

Corporate Governance at Wolford

COMMITMENT TO THE CORPORATE GOVERNANCE CODE

Wolford is convinced that carefully implemented and actively practiced corporate governance can significantly enhance the trust placed in the company by the capital markets. In September 2002, the Austrian Working Group for Corporate Governance issued a framework for responsible corporate management and control that is designed to support the sustainable creation of value. The goal of this guideline is to protect the interests of all stakeholders whose welfare is linked to the success of the company.

The Austrian Corporate Governance Code ensures a high degree of transparency for all of the company's stakeholders. Wolford has been committed to the principles of the code since the 2002/03 financial year. The Austrian Working Group for Corporate Governance is responsible for publishing the Corporate Governance Code. The current version is available at www.corporate-governance.at and at Wolford's website. The latest revision to the code, which took effect as of January 1, 2015, implements a recommendation made by the European Commission on April 9,

2014 concerning the quality of reporting on corporate management ("comply or explain"). It also reflects the latest AFRAC opinion on the preparation and external evaluation of a corporate governance report as required by § 243b of the Austrian Commercial Code.

The code is based on the requirements of Austrian stock corporation, stock exchange and capital market law; the recommendations of the European Commission on the duties of the Supervisory Board and the compensation of Management Board members; and the corporate governance guidelines issued by the OECD. The code provides a framework for corporate management and control.

Boosting confidence

The guiding principles of the code are intended to enhance the trust placed by investors in the company – and in Austria as a place to do business. They include equal treatment of all shareholders, transparency, the independence of the Supervisory Board, open communication between the Management Board and Supervisory Board, the avoidance of conflicts of interest on the part of directors and officers, and efficient control

by the Supervisory Board and auditor. Compliance with the code, which goes beyond legal requirements, is voluntary, and takes the form of a self-imposed obligation on the part of the company. Observance of the code also means that any failure to meet C-Rules must be explained and disclosed ("comply or explain"). The Corporate Governance Report of Wolford AG forms part of this annual report (pages 24 to 33) and is also available under "Investor Relations" on Wolford's website.

To prevent insider trading, Wolford has issued a compliance guideline that implements the requirements of the Market Abuse Regulation issued by the European Union and of the Issuer Compliance Code published by the Austrian Financial Market Authority (FMA). Adherence to this guideline is monitored by the compliance officer.

Wolford's objective is to meet the expectations of capital market participants with respect to transparency and to provide shareholders with a true and fair view of the company. The Issuer Compliance Code of the FMA requires the simultaneous and identical communication of information. Wolford consistently meets this re-

quirement by distributing the latest company news, including information with the potential to influence its share price, simultaneously to analysts, investors and the media. This information is simultaneously published on the company website to provide private shareholders with equal access to the information.

One share – one vote

The company has issued 5,000,000 zero par value common shares. There are no preferred shares or restrictions on the common shares. The principle of “One share – one vote” is therefore met in full. The Austrian Takeover Act ensures that every shareholder would receive the same price for his or her Wolford shares in the event of a takeover (mandatory tender). The shareholder structure is shown on page 23 of this annual report.

To ensure the continuous optimization of risk management, Wolford has established an internal audit function in the form of a staff unit reporting directly to the Chief Financial Officer. This function also has a direct reporting line to the Chairwoman of the Supervisory Board Audit Committee. Based on an internal audit plan approved by the Management Board and

the Audit Committee, as well as a group-wide risk assessment of all corporate activities, the Management Board and the internal audit function regularly review operating processes to identify potential risks and opportunities for their improvement. Adherence to legal requirements, internal guidelines and processes is also monitored. To support the early identification and monitoring of risks, the internal control system is reviewed on a regular basis, improvements are implemented, and the results are reviewed. The internal audit function reports to the Management Board and the Audit Committee on the audit plan for the following year and on its audit findings.

Deloitte Audit Wirtschaftsprüfung GmbH, Rengasse 1/Freyung, 1010 Vienna, was elected by the 29th Annual General Meeting (AGM) to audit the annual financial statements of Wolford AG and the consolidated financial statements of the Wolford Group for the 2016/17 financial year. There are no grounds for exclusion or prejudice that would be incompatible with a conscientious and objective audit by the group auditor, Deloitte Audit Wirtschaftsprüfung GmbH. The fees for the audit of the consolidated financial statements and related services

amounted to € 0.13 million. All mandatory disclosures required by § 243a of the Austrian Commercial Code (UGB) can be found on page 58 of the Management Report.

