

Corporate Governance Report 2016 pursuant to Section 243b of the Austrian Commercial Code (UGB)

BWT – For You and Planet Blue is also evidenced by responsible management including transparency for all stakeholders. Since going public in 1992, BWT has been pursuing the goal of sustainable, ecologically and economically oriented value generation.

1. Commitment to the Corporate Governance Code

BWT complies with the most recent version of the Austrian Corporate Governance Code as amended in January 2015, a regulation framework of standards for sound management and supervision of the company. This includes the standards of good corporate management common in international practice (OECD Principles, EU Transparency Directive) but also the important provisions of Austrian corporation legislation in this respect (Austrian Stock Exchange Act, Company Law Amendment Act 2013, Corporate Law Amendment Act 2008). This enables transparency for all stakeholders of the company. The Code is publicly accessible on the homepage of the Austrian Working Group for Corporate Governance at www.corporate-governance.at.

To avoid insider trading, since 2002 BWT has implemented a policy based on the Emittenten-Compliance-Verordnung (ECV – Regulation on Compliance for Issuers) of the Austrian Financial Market Authority. The Code of Conduct is aimed at all employees, includes all the principles of conduct, and provides guidance on the fundamental ethical and legal obligations of BWT employees.

2. Composition of the executive bodies, operations and board member remuneration

a) the Management Board

The Management Board is made up of Mr Andreas Weissenbacher (born 1959) who has been Chief Executive Officer of BWT AG since 8 January 1991. Mr Weissenbacher is responsible for the operating business and for the departments Research & Development, Purchasing, Human Resources, Marketing, and Investor & Public Relations. Mr Gerhard Speigner (born 1960) has held the office of Chief Financial Officer since 1 May 1996 and manages the departments Finance, Controlling, Treasury, Business Analysis, Information Technology, Law, Taxes and Risk Management. The members of the Management Board are also represented on the executive boards of the subsidiaries headquartered in Austria, Hungary, Italy, Spain, Denmark, Sweden, Norway, China, Malta, Belgium, Switzerland and Germany. Both members of the Management Board are appointed until 20 September 2020. This organisation allows for a high level of flexibility and efficient operation within the Management Board. Important decisions by the Management Board, as defined in the Management Board Rules of Procedure, require the approval of the Supervisory Board. None of the members of the Management Board assumed any other supervisory board mandates or similar functions in domestic or foreign listed companies in the period under review.

Starting on 1 April 2017, Mr Gerald Steger, born in 1960, will join the Management Board as COO (Chief Operating Officer), where he will be responsible for managing the entire PoU product segment of the BWT Group.

Report on the remuneration of the Management Board

Management Board remuneration is determined by the scope of duties, responsibility and the personal performance of the board member as well as the achievement of company targets, size and the economic health of the company. At BWT AG, performance-related remuneration is not issued via share options, but is dependent on long-term and sustainable performance criteria. These include predefined goals with regard to company results, as well as qualitative and quantitative goals.

The Supervisory Board

The Supervisory Board is currently composed of five members with considerable expertise in business administration and legal affairs, personal qualifications and many years of experience, who are elected by the Annual General Meeting. All members are Austrian citizens.

Supervisory Board member	First appointed	End of current term
Dr Leopold Bednar (Chairman, born 1948)	5 July 1991	AGM 2021
Dr Wolfgang Hochsteger (Vice-Chairman, born 1950)	5 July 1991	AGM 2021
Gerda Egger (born 1964)	24 May 1996	AGM 2021
Dipl.-Vw. Ekkehard Reicher (born 1941)	24 May 1996	AGM 2021
Dr Helmut Schützeneder (born 1944)	25 May 2011	AGM 2021

None of the members of the Supervisory Board assumed any other supervisory board mandates or similar functions in domestic or foreign listed companies in the period under review.

Independence of the Supervisory Board

Every member of the Supervisory Board whose business or personal relationship with BWT AG or its Management Board does not constitute a material conflict of interest allowing the member's behaviour to be influenced is deemed to be "independent" pursuant to the general clause of Rule 53. The criteria for independence are set in accordance with the guidelines of the Corporate Governance Code (Annex 1). The Supervisory Board thus comprises the following independent members: Dr Leopold Bednar, Dr Helmut Schützeneder.

Committees and activities of the Supervisory Board

The Supervisory Board of BWT AG is made up of experts of various disciplines and holds regular meetings on issues like strategy, balance sheet and personnel of the Group. Within this scope, the Supervisory Board of BWT AG is also involved in important decisions of the Management Board as an advisory body.

Apart from the Audit Committee, there are no other committees established by the Supervisory Board of BWT AG. The duties of a Nomination and Remuneration Committee are assumed by the entire Supervisory Board. The following persons of the Supervisory Board form part of the Audit Committee: Dr Bednar as Chairman, Ms Egger and Mr Reicher (Dipl.-Vw.). The Audit Committee held two meetings in 2016 at which the preparation and analysis of the annual financial statements and the internal control, auditing and risk systems were discussed. The auditors attended both meetings.

In 2016, the Supervisory Board held four ordinary meetings. The average attendance rate was 95%. The main activities of the Supervisory Board in the reporting period are detailed in the Report of the Supervisory Board.

Report on the remuneration of the Supervisory Board

The remuneration of the members of the Supervisory Board was determined by the Annual General Meeting on 1 July 2016, for the 2016 financial year. The members of the Supervisory Board received expense reimbursements totalling €60,000 for their activities during the 2016 financial year (2015: €60,000). The basic remuneration for the members amounted to €10,000 (2015: €10,000) per person, and €30,000 for the Chairman (2015: €30,000). Mr Ekkehard Reicher (Dipl.-Vw.) declined reimbursement for expenses. In addition, travel costs in the amount of €906.04 were also reimbursed.

3. Internal auditing

The internal auditing duties are performed by the Group Finance department. The Management and Supervisory Boards are given regular reports about important results of these activities. 4. Measures to provide opportunities for women in the Management Board, Supervisory Board and in top management positions It goes without saying that BWT acknowledges equal opportunities at work and equal treatment of employees. Measures to provide opportunities for women include a special focus on women in internal training and support schemes and opportunities to facilitate the balance of work and family life through flexible working time models (e.g. part time work) and home office options. Female employees make up roughly 15% of the management of the BWT Group and 20% of the Supervisory Board.