

Corporate governance report (pursuant to § 243c Austrian Commercial Code)

Commitment to the Austrian Code of Corporate Governance

Burgenland Holding Aktiengesellschaft is an Austrian public limited company and is listed on the Vienna Stock Exchange. In addition to the applicable regulations of the Austrian law, in particular the Stock Corporation Act and Capital Markets Act, corporate governance is based on the By-Laws of Burgenland Holding Aktiengesellschaft, the Austrian Code of Corporate Governance (ACCG) – see www.corporate-governance.at – and the rules of procedure of the corporate bodies.

The Executive Board and Supervisory Board of Burgenland Holding Aktiengesellschaft are committed to the principles of good corporate governance and thus meet the expectations of national and international investors with regard to responsible, transparent and long-term oriented corporate management and control. With effect from 13 March 2020, Burgenland Holding Aktiengesellschaft has fully submitted to the ACCG in its version of January 2020.

The standards of the ACCG are subdivided into three groups: The first category (Legal Requirements) is based exclusively on mandatory legal provisions and has to be applied by all listed Austrian companies and is also fulfilled to the letter by Burgenland Holding Aktiengesellschaft. Non-compliance with C-Rules (Comply-or-Explain) is possible, but has to be justified publicly. Burgenland Holding Aktiengesellschaft is posting such declarations in this report as well as on its homepage. R-Rules, by contrast, are of purely recommendatory character and deviations do not require any explanation.

As there is no obligation to prepare consolidated group accounts, IFRS are not applicable. Reporting is effected pursuant to applicable Austrian Financial Reporting requirements; Rules 65, 66, 69 and 70 of the ACCG are not applied.

The remuneration policy and the remuneration report on the remuneration of the members of the Executive Board and Supervisory Board must be submitted to the Annual General Meeting and are therefore no longer included in the corporate governance report.

The Executive Board and the Supervisory Board of Burgenland Holding Aktiengesellschaft declare, subject to the deviations listed below, together with their reasons, that they fully observe and comply with the C-rules of the ACCG; even with R-Rules, there are only isolated deviations. The corporate governance report of Burgenland Holding Aktiengesellschaft is available at www.buho.at/corporate-governance-report.

Deviations from C-Rules

Due to the special character of the Company, Burgenland Holding Aktiengesellschaft deviates from the following C-Rules of the ACCG:

Rule 16: No member of the Executive Board was elected Chairman. The Company is a holding with a minor extent of operating business activities. Given a two-member Executive Board, appointing a Chairman of the Executive Board would also entail certain disadvantages. Therefore, the Supervisory Board chose not to make such appointment. As this is not subject to any temporal restrictions, changes can be made at any time. The Executive Board acts as a collegial body and has always adopted its resolutions unanimously. For the reasons stated above, the rules of procedure for the Executive Board, which govern the details of the cooperation of the Executive Board, do not provide for an allocation of responsibilities.

Rule 18: Burgenland Holding Aktiengesellschaft is contractually integrated into the audit and risk management system and the internal control system of EVN AG, which can be accessed at any time. In view of the low complexity and size of the company and the need for maximum efficiency in administration, a separate audit plan is not considered necessary and the existing controls are deemed adequate by the Executive Board. Moreover, Energie Burgenland AG has set up its own audit system.

Rule 27: No written contracts were concluded with members of the Executive Board; the remuneration was determined by resolution. The remuneration of the Executive Board does not contain any variable components. The size of the company, the limited scope for structuring income from investments and the secondary nature of the activity argue in favour of a simplified remuneration scheme. The Supervisory Board has therefore not made use of a corresponding anchorage. There is no time limit; changes can be made at any time by mutual agreement.

Rules 27a to 31: As the Executive Board only receives a fixed remuneration and there are no executives in the Burgenland Holding Aktiengesellschaft, rules 27a to 31 are of limited application.

Rule 37: The Chairman of the Supervisory Board communicates with the entire Executive Board. The company is a holding company with a small volume of operating activities. The Supervisory Board has therefore not currently made use of the option to appoint a Chairman of the Executive Board (see the explanatory statement to Rule 16). There is no time limit; a change is possible at any time. The coordination of strategy, business development and risk management with the Executive Board as a whole functions smoothly in view of the manageable number of business transactions.