Management Board



Ashish Sensarma, CEO

Ashish Sensarma

Ashish Sensarma (born in 1959) was CEO from January 7, 2015, and stood down from his position as of July 31, 2017. He is also a member of the Board of Directors of Shubh Properties Investments B.V.

He was responsible for marketing and sales, as well as for coordinating corporate strategy.

Ashish Sensarma has more than 30 years of experience in the fashion industry. He is a retail expert for brands in the mid-priced and luxury segments and has a global understanding of customer needs and extensive expertise in

integrating sales channels. Born in India and a Dutch citizen, Mr. Sensarma began his career with Mexx, where he developed the retail business for more than 20 years and oversaw revenues of more than € 400 million at more than 300 shops. He left Mexx in 2006, several years after the takeover by Liz Claiborne. Prior to joining Wolford, he served as Chief Operating Officer for the luxury swimwear brand Vilebrequin, which he developed into the global market leader in this segment. Mr. Sensarma is married and has two adult children. He holds a BSc in business administration from Nichols College, Dudley, Massachusetts, where he majored in Finance.



Axel Dreher, COO/CFO

Axel Dreher

Axel Dreher (born in 1965), has been a member of the Management Board since March 1, 2013, and Deputy CEO from January 7, 2015. His appointment runs until October 31, 2018. He does not hold any supervisory board or other similar functions outside the company.

He is responsible for design, product development, production and technology, supply chain management, quality management, finance, internal audit, investor relations, legal affairs, IT, and human resources.

Since August 1, 2017, Axel Dreher has been CEO of Woford AG and is responsible for the company's strategy, marketing, and sales. Furthermore, he will continue to perform his existing functions as COO with responsibility for development, production, and logistics.

Axel Dreher studied business administration and also received an MBA from the University of

Pittsburgh with a major in Finance. From 2005 to February 2013, he served on the Management Board of Triumph International AG in Wiener Neustadt, where he was responsible for all commercial and operating activities. During his time at the German Schaeffler Group/FAG Kugelfischer AG (2001 to 2005), Axel Dreher was responsible for finance and controlling, human resources, IT, and procurement for FAG Austria AG, as well as for finance, controlling, and procurement for the utility vehicle segment of FAG Kugelfischer AG. He then assumed global management responsibility for a business unit where his core duties involved sales, product engineering, purchasing, and production. He also held management and supervisory board positions in Hungary and India. He gained additional management experience in research and development, finance and controlling and operating management in the automotive components supply industry while working at ITT Automotive Europe (1995 to 1998) and BorgWarner (1998 to 2001).



Brigitte Kurz

Brigitte Kurz

Brigitte Kurz (born in 1974), appointed until October 31, 2018, has been the new Chief Financial Officer (CFO) since August 1, 2017. She holds Board responsibility for finance, investor relations, legal affairs, IT, and human resources. She has been responsible for all finance-related topics at the Woford Group since September 2015 (then as Director of Corporate Finance). From 2010 to 2015, Brigitte Kurz acted as CFO of the Zurich-based machine tool engineering company DMG Mori Europe, where she was responsible for finance and controlling at

a total of 12 sales locations across Europe. She previously worked for four years at the Carcoustics Group, an automotive supplier with global operations based in Leverkusen, initially as Commercial Director of Carcoustics Austria GmbH in Vorarlberg and from 2008 onward as Vice President Controlling at Carcoustics International. In this function, she was responsible for worldwide controlling. Born in Tyrol, Brigitte Kurz has lived in Vorarlberg for around 20 years and holds a master's degree in International Corporate Management from Dornbirn Technical College.

Supervisory Board Members and Committees

Since the 27th Annual General Meeting (AGM), the Supervisory Board of Wolford AG has comprised four members elected at the AGM and two representatives delegated by the Staff Council. The Supervisory Board held six meetings during the 2016/17 financial year. No Supervisory Board member was absent from more than half the meetings.

