

M. Erthal & Co. Beteiligungsgesellschaft m.b.H., and related natural persons). Announced on March 1, 2018, this contract concerns the purchase of the majority stake (50.87%) in Wolford. Just a few days later, on May 9, 2018, Fosun announced the results of the anticipatory mandatory offer made to Wolford's shareholders. Accordingly, the offer was accepted by the bearers of 358,724 Wolford shares in total, corresponding to 7.17% of all Wolford shares in circulation. Once the associated transactions have been executed, Fosun Industrial Holdings Limited will therefore hold a 58.048% stake in Wolford AG.

Ralph Bartel, a private investor, continues to hold more than 25% of the bearer shares. Wolford AG owns almost 2% of the shares as

treasury stock, while Erste Asset Management GmbH held a 4% stake through to the end of the 2017/18 financial year. The remaining shares are held in free float by institutional and retail investors.

INVESTOR RELATIONS

As a listed company, Wolford gives high priority to communicating professionally and reliably with the financial markets. In organizational terms, this function reports directly to the Chief Financial Officer.

Wolford maintained a close dialog with retail and institutional investors once again in the past financial year. In doing so, the company adheres to the principles of continuity, equal treatment of all shareholders, and transpa-

rency and consistency of information. A wide range of communication measures provides detailed information on the company to existing shareholders and is also aimed at potential new investors. In the past financial year, one major goal was to ensure prompt and transparent communication, particularly when it comes to measures to address parties interested in taking over the stake held by the previous principal shareholders. This process was actively supported by the Management Board and the Investor Relations department.

Wolford shares are regularly covered by an analyst at Raiffeisen Centrobank. The latest reports are available on Wolford's website.

Corporate Governance at Wolford

COMMITMENT TO THE CORPORATE GOVERNANCE CODE

Wolford is convinced that carefully implemented and actively practiced corporate governance can make an important contribution to enhancing 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 in its respective versions. The current version is available at www.corporate-governance.at and at Wolford's website. The latest revision to the code, which took effect on January 1, 2018, focuses on adapting the "L-Rules" (legal compliance) to statutory requirements and

Annex 2a (basic structure of the CG report) to the revised AFRAC statement concerning corporate governance reports.

The code is based on the requirements of Austrian stock corporation, stock exchange and capital market law, the recommendations of the European Commission concerning 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 20–33) and is also available in the “Investor Relations” section of 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. 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 Market Abuse Regulation issued by the European Union requires the simultaneous and identical communication of information. Wolford consistently meets this requirement by distributing the latest company news, including information with the potential to influence its share

price, in parallel to analysts, investors and the media. This information is simultaneously published on the company website to provide private shareholders as well with equal access to the information.

One share – one vote

The company originally issued 5,000,000 no-par value common shares. By resolution of the extraordinary shareholders’ meeting on May 4, 2018, the number of shares increased to 6,719,151. 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 receives the same price for his or her Wolford shares in the event of a takeover (mandatory offer). On April 6, 2018, Fosun Industrial Holdings Limited addressed an anticipatory mandatory offer (takeover offer) to Wolford AG shareholders. To date, a total of 7.17% of Wolford’s shares (358,724 shares) has been tendered to Fosun. The current shareholder structure (subsequent to the balance sheet date on April 30, 2018) is shown on page 19 of this Annual Report.

Systematic risk management

The Management Board of Wolford AG bears overall responsibility for ensuring that an effective risk management system is in place at the company. Acting on its behalf, the central risk management function coordinates the implementation of the risk management system and ensures that this is continually updated and enhanced. This function has a direct reporting line to the Chairman of the Supervisory Board Audit Committee. The Supervisory Board of Wolford AG is respon-

sible for monitoring the effectiveness of the risk management system. This responsibility is met by the 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 potential improvements. 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.