Rule 39: There is no separate committee of the Supervisory Board for decisions in urgent cases. The requirement for urgent decisions by the Supervisory Board is covered by circular resolutions and appears to be sufficient in view of the small volume of business of the company. The Supervisory Board can set up additional committees at any time.

Rule 83: On the basis of the documents submitted and the documentation made available, the auditor must assess the effectiveness of the risk management system and report to the Executive Board. As explained above, Burgenland Holding Aktiengesellschaft is contractually integrated into the audit and risk management system and the internal control system of EVN AG. The auditor's audit therefore also covered the functionality of the audit and risk management system of EVN AG.

Corporate bodies

Executive Board

Klaus Kohlhuber

Born in 1972, Doctor iuris, heads the Secretariat General and Investment Management of EVN AG; seats on executive boards in Austrian and foreign Group companies; member of the Executive Board of Burgenland Holding Aktiengesellschaft since 2011.

Initial appointment: 5 September 2011
End of current term: 4 September 2021

In accordance with the disclosure required by Rule 16 of the ACCG, he holds three Supervisory Board mandates in other companies.¹⁾

Nikolaus Sauer

Born in 1969, Magister iuris, Senior officer at Wasserleitungsverband Nördliches Burgenland, Member of the Executive Board of Burgenland Holding Aktiengesellschaft since 2008 and Managing Director of WLV GmbH.

Initial appointment: 25 February 2008
End of current term: 24 February 2023

No Supervisory Board mandates or comparable functions pursuant to Rule 16 of the ACCG.

In the reporting period expenses for each of the members of the Executive Board amounted to EUR 4,400.00, totalling EUR 8,800.00 (previous year total Executive Board: TEUR 8.8).

Members of the Supervisory Board²⁾

Name (year of birth)	Appointment	Other functions	Independence Rule 53 ³⁾
Stefan Szyszkowitz (1964) Chairman	from 11.03.2011	Spokesman of the Executive Board of EVN AG, Supervisory Board member of VERBUND AG and Austrian Post AG	yes
Franz Mittermayer (1958) Vice Chairman	from 16.03.2018	Member of the Executive Board of EVN AG	yes
Michael Amerer (1963)	from 31.03.2005	Managing Director of VERBUND Hydro Power GmbH	yes
Rita Heiss (1969)	from 16.03.2018	Divisional Manager Finance and Accounting of Flughafen Wien AG	yes
Johannes Lang (1973)	from 20.03.2015	Head of Group Accounting of EVN AG	yes
Jörg Sollfelner (1974)	from 18.03.2016	Managing Director of ENERGIEALLIANZ Austria GmbH	yes
Ute Teufelberger (1977)	from 21.03.2014	Business segment Energy of EVN AG	yes
Norbert Wechtl (1972)	from 15.03.2019	Head of Legal and Public Affairs of EVN AG	yes
Peter Weinelt (1966)	from 16.03.2018	Managing Director of WIENER STADTWERKE GmbH, Supervisory Board member of VERBUND AG	yes

1) EVN Macedonia AD, Netz Niederösterreich GmbH, EVN Home DOO

2) The term of the members of the Supervisory Board elected by the Annual General Meeting ends upon conclusion of the Annual General Meeting deciding the 2022/23 business year.

3) The freefloat of Burgenland Holding Aktiengesellschaft is about 7%. Rule 54 therefore does not apply.

Committees of the Supervisory Board

Both, the Audit Committee and the Personnel Committee consist of the following members of the Supervisory Board:

Stefan Szyszkowitz (Chairman and Remuneration Expert),
Franz Mittermayer (Vice Chairman),
Johannes Lang (Financial Expert) and
Norbert Wechtl.

Management of the Company by the Executive Board

The Executive Board of Burgenland Holding Aktiengesellschaft consists of two members. The Executive Board must manage the company under its own responsibility in such a way as is required by the object and welfare of the company, taking into account the interests of the shareholders and the public interest. Its actions are based on the statutory provisions, in particular those relating to stock corporation, stock exchange and company law, as well as the Articles of Association and the rules of procedure for the Executive Board adopted by the Supervisory Board. Important rules of conduct can also be found in the ACCG.

In matters requiring approval, which are defined as such by law or by a resolution of the Supervisory Board, the Executive Board must obtain the consent of the Supervisory Board. The rules of procedure contain a detailed catalogue of such matters.

Reporting duties of the Executive Board

The Executive Board must report to the Supervisory Board in accordance with the provisions of organisational law; the same applies to the committees of the Supervisory Board. The reporting duties of the Executive Board include, in particular, quarterly reports on the business situation of the company as well as information on important matters relating to the affiliated companies.