Antonella Mei-Pochtler, Supervisory Board Chairwoman

Since the 27th AGM: Chairwoman of Presidium, Personnel and Nomination Committee, Compensation Committee; member of Strategy and Marketing and Audit Committees. Independent; born in 1958, appointed until the 31st AGM (2017/18), first elected on September 17, 2013

- Senior Partner and Managing Director of the Boston Consulting Group in Vienna and Munich
- No additional functions at listed companies

Claudia Beermann, Deputy Supervisory Board Chairwoman

Since the 27th AGM: member of Presidium, Personnel and Nominations Committee, and Compensation Committee; Chairwoman of Audit Committee. Independent; born in 1966, appointed until the 31st AGM (2017/18), first elected on September 17, 2013

- Chief Financial Officer of Falkensteiner Michaeler Tourism Group AG
- No additional functions at listed companies

Lothar Reiff, Member

Chairman of Strategy and Marketing Committee. Independent; born in 1954, appointed until the 31st AGM (2017/18), first elected on September 17, 2013

- Managing Director of Lothar Reiff Consultancy
- No additional functions at listed companies

Birgit G. Wilhelm, Member

Member of Strategy and Marketing Committee. Independent; born in 1975, appointed until the 30th AGM (2016/17), first elected on September 12, 2006

- Real estate manager
- No additional functions at listed companies

Anton Mathis, Member

Member of Audit Committee as well as Strategy and Marketing Committee. Delegated by the Staff Council; born in 1960, first delegated on December 16, 1999.

Peter Glanzer, Member

Delegated by the Staff Council; born in 1954, first delegated on March 19, 2001. Retired from the Supervisory Board as of May 18, 2017.

The Supervisory Board has established five committees: Presidium, Personnel and Nomination Committee, Compensation Committee, Audit Committee, Strategy and Marketing Committee.

The **Presidium**, which comprises the Supervisory Board Chairwoman Antonella Mei-Pochtler and her Deputy Claudia Beermann, represents

the company's interests in all matters related to the Management Board.

The Presidium held five meetings in the 2016/17 financial year and discussed current issues relating to the Management Board.

At Wolford, the Presidium serves as the **Personnel and Nomination Committee** and is responsible for preparing all appointments to the Management and Supervisory Boards. Prior to the appointment of persons to these corporate bodies, the Personnel and Nomination Committee defines a requirement profile and prepares resolutions for the Supervisory Board or AGM based on a predefined selection process and succession planning. It also serves as the **Compensation Committee** for the Management Board. In this function, the committee reviews the compensation policy for the Management Board at regular intervals and ensures compliance with the relevant provisions of the Corporate Governance Code.

The **Audit Committee** deals with the audit of the Group's consolidated financial statements and supervises financial reporting. It also monitors the effectiveness of the internal control, internal audit and risk management systems, and reviews the independence and qualifications of the auditor based on peer reviews. Since the 27th AGM, the Audit Committee has comprised Claudia Beermann (Chairwoman), Antonella Mei-Pochtler, and Anton Mathis.

The Audit Committee met twice in the 2016/17 financial year and primarily dealt with the following issues:

- The auditor’s report on the audit of the annual financial statements for the 2015/16 financial year
- The preparation of a recommendation to the Supervisory Board for the selection of the (group)

auditor for the 2016/17 financial year

- The company’s performance in the first half of 2016/17
- The report by the Management Board on risk management at the Group
- The report by the Management Board on the AFREP review
- The report by the internal auditor on its audit findings.

The **Strategy and Marketing Committee** comprises the following members: Lothar Reiff (Chairman), Antonella Mei-Pochtler, Birgit Wilhelm, and Anton Mathis. This committee held one meeting in the 2016/17 financial year and mainly dealt with the topics of marketing organization and marketing strategy.

Responsibilities and Working Methods of the Management and Supervisory Boards

The Management Board is responsible for conducting the company’s business in compliance with the relevant laws, the articles of association of Woldorf AG, and the applicable rules of procedure. It manages the business to the benefit of the company, and in keeping with the interests of all shareholders, employees and the general public. The rules of procedure for the Management Board, which are issued by the Supervisory Board, regulate working procedures and responsibilities. Irrespective of the allocation of specific responsibilities, the Management Board bears joint responsibility for managing the company. Issues of fundamental importance must be approved by the full Management Board. In addition, the rules of procedure for the Management Board include a catalog of measures that require the approval of the Supervisory Board.

There is a continuous flow of information between the members of the Management Board. This takes place formally in at least

two monthly Management Board meetings.