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Porzellangasse 51, 1010 Vienna, was elected by the 30th Annual General Meeting (AGM) to audit the annual financial statements of Wolford AG and the consolidated financial statements of the Wolford Group for the 2017/18 financial year. There are no grounds for exclusion or prejudice that would be incompatible with a conscientious and objective audit by the group auditor, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft. The fees for the audit of the consolidated financial statements and related services amounted to € 0.14 million. All mandatory disclosures required by § 243a of the Austrian Commercial Code (UGB) can be found on page 56 of the Management Report.

The Management Board

Axel Dreher

Axel Dreher (born in 1965), has been a member of the Management Board since March 1, 2013, and CEO since August 1, 2017. His appointment runs through to April 30, 2021. He does not hold any supervisory board or comparable functions outside the company.

Since August 1, 2017, he has been responsible for Wolford's strategy, sales and marketing, and development, production, and logistics activities.

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, as well as further management and supervisory board positions in Hungary and India. He gained additional management experience in research and development, finance and controlling and operative 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 (born in 1974), has been a member of the Management Board since August 1, 2017. Her appointment runs through to April 30, 2021. She does not hold any supervisory board or comparable functions outside the company.

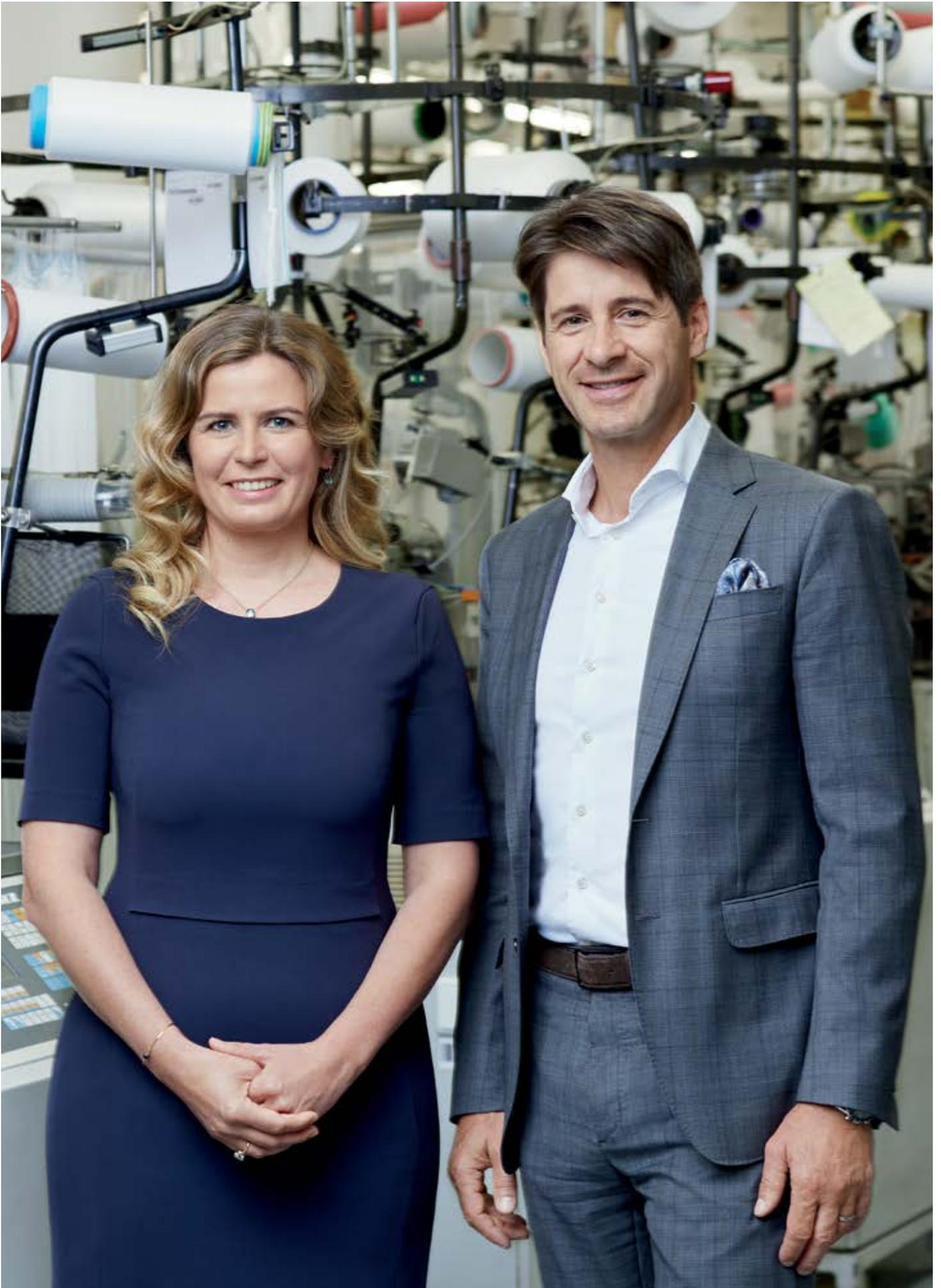
She is responsible for finance, investor relations, legal affairs, IT, and human resources and has been responsible for all finance-related topics at the Wolford Group since September 2015 (then as Director of Corporate Finance).

