

PROPOSALS OF THE SUPERVISORY BOARD FOR THE RESOLUTIONS OF THE 2nd ANNUAL GENERAL MEETING OF FACC AG ON JULY 15, 2016 ON THE AGENDA ITEMS PURSUANT TO SECTION 108 OF THE STOCK CORPORATION ACT

- 1. Presentation of the approved financial statements including the management report, the consolidated financial statements including the group management report, the corporate governance report, the proposal for the use of the net profit and the report of the Supervisory Board for the fiscal year 2015/16**

No resolution is required in respect of this agenda item.

- 2. Resolution regarding the discharge from liability of the members of the Board of Directors for the fiscal year 2015/16**

In 2016 the following changes of the Board of Directors occurred: On February 2, 2016 the Supervisory Board of the Company delegated Mr. Yongsheng Wang, with immediate effect, as interim member to the Board of Directors after the revocation of the chief financial officer Ms. Minfen Gu. Mr. Walter Stephan was revoked as member of the Board of Directors on May 24, 2016, with immediate effect, for good cause.

The Supervisory Board proposes that discharge from liability shall not be granted to all members of the Board of Directors for the fiscal year 2015/16.

It has not yet been finally clarified whether and to which extent the directors' and officers' liability insurance (D&O insurance) will cover the damage which the Company has suffered in connection with the Fake President Incident. Precondition for D&O insurance coverage are damage claims of the Company against one or more of its Board members. As long as the damage claims and the insurance coverage are not settled, discharge from liability would be prejudicial and is not recommended for now. Once the investigations relating to the Fake President Incident and the D&O insurance coverage have been completed, the discharge of the members of the Boards for the fiscal year 2015/2016 may be addressed again.

- 3. Resolution regarding the discharge from liability of the members of the Supervisory Board for the fiscal year 2015/16**

The Supervisory Board proposes that discharge from liability shall not be granted to all members of the Supervisory Board for the fiscal year 2015/16, namely Mr.

Ruguang Geng, Mr. Jun Tang, Mr. Xuejun Wang, Mr. Chunsheng Yang, Mr. Yanzheng Lei, Mr. Weixi Gong, Mr. Yongsheng Wang, Mr. Gregory B. Peters, Ms. Barbara Huber, Mr. Johann Redhammer, Ms. Ulrike Reiter, Mr. Peter Krohe and Mr. Birol Mutlu.

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4. Resolution regarding the remuneration of the members of the Supervisory Board for the fiscal year 2015/16

The Supervisory Board proposes pursuant to section 18 of the articles of association that a total remuneration of EUR 133,100 be granted to the members of the Supervisory Board for the fiscal year 2015/16. The allocation of the total remuneration among the members of the Supervisory Board shall be determined by the Supervisory Board.

5. Elections to the Supervisory Board

Pursuant to Article 11.1 of the Articles of Association the Supervisory Board shall consist of three to ten members elected by the general meeting (shareholder representatives) excluding employees' representatives pursuant to Section 110(1) of the Austrian Labor Constitution Act (*Arbeitsverfassungsgesetz*). The shareholder FACC International Company Limited has not exercised its right to delegate members to the Supervisory Board pursuant to Article 11.2 of the Articles of Association.

The Supervisory Board consisted of eight members elected by the general meeting. In 2016 the following changes in the composition of the Supervisory Board occurred: Due to the delegation of Mr. Yongsheng Wang as interim member to the Board of Directors Mr. Yongsheng Wang cannot serve as a member of the Supervisory Board as long as he is a member of the Board of Directors. Mr. Gregory B. Peters resigned on May 30, 2016 as member of the Supervisory Board with immediate effect. The Supervisory Board currently consists of six – instead of eight as in the past – members (as shareholder representatives) and four employees' representatives.

In order to maintain the previous number of shareholder representatives in the Supervisory Board the Supervisory Board proposes to elect pursuant to Article 12.2 of the Articles of Association for the remaining tenure of the resigned supervisory board member George Maffeo as member of the Supervisory Board of the Company until the annual general meeting resolving on the discharge from liability for the fiscal year 2017/2018.

The candidate for the election to the Supervisory Board has made the declaration pursuant to Section 87(2) of the Austrian Stock Corporation Act, which is also available on the website of the Company (www.facc.com).

This proposal is made in accordance with § 87 para 2a AktG in adequate consideration of the professional and personal qualifications of the supervisory board members, the professionally balanced composition of the supervisory board, and its diversity.

With effect as of December 1, 2016 Mr. Yongsheng Wang will resume his function as member of the Supervisory Board, which was suspended for the duration of his delegation to the Board of Directors.

6. Election of the auditors of the financial statements and the consolidated financial statements for the fiscal year 2016/2017

The Supervisory Board proposes the election of Ernst & Young Wirtschaftsprüfungs GmbH, Linz, as auditors of the financial statements and the consolidated financial statements for the fiscal year 2016/17.

The Supervisory Board of FACC AG



Geny Ruguang