on the same date.

### **Termination of the office of a management board member**

The management board members' employment contracts are concluded for limited periods of time. They may only be terminated for important reason (cause), in particular those of Section 27 of the Austrian Employees Act (AngG), with no notice period having to be observed. In the case of permanent occupational disability or if an illness continues for more than six months, the employment relationship may be terminated also during the term of the contract by either of the parties by giving three months' written notice as of 30 June or 31 December of any year.

In the case of early termination of an appointment to the management board by the company for any of the reasons that are stated in Section 75 AktG or in the case of resignation from office for no important reason and without the supervisory board's consent also the employment contract shall end.

If severance pay was agreed with management board members in the case of early termination for no important reason, such severance pay must not exceed the annual base salary plus the maximum STI for a maximum of two years or a shorter residual term of contract, if applicable.



## Remuneration of the supervisory board

### Principles of remuneration of members of the supervisory board

The remuneration committee is responsible for preparation and regular review of the Remuneration Policy for supervisory board members. The entire supervisory board is responsible for setting up the Remuneration Policy for the supervisory board. Final annual determination of the remuneration for the supervisory board is the responsibility of the shareholders' meeting (Section 98 AktG).

Basically, the remuneration for the supervisory board consists of a base remuneration for work on the supervisory board and for membership of a committee and an attendance fee for meetings of the supervisory board and the committee(s). In view of the greater responsibility and the broader scope of activities the chairperson of the supervisory board and his/her deputy, the chairpersons of the committee(s), specific committee members and the financial expert may be granted a base remuneration that is higher than that of regular supervisory board members. In addition, supervisory board members are entitled to reimbursement of their expenses.

If supervisory board members take on a special task in the company, special remuneration may be granted to them by resolution of the shareholders' meeting.

The remuneration of the supervisory board is intended to promote the business strategy and the long-term development of the company by appropriately taking into account the responsibility and the scope of work of the supervisory board members as well as the financial situation of the company. To ensure that the supervisory board can supervise the management in an unbiased manner supervisory board members are neither granted variable remuneration or bonuses nor share-based remuneration; this prevents parallels with the interests of the management board.

To attract, motivate and retain the most suitable supervisory board members remuneration is defined in a performance-based manner and is in conformity with the market. When defining remuneration that is in conformity with the market not only Austrian but also German enterprises are used as a benchmark. In view of the global business activities of Semperit this is necessary to offer highly-qualified international candidates attractive remuneration.

The company may take out a directors and officers (D&O) insurance for supervisory board members.

### Derogation from Remuneration Policy in extraordinary circumstances

In extraordinary circumstances the shareholders' meeting may temporarily adapt the amount of remuneration for the supervisory board and the attendance fees to the situation of the company, if this is necessary for the long-term development of the company or for safeguarding its profitability.

### Term of office of supervisory board members and termination

Supervisory board members are appointed by the shareholders' meeting for a period of approximately three (3) to five (5) years; in exceptional cases appointments for shorter terms are possible. Re-appointments are permitted. To guarantee continuity on the supervisory board the shareholders' meeting will ensure that not all appointments will end on the same date.

The appointment of a supervisory board member may be revoked by shareholder resolution with a three-fourth majority prior to the end of the term of office. In that case the supervisory board member is entitled to remuneration on a pro-rata (monthly) basis for the financial year concerned.

Every supervisory board member may retire from his/her office with no obligation to state reasons by giving four weeks' written notice to the chairperson of the supervisory board.