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 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.

Ashish Sensarma

Ashish Sensarma (born in 1959) was CEO starting on January 7, 2015, and left the company on July 31, 2017.



Brigitte Kurz and Axel Dreher

Supervisory Board Members and Committees

Supervisory Board

The Supervisory Board of Wolford AG currently comprises four members elected at the AGM and two representatives delegated by the Staff Council. The Supervisory Board held seven meetings during the 2017/18 financial year. No Supervisory Board member was

absent from more than half the meetings. Upon the conclusion of the extraordinary shareholders' meeting held on May 4, 2018, two of the members elected by the AGM (Lothar Reiff and Thomas Tschol) stood down from their positions. The extraordinary shareholders' meeting on May 4, 2018,

simultaneously appointed Dr. Junyang Shao and Thomas Dressendörfer as new members of the Wolford AG Supervisory Board.

Name	End of period in function	Diversity factors ¹	Committee membership	Supervisory Board positions or comparable functions
<p>Antonella Mei-Pochtler Supervisory Board Chairwoman from 27th AGM until 09.08.2017, independent</p> <p>First appointed: 17.09.2013</p> <p>Managing Director of Antonella Mei-Pochtler Advisory GmbH, Senior Advisor at Boston Consulting Group</p>	Originally appointed until 31st AGM (2017/18); resignation led to premature departure on 08.09.2017	Female, born in 1958, Italian	Until 09.08.2017: Chairwoman of the Presidium, the Personnel and Nomination Committee, and the Compensation Committee, and member of the Audit Committee and the Strategy and Marketing Committee	No additional positions at listed companies
<p>Claudia Beermann Deputy Supervisory Board Chairwoman from 27th AGM until conclusion of 30th AGM; Supervisory Board Chairwoman from 30th AGM until extraordinary shareholders' meeting on 04.05.2018; member of Supervisory Board since extraordinary shareholders' meeting on 04.05.2018, independent</p> <p>First appointed: 17.09.2013</p> <p>CFO of Falkensteiner Michaeler Tourism Group AG</p>	Appointed until 31st AGM (2017/18)	Female, born in 1966, German	Until 30th AGM: Member of the Presidium, the Personnel and Nomination Committee, and the Compensation Committee, and Chairwoman of the Audit Committee; since 30th AGM: Chairwoman of the Presidium, the Personnel and Nomination Committee, and the Compensation Committee and member of the Audit Committee and the Strategy and Marketing Committee; since 04.05.2018: Member of the Audit Committee	No additional positions at listed companies