At regular meetings (at least once per quarter), the Management Board provides the Supervisory Board with timely and comprehensive information on all issues that are relevant to the company’s economic and strategic development, including the risk situation and risk management at the company and major subsidiaries. Urgent information is communicated to the Chairwoman of the Supervisory Board immediately by the Management Board. Additional meetings are scheduled to deal with important issues such as the discussion of the company’s strategy. The Management Board reports at least once a year to the Supervisory Board on the precautionary measures taken to combat corruption at the company. The Supervisory Board is thus furnished with all the information it requires to perform its advisory and supervisory functions. Consistent with the Corporate Governance Code, the Management and Supervisory Boards also hold regular

discussions on the company’s performance and strategic alignment outside the framework of Supervisory Board meetings.

The Supervisory Board performs its duties in accordance with legal requirements, the articles of association, and its rules of procedure. The Supervisory Board is responsible for decisions on issues of fundamental importance to the company and its strategic alignment. It establishes qualified committees in accordance with specific circumstances at the company and its own number of members. These committees are designed to increase the efficiency of the Supervisory Board’s work and improve the resolution of complex issues. However, issues delegated to individual committees may still be handled by the full Supervisory Board. Each committee chairperson regularly reports to the full Supervisory Board on the work of his or her committee.

Employee participation on the Supervisory Board and its committees is a legally regulated part of

the Austrian Corporate Governance system. Consistent with the Austrian Labor Constitution Act, employees are entitled to delegate one representative to the Supervisory Board and its committees for every two Supervisory Board members (shareholder representatives) elected by the AGM. Employee representatives exercise this function on an honorary basis and can be recalled by the Staff Council at any time.

None of the Supervisory Board members has business or personal relationships with the company or the Management Board that could provide grounds for a material conflict of interest that could, in turn, influence the behavior of the respective Supervisory Board member. The company maintains business relationships with individual members of the Supervisory Board, which are billed at ordinary market rates and are not material in total. Specifically, Lothar

Reiff has advised the company in matters relating to its market communications and the design of its collection. A customary fee of € 67,500 was invoiced for these services in the 2016/17 financial year, with the amount charged being based on the work performed.

All members of the Wolford AG Supervisory Board are considered independent according to the criteria defined by the Austrian Corporate Governance Code. Statements to this effect were submitted by all Supervisory Board members. In accordance with § 95 of the Austrian Stock Corporation Act, the Supervisory Board's main responsibility is to supervise the work of the Management Board. The current Supervisory Board meets this responsibility in full. Wolford AG has a free-float component of more than 20% and less than 50%. Since the 27th AGM, the Supervisory Board has included at least three members

(Antonella Mei-Pochtler, Claudia Beermann, and Lothar Reiff) who are neither shareholders with interests of more than 10% in the company nor representatives of the interests of large shareholders.

Wolford AG has not granted any loans to members of the Supervisory or Management Boards.

Wolford AG evaluates compliance with the provisions of the code each year using a questionnaire developed by the Austrian Working Group for Corporate Governance. Based on the results of this evaluation, the deviations from the C-Rules are explained below.

Deviations from C-Rules of the Corporate Governance Code

C-Rule 18, Question 1

The internal audit department is no longer established as a Management Board staff office. In the course of restructuring the company, the tasks performed by the internal audit department were allocated to other company departments. This is intended to enhance the integration of such tasks within company structures and thus to ensure that internal company processes can be continually and sustainably improved. Internal audit tasks thus continue to be performed without restriction. Outsourcing these tasks to

a standalone department would merely create unnecessary additional expenses. This decision was jointly made by the Management and Supervisory Boards.

C-Rule 27, Question 3

Variable compensation does not account for any non-financial key figures. From the point of view of the Supervisory Board, the key balance sheet figures on which variable compensation is based already adequately account for all aspects of company management.

C-Rule 36, Question 3

The Supervisory Board once again forewent performing any self-evaluation in the past 2016/17 financial year. This was due to the company's business performance and the substantial additional time input thereby required.

C-Rule 39, Question 2

The Supervisory Board is only permitted to make decisions with the votes of all its members. Thanks to its size, however, the Supervisory Board is at all times able to make decisions, even in urgent cases.