Communication between the Executive Board and the Supervisory Board takes place within the framework of the meetings of the Supervisory Board, its committees and as required. In addition, there is ongoing coordination between the Executive Board and the Chairman of the Supervisory Board with regard to matters that fall within the remit of the Supervisory Board. This includes in particular the preparation of meetings.

Shareholders and Annual General Meeting

Shareholders exercise their rights at the Annual General Meeting of shareholders and vote there. Each share in Burgenland Holding Aktiengesellschaft entitles the holder to one vote. There are no shares with multiple or preferential voting rights. Decisions defined by law or the Articles of Association are reserved to the Annual General Meeting. It votes on the appropriation of the balance sheet profit as well as on the discharge of the members of the Executive Board and the Supervisory Board and elects the auditor and the members of the Supervisory Board. Proposals for amendments to the Articles of Association and planned capital measures must also be submitted to it for decision. The voting results and the agenda of the 31st Annual General Meeting of Burgenland Holding Aktiengesellschaft on 13 March 2020 can be viewed on the website of Burgenland Holding Aktiengesellschaft (www.buho.at/Annual-General-Meeting).

Clear separation of company management and supervision

The Austrian Stock Corporation Act prescribes a two-tier governance system. It provides for a clear separation of members of the executive body (executive board) and monitoring body (supervisory board). Simultaneous membership in both bodies is not admissible.

Supervisory Board

As of 30 September 2020, the Supervisory Board of Burgenland Holding Aktiengesellschaft comprises a total of nine members elected by the Annual General Meeting. The Supervisory Board is headed by the Chairman and a Vice Chairman, which the Supervisory Board elects from within its own members.

The independence of the individual members of the Supervisory Board according to Rule 53 of the ACCG can be seen from the list on page 6. The Supervisory Board exercises its functions in accordance with the provisions of the Austrian Companies Act as well as the Company By-Laws. Furthermore, its actions are based on the Rules of Procedure for the Supervisory Board as well as the ACCG.

In particular, the Supervisory Board is charged with supervising the Executive Board, from which it can request a report on Company matters at any time. The range of transactions requiring consent by law (§ 95 Austrian Stock Corporation Act) can be expanded by resolutions of the Supervisory Board. Such a catalogue can be found in relevant Rules of Procedure for the Executive Board and the Supervisory Board.

Independence of the Supervisory Board

A member of the Supervisory Board shall be deemed independent if he or she has no business or personal relations with the company or its Executive Board which would constitute a material conflict of interest and thus could influence the member's behaviour. In case such a conflict exists, the ACCG provides for transition periods of several years.

The guidelines concerning the independence of the elected members of the Supervisory Board therefore stipulate that the Supervisory Board member

1. shall not have any business or personal relations with Burgenland Holding Aktiengesellschaft or its Executive Board which would constitute a material conflict of interest and thus could influence the member's behaviour;
2. shall not have served as a member of the Executive Board or as an executive of Burgenland Holding Aktiengesellschaft in the past five years;
3. shall not maintain or have maintained in the past year any business relations with Burgenland Holding Aktiengesellschaft of significant extent. This shall also apply to relationships with companies in which the Supervisory Board member has a considerable economic interest, but shall not apply to the exercise of functions pertaining to corporate bodies within the Group. The approval of individual transactions by the Supervisory Board according to L-Rule 48 of the ACCG does not automatically qualify the person as not independent;
4. shall not have been auditor of Burgenland Holding Aktiengesellschaft or have owned a share in or worked for the auditing company in the past three years;
5. shall not be a member of the executive board of another company in which a Executive Board member of Burgenland Holding Aktiengesellschaft is a supervisory board member;
6. shall not serve or have served on the Supervisory Board for more than 15 years. This shall not apply to members of the Supervisory Board who are shareholders with an entrepreneurial investment or represent the interests of such a shareholder.
7. shall not be a close relative (direct offspring, spouse, partner, parent, uncle, aunt, sibling, niece, nephew) of an Executive Board member or of persons in one of the aforementioned positions.

Focus of activities of the Supervisory Board

The Supervisory Board held four plenary meetings during the reporting period as well as two circular resolutions which are duties and powers required by law and the Articles of Association perceived. Among the key decisions of the Supervisory Board is – in addition to the adoption of the annual financial statements 2018/19 and the approval of the budget 2020/21 – the disposition of the dividend and above all the determination of the Voting behaviour of company representatives at general meetings of Energie Burgenland AG.

The Supervisory Board decided on a selection procedure for the auditor of the annual financial statements of Burgenland Holding Aktiengesellschaft for the 2020/21 financial year and subsequent years, instructed the Audit Committee to carry it out and decided to submit a proposal to the Annual General Meeting for resolution.

The ACCG in the revised version of January 2020 came into force for Burgenland Holding Aktiengesellschaft with effect from 13 March 2020.

Each year, the Supervisory Board examines the efficiency of its activities, in particular its organisation and working methods. This self-evaluation is carried out on the basis of a written questionnaire followed by an oral discussion.

The Supervisory Board took note of the report on the current implementation of Regulation (EU) No. 596/2014 (Market Abuse Regulation) and the report on precautions to combat corruption in the company in accordance with Rule 18a of the ACCG. In addition, the Supervisory Board again addressed possible conflicts of interest and did not identify any conflicts. At the meetings of the Supervisory Board, the attendance rate of all Supervisory Board members averaged 80.6%. One member of the Supervisory Board did not personally attend more than half of the meetings of the Supervisory Board in fiscal 2019/20.

Functioning of the Committees of the Supervisory Board

The Supervisory Board performs its duties in plenary session unless individual matters are assigned to committees of the Supervisory Board which prepare negotiations and resolutions on its behalf, monitor the implementation of its resolutions or decide on matters specifically assigned by the Supervisory Board. The following committees are currently established in the Supervisory Board of Burgenland Holding Aktiengesellschaft, each consisting of four elected members of the Supervisory Board:

The **Audit Committee** performs the following tasks:

- monitoring the accounting process as well as providing recommendations or suggestions to safeguard its reliability;
- monitoring the effectiveness of the internal control system, and of the internal audit system, if applicable, and the Company's risk management system;
- monitoring the audit, taking into account findings and conclusions in the reports of the audit regulatory body;
- examining and monitoring the independence of the auditors, especially with regard to additional services provided for the audited company; furthermore, Art. 5 (5) of Audit Regulation (EU) 537/2014 has to be observed;
- reporting to the Supervisory Board on the result of the audit and outlining how the audit contributed to the reliability of financial reporting as well as the Audit Committee's role in this context;
- auditing the annual accounts and preparing its adoption, examining of the proposal for the distribution of profits, the management report and, if applicable, of the corporate governance report as well as reporting to the Supervisory Board about the findings of the audit;
- carrying out the process of selecting the auditor with regard to appropriate fees as well as recommending the appointment of such auditor to the Supervisory Board; Art. 16 of Audit Regulation (EU) 537/2014 shall apply here.

The Audit Committee includes the financial expert required by law and Rule 40 of the ACCG. The members of the Audit Committee are all familiar with the sector in which the Company operates. The audit committee of the supervisory board met six times in the 2019/20 financial year. The annual financial statements as of 30 September 2019 including notes and management report, as well as the corporate governance report were discussed. The auditor's report on the audit of the annual financial statements and the audit process were also discussed.

The Audit Committee took note of the report on the valuation of transactions concluded in the ordinary course of business and at arm's length (section 95a (6) of the Austrian Stock Corporation Act), conducted a procedure for selecting the auditors for the annual financial statements for the 2020/21 and subsequent years and made a recommendation to the Supervisory Board for their appointment. The Audit Committee also approved non-audit services and tax consultancy services provided by the auditors.

The **Personnel Committee** performs the duties of a nomination and remuneration committee and deals with personnel matters relating to the members of the Executive Board, including succession planning. The Personnel Committee is responsible for all matters relating to the relationship between the company and the members of the Executive Board, unless the full Supervisory Board has mandatory responsibility. As the Supervisory Board's remuneration committee, the Personnel Committee includes one member who has knowledge and experience in the field of remuneration policy (Rule 43 ACCG). There were no meetings or resolutions of the Personnel Committee in the reporting period.

Contracts of members of the Supervisory Board requiring consent (Rule 48): In the 2019/20 financial year, no contracts were concluded with EVN AG, in which several members of the Supervisory Board have a substantial economic interest, for a remuneration that is not merely insignificant.

From previous years, the following contracts with EVN AG, in which several members of the Supervisory Board have a substantial economic