Name	End of period in function	Diversity factors ¹	Committee membership	Supervisory Board positions or comparable functions
<p>Thomas Tschol Deputy Supervisory Board Chairman from 30th AGM until extraordinary shareholders' meeting on 04.05.2018, independent</p> <p>First appointed: 14.09.2017</p> <p>Managing Director of Management Factory in Vienna, CFO of Zumtobel Group AG</p>	Originally appointed until 35th AGM (2021/22); resignation led to premature departure at the extraordinary shareholders' meeting on 04.05.2018	Male, born in 1970, Austrian	From 30th AGM until extraordinary shareholders' meeting on 04.05.2018: Member of the Presidium, the Personnel and Nomination Committee, and the Compensation Committee, and Chairman of the Audit Committee	No additional positions at listed companies
<p>Lothar Reiff independent</p> <p>First appointed: 17.09.2013</p> <p>Managing Director of Lothar Reiff Consultancy</p>	Originally appointed until 31st AGM (2017/18); resignation led to premature departure at the extraordinary shareholders' meeting on 04.05.2018	Male, born in 1954, German	Chairman of the Strategy and Marketing Committee	No additional positions at listed companies
<p>Birgit G. Wilhelm independent</p> <p>First appointed: 12.09.2006</p> <p>Real estate manager</p>	Appointed until 35th AGM (2021/22)	Female, Born in 1975, Austrian	Member of the Strategy and Marketing Committee	No additional positions at listed companies
<p>Dr. Junyang Shao Supervisory Board Chairman since extraordinary shareholders' meeting on 04.05.2018, independent</p> <p>First appointed: 04.05.2018</p> <p>Managing Director of the Fosun Fashion Group, Managing Director of the Koller Group</p>	Appointed until 35th AGM (2021/22)	Female, born in 1981, Chinese	Since extraordinary shareholders' meeting on 04.05.2018: Chairman of the Presidium, the Personnel and Nomination Committee, the Compensation Committee, and the Strategy and Marketing Committee	Supervisory Board member at Tom Tailor Holding SE
<p>Thomas Dressendörfer Deputy Supervisory Board Chairman since extraordinary shareholders' meeting on 04.05.2018, independent</p> <p>First appointed: 04.05.2018</p> <p>CFO of Tom Tailor Holding SE</p>	Appointed until 31st AGM (2017/18)	Male, born in 1958, German	Since extraordinary shareholders' meeting on 04.05.2018: Member of the Presidium, the Personnel and Nomination Committee, the Compensation Committee, and Chairman of the Audit Committee	No additional positions at listed companies
<p>Anton Mathis² Independent</p> <p>First appointed: 16.12.1999</p>		Male, born in 1960, Austrian	Member of the Audit Committee (until 04.05.2018) and of the Strategy and Marketing Committee	No additional positions at listed companies
<p>Christian Medwed² Independent</p> <p>First appointed: 18.05.2017</p>		Male, born in 1979, Austrian	Member of the Audit Committee (since 04.05.2018)	No additional positions at listed companies

¹ Diversity factors include gender, age (year of birth), and nationality.

² Delegated by the Staff Council.

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

In the 2017/18 financial year, the **Presidium** comprised the Supervisory Board Chairwoman Claudia Beermann and her Deputy Thomas Tschol (until August 9, 2017: Antonella Mei-Pochtler and Claudia Beermann). Since the extraordinary shareholders' meeting held on May 4, 2018, the Presidium has comprised Dr. Junyang Shao and Thomas Dressendörfer. The Presidium represents the company's interests in all matters related to the Management Board.

The Presidium held one meeting in the 2017/18 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 requirements 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 annual 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 of the auditor. In the 2017/18 financial year, the Audit Committee comprised Claudia Beermann (Chairwoman through to the 30th AGM), Antonella Mei-Pochtler (until September 8, 2017), Thomas Tschol (Chairman since the 30th AGM), and Anton Mathis. Since the extraordinary shareholders' meeting held on May 4, 2018, the Audit Committee has comprised Thomas Dressendörfer (Chairman), Claudia Beermann, and Christian Medwed.

The Audit Committee met twice in the 2017/18 financial year and primarily dealt with the following issues:

- The auditor's report on the audit of the annual financial statements for the 2016/17 financial year
- The preparation of a recommendation to the Supervisory Board for the selection of the (group) auditor for the 2017/18 financial year
- The company's performance in the first half of 2017/18
- The report by the Management Board on risk management at the Group.