C-Rule 43, Question 5

The principles underlying the compensation system are presented in great detail in the Compensation Report within the Corporate Governance Report. Additional reporting to the Annual General Meeting would therefore be superfluous. Potential questions about these principles at the Annual General Meeting are answered immediately. This decision was made by the Supervisory Board.

C-Rule 62

The company's compliance with the C-Rules of the code has not been evaluated by any external institution in the past three years. However, an annual review is carried out by the company departments entrusted with internal audit responsibilities. A separate review by an external institution would not produce any different results

and would only cause avoidable costs. The decision in favor of exclusively performing an internal audit of compliance with the C-Rules was made by the Management Board following agreement with the Supervisory Board.

C-Rule 81a, Question 1

The (group) auditor was only invited to one meeting of the Audit Committee. Although the Audit Committee did not hold more than two meetings, only one of these meetings dealt with topics relevant to the financial statements. This decision was made by the Supervisory Board.

C-Rule 83, Question 1

The audit assignment did not include an evaluation of the effectiveness of the risk management system. The Supervisory Board made this decision in agreement

with the Management Board. However, the auditor issued a management letter that reports on select aspects of the internal control system concerning the financial reporting process. This letter was presented to the Chairwoman of the Supervisory Board and discussed in detail at a Supervisory Board meeting. The Audit Committee also held two meetings during the past financial year which focused on the results of internal audit activities. In addition, there is a direct reporting line from the employees responsible for the internal audit to the Chairwoman of the Supervisory Board Audit Committee. Overall, the Supervisory Board is thus able to form its own impression of the effectiveness of the risk management system.

Compensation Report

The Compensation Report summarizes the principles used to determine the compensation paid to the Management Board of Woford AG and sets out the amount and structure of this compensation. It also describes the underlying principles and amount of Supervisory Board compensation. The Supervisory Board has assigned responsibility for determining the compensation of Woford's Management Board to the Presidium, which also acts as the Compensation Committee.

Consistent with the requirements of the Austrian Stock Corporation Act, members of the Management Board are appointed for specific terms in office. The employment contracts with members of

Woford's Management Board have been concluded for these periods and also set out the level and structure of compensation. The goal of the compensation system is to provide Management Board members with compensation that is in line with national and international practice and adequately reflects the scope of their functions and responsibilities.

The Management Board compensation system comprises fixed and variable components.

The fixed component reflects the respective area of responsibility of each Management Board member and, in line with standard practice in Austria, is retrospectively disbursed in the form of 14

monthly installments. The variable component is based on the company's performance and on that of the individual Management Board member. It is linked in particular to the achievement of quantitative targets and sustainable, long-term and strategic goals. The total amount of compensation is appropriate to the duties and responsibilities of the individual Management Board members, as well as to the position of the company and compensation customary to the sector in which it operates.

The variable component of compensation for Ashish Sensarma and Axel Dreher is based on the ratio of earnings before tax to revenues. This compensation

component is capped at a maximum of 30% of annual fixed compensation. Furthermore, a long-term incentive ("LTI") program is also in place for Management Board members for the financial years from 2015/16 to 2017/18. This takes the form of a stock appreciation rights plan and is based on Wolford's share price performance and the achievement of targets for the ratio of earnings before tax to revenues. As of April 30, 2015, Axel Dreher and Ashish Sensarma were allocated 133,333 and 80,000 stock appreciation rights ("SARs") respectively. The SARs involve stock appreciation rights based on Wolford's actual share price. However, no actual shares are granted within this plan. This compensation component is potentially payable for the first time upon the conclusion of the

2017/18 financial year. The benefit resulting from exercising the SARs is capped at maximum gross amounts of € 1.2 million for Axel Dreher and € 2.0 million for Ashish Sensarma. Further information about the LTI program can be found in the "Investor Relations" section at the Wolford AG website.

Participation in the LTI program requires the individual Management Board member to make a personal investment in company shares. This condition has been met by Ashish Sensarma and Axel Dreher, who acquired 7,116 and 4,744 company shares respectively. The Management Board members acquired the shares at a price of € 21.08 per share (corresponding to the average share price in the period from December 10, 2014 to April 30, 2015).

The individual Management Board member is required to hold this personal investment in the form of the shares acquired until the end of the 2017/18 financial year.

Total current compensation of the Management Board members for the 2016/17 financial year amounted to € 1.08 million (2015/16: € 1.12 million). Of this total, 100% involved fixed (2015/16: 94%) and 0% variable compensation (2015/16: 6%). There is no stock option plan for the Group's management.

The compensation paid to Ashish Sensarma was settled via several group companies: Wolford AG (35%); Wolford Nederland B.V.: (25%); Wolford Deutschland GmbH: (20%); Wolford London Ltd. (20%).

Current Management Board compensation in €	2016/17 Fixed	2016/17 Variable	2016/17 Total	2015/16 Total
Ashish Sensarma	600,000	0	600,000	500,000
Axel Dreher	475,000	0	475,000	400,000
Thomas Melzer (until July 31, 2015)	0	0	0	215,304
Total	1,075,000	0	1,075,000	1,115,304

Upon the termination of a Management Board contract, the respective member is entitled to severance pay with analogous application of the requirements of the Austrian Salaried Employees Act.

There are no pension fund agreements or defined benefit commitments for active Management Board members at Wolford AG. Expenses of € 0.20 million were recognized in the 2016/17 financial year for former Management Board members (2015/16: € 0.24 million).

A member of the Management Board may only take on additional duties outside the company with the approval of the Supervisory Board. This ensures that neither the time involved nor the compensation received lead to any conflict of interest with the individual's responsibilities vis-à-vis the company.

The AGM determines the compensation paid to elected Supervisory Board members and meeting allowances. The 27th AGM approved a new compensation

structure for the Supervisory Board that took effect from the 2014/15 financial year and applies until further notice.

Compensation for the function assumed and for preparing and attending four regular Supervisory Board meetings each financial year: Chairwoman € 50,000, Deputy Chairwoman € 35,000, members € 25,000.

Committee members receive the following additional compensation:

Audit Committee with two regular meetings per financial year: Chairwoman €5,500 and members €5,000 each; Strategy and Marketing Committee with two regular

meetings per financial year: Chairman €5,500 and members €5,000 each; additional meetings are remunerated with €4,000 per member and meeting.

The compensation for the year under report thus totaled € 0.19 million (2015/16: € 0.19 million) and was structured as follows:

Supervisory Board compensation in €	2016/17	2015/16
Antonella Mei-Pochtler, Chairwoman (6 Supervisory Board meetings, 2 Audit Committee meetings, 5 Presidium meetings, and 1 Strategy and Marketing Committee meeting)	73,500	74,500
Claudia Beermann, Deputy Chairwoman (6 Supervisory Board meetings, 2 Audit Committee meetings, and 5 Presidium meetings)	56,500	52,500
Lothar Reiff (6 Supervisory Board meetings and 1 Strategy and Marketing Committee meeting)	27,750	33,250
Birgit G. Wilhelm (6 Supervisory Board meetings and 1 Strategy and Marketing Committee meeting)	27,500	32,500
Total	185,250	192,750

Reference is made to the comments in the Corporate Governance Report on page 30 for information about payments made for services over and above the aforementioned Supervisory Board duties, and especially consulting services. No pension commitments have been made to Supervisory Board members at Wolford AG. Wolford AG has

concluded directors and officers (D&O) insurance with coverage of € 25 million for the members of the Supervisory and Management Boards, key employees, and the managing directors of subsidiaries. The company covers the cost of this insurance. Purchases and sales of treasury stock by members of the Management and Supervisory Boards and closely

related individuals ("directors' dealings") are made public in accordance with Article 19 of the Market Abuse Regulation and are published in the "Investor Relations" section of the Wolford AG website pursuant to the Austrian Corporate Governance Code.

Measures to Promote Women

Unlike at many other listed companies, in the 2016/17 financial year the Supervisory Board at Wolford AG already had a comparatively large share of female members, who accounted for three of the total of six members. There is nevertheless no specific plan for the promotion of women on the Management Board,

Supervisory Board, or in other key functions at the company and its subsidiaries. The best possible candidates are selected for available positions irrespective of their gender, age, religion, or ethnic origin. Many of the leading positions at Wolford AG and its subsidiaries are held by women. Attractive part-time models are

offered to mothers returning from maternity leave, thus helping them to reconcile their family and professional commitments. The Wolford Group focuses on its own points of sale, and its product line chiefly targets female customers. These factors are reflected in its workforce, in which women make up more than 80% of employees.