The **Strategy and Marketing Committee** comprised the following members in the 2017/18 financial year: Lothar Reiff (Chairman), Antonella Mei-Pochtler (until September 8, 2017), Claudia Beermann (from the 30th AGM), Birgit Wilhelm, and Anton Mathis. Since the extraordinary shareholders' meeting held on May 4, 2018, the Strategy and Marketing Committee has comprised Dr. Junyang Shao (Chairwoman), Birgit Wilhelm, and Anton Mathis. This committee held two meetings in the 2017/18 financial year and mainly dealt with the topics of marketing strategy and marketing organization.

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 catalogue 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 treatment 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 aspect 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 and therefore influence the behavior of the respective Supervisory Board member. The company maintained a business relationship on customary market terms with one member of the Supervisory Board. Following the departure of the company's creative manager at her own request at the beginning of the 2017/18 financial year, Lothar Reiff advised the company for its shooting of the photo campaign for the autumn/winter collection 2018/19 and in designing its collection. He also

accompanied the search for a new Head of Design. A fee of € 118,400 – consistent with market standards – was invoiced commensurate with the services 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 determining the criteria used to assess the independence of its members, the Supervisory Board is guided by the independence guidelines set out in the Corporate Governance Code (Annex 1).

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 Supervisory Board members appointed met and meet this responsibility in full. Since the extraordinary shareholders' meeting on May 4, 2018, Wolford AG has had a free-float component of less than 20%. In the 2017/18 financial year (free-float component of more than 20% and less than 50%), the Supervisory Board included at least three members (Antonella Mei-Pochtler until September 8, 2017, and Thomas Tschol from September 14, 2017, Claudia Beermann, and Lothar Reiff) who were neither share-

holders 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 based on 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 Corporate Governance Code

C-Rule 18, Question 1

The internal audit department is not (no longer) established as a Management Board staff office. In the course of restructuring the company, the responsibilities of the internal audit department were allocated to other company departments. This is intended to enhance their integration into company structures and thus seize associated opportunities to continually and sustainably improve internal company processes. 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 taken by the Management and Supervisory Boards.

C-Rule 27, Question 2

Variable compensation components are linked only to measurable, sustainable, long-term, and multiyear performance criteria in the case of the CEO and do not provide incentives to take inappropriate risks, as the appointment of the CFO was limited to a term of 15 months.

C-Rule 27, Question 3

The variable compensation does not take into account 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 2017/18 financial year. This decision was taken because identifying a new principal shareholder would require substantial additional time input and would result in changes in the composition of the Supervisory Board.

C-Rule 39, Question 2

The Supervisory Board is only permitted to take decisions with the votes of all its members. Given its size, however, the Supervisory Board is at all times able to take 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 taken by the Supervisory Board.

C-Rule 62, Question 1

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 duties. A separate review by an

external institution would not produce any different results and would only create avoidable costs. The decision in favor of exclusively performing an internal audit of compliance with the C-Rules was taken by the Management Board following agreement with the Supervisory Board.

C-Rule 81 a, 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 taken 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 took this decision in agreement with the Management Board. However, the auditor issued a management letter that reports on select aspects of the internal con-

trol system in respect of 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 in which it addressed the findings of the company's risk management activities. In addition, there is a direct reporting line from the employees responsible for internal audit to the Chairman 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 Wolford 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 Wolford'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 Wolford'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 stands up to comparison 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 retroactively 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 the compensation customary to the sector in which it operates.

The variable component of compensation for Axel Dreher is based on the ratio of profit 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 Axel Dreher 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 profit before tax to revenues. As of April 30, 2015,

Axel Dreher was allocated 80,000 stock appreciation rights ("SARs"). 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 a maximum gross amount of € 1.2 million for Axel Dreher. Due to non-achievement of the parameters, no payment is due in connection with this program.

Participation in the LTI program requires the individual Management Board member to make a personal investment in company shares. This condition was met by Axel Dreher, who acquired 4,744 company 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). Axel Dreher was required to hold this personal investment in the form of the

shares acquired through to the end of the 2017/18 financial year.

The variable portion of Management Board compensation paid to Brigitte Kurz is based on the implementation of the restructuring program.

Total current compensation of the Management Board members for the 2017/18 financial year amounted to € 0.97 million (2016/17: € 1.08 million). Of this total, 90% involved fixed compensation (2016/17: 100%) while 10% involved variable compensation (2016/17: 0%). 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%).

Management Board compensation in €	2017/18 Fixed	2017/18 Variable	2017/18 Total	2016/17 Total
Axel Dreher	525,000	0	525,000	475,000
Brigitte Kurz (since August 1, 2017)	187,500	96,000	283,500	0
Ashish Sensarma (until July 31, 2017)	162,500	0	162,500	600,000
Total	875,000	96,000	971,000	1,075,000

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 2017/18 financial year for former Management Board members (2016/17: € 0.20 million).

Members 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 on behalf of the company.

The AGM determines the compensation paid to elected Supervisory

Board members as well as meeting allowances. The 27th AGM approved a new compensation structure for the Supervisory Board that took effect in 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: Chair(wo)man: € 50,000; Deputy Chair(wo)man: € 35,000; members: € 25,000.

Committee members receive the following additional compensation:

- Audit Committee with two regular meetings per financial year: Chair(wo)man: € 5,500 and members: € 5,000 each
- Strategy and Marketing Committee with two regular meetings per financial year: Chair(wo)man: € 5,500 and members: € 5,000 each
- Attendance at unscheduled meetings is compensated with € 4,000 per member and meeting.

Furthermore, a fixed allowance of € 4,000 was paid to each active member of the Supervisory Board in the past financial year as compensation for their participation in various conference calls and unscheduled Supervisory Board meetings in connection with the M&A and restructuring processes.

The compensation for the year under report totaled € 0.19 million (2016/17: € 0.19 million) and was structured as follows:

Supervisory Board compensation in €	2017/18	2016/17
Antonella Mei-Pochtler, Chairwoman (prorated compensation from May to August: 3 Supervisory Board meetings, 1 Audit Committee meeting, and 1 Strategy and Marketing Committee meeting)	21,668	73,500
Claudia Beermann, Deputy Chairwoman (prorated compensation from May to August: 3 Supervisory Board meetings and 1 Audit Committee meeting = € 14,418); Chairwoman (prorated compensation from September to April: 4 Supervisory Board meetings, 1 Audit Committee meeting, 1 Presidium meeting, and 1 Strategy and Marketing Committee meeting = € 46,336)	60,754	56,500
Thomas Tschol, Deputy Chairman (prorated compensation from September to April: 3 Supervisory Board meetings, 1 Audit Committee meeting, and 1 Presidium meeting)	34,086	
Lothar Reiff (7 Supervisory Board meetings and 2 Strategy and Marketing Committee meetings)	34,500	27,750
Birgit G. Wilhelm (7 Supervisory Board meetings and 2 Strategy and Marketing Committee meetings)	34,000	27,500
Total	185,008	185,250

Reference is made to the comments in the Corporate Governance Report on page 27 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 Woford AG.

Woford 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 Woford AG website pursuant to the Austrian Corporate Governance Code.

Diversity Concept and Measures to Promote Women

Mutual respect, diversity, and inclusivity are integral and indispensable components of the corporate culture at Wolford AG and are taken into consideration when identifying candidates for all functions at the company. With regard to the candidates proposed to the Annual General Meeting for election to the Supervisory Board and the nomination of Management Board members, the company pays due attention to achieving a balance in terms of specialist skills and diversity. After all, this can play a key role in ensuring the professionalism and effectiveness of the activities of the Supervisory and Management Boards. Alongside specialist and personal qualifications, the company also takes into account criteria such as the age, background, gender, professional training, and previous experience of potential candidates.

At the end of the 2017/18 financial year, the Supervisory Board of Wolford AG comprised four members, of which two were women and two men. Two Supervisory Board members have non-Austrian nationalities.

As of the balance sheet date, the Supervisory Board members were aged between 42 and 64. In terms of their professional skills, they covered areas including business administration, law, marketing, and design. Furthermore,

they can contribute experience gained in a variety of industries including fashion, hotels, and real estate, as well as in corporate restructuring.

The Management Board of Wolford AG comprised one male member (aged 53) and one female member (aged 43) at the end of the 2017/18 financial year. One member, namely the CEO, has non-Austrian roots. The Management Board members together have business administration and production expertise, as well as longstanding management experience gained both within the Group and in other industries.

Unlike at many other listed companies, three out of the four Supervisory Board members at Wolford AG in the 2017/18 financial year were women (after September 8, 2017: two). This corresponds to a female quota of 75% (66% after September 8, 2017, and 50% after September 14, 2017). Since August 2017, the Management Board of Wolford AG has been 50% female.

Women made up around 45% of the extended management team in the 2017/18 financial year. The company nevertheless does not have any specific plan for the promotion of women on the Management Board, Supervisory Board, or in other key functions at the company or 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 options are offered to mothers returning from maternity leave, thus helping them to honor both their family as well as 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.

Events After the Balance Sheet Date

At the extraordinary shareholders' meeting held on May 4, 2018, it was decided to increase the company's share capital by € 12,498,227.77, from €36,350,000 to €48,848,227.77, by issuing 1,719,151 new common bearer shares. Furthermore, Dr. Junyang Shao and Thomas Dressendörfer were appointed at the meeting as Supervisory Board members.

The same day witnessed the closing of the share purchase agreement concluded between Fosun Industrial Holdings Limited and the previous principal shareholder group (WMP Familien-Privatstiftung, Sesam Privatstiftung, and M. Erthal & Co. Beteiligungsgesellschaft m.b.H., as well as related natural persons) and dated March 1, 2018.

On May 9, 2018, Fosun Industrial Holdings Limited published the results of the anticipatory manda-

tory offer (takeover offer) made to acquire all outstanding shares in Wolford AG. Accordingly, the offer was accepted by the bearers of 358,724 Wolford shares in total, corresponding to 7.17% of all Wolford shares in circulation. Once the associated transactions have been executed, Fosun Industrial Holdings Limited will therefore hold 2,902,418 shares, corresponding to a 58.048% stake in Wolford AG. For Wolford shareholders who have not yet accepted the offer made by Fosun Industrial Holdings Limited during this acceptance period, the period will be extended pursuant to § 19 (3) No. 1 of the Austrian Takeover Act (ÜbG) by a further three months ("additional acceptance period") from the date on which the results of the takeover offer were announced.

On June 18, 2018, the Management Board of Wolford AG decided to execute the capital increase

resolved by the extraordinary shareholders' meeting on May 4, 2018. The subscription price amounts to € 12.80 per share and the subscription ratio comes to 20:7 (20 subscription rights entitle their bearer to subscribe 7 new common shares). One subscription right is granted for each existing Wolford AG share held.

On June 22, 2018, the Supervisory Board of Wolford AG decided to extend the Management Board contracts with Axel Dreher (CEO) and Brigitte Kurz (CFO), which were due to expire on October 31, 2018, until April 30, 2021.

Supervisory Board Report

The Supervisory and Management Boards held seven meetings in the year under report, at which they held in-depth discussions about the company's business situation, the implementation of its restructuring program, and about major events. At all of these meetings and

in its regular reporting, the Management Board provided the Supervisory Board with detailed information about the business and financial situation of the Group and its investments, as well as about its personnel situation. Special developments were also reported.

The committees dealt with individual topics in greater detail and subsequently reported to the Supervisory Board. The Supervisory Board Presidium received regular reports from the Management Board on the latest business developments. The Audit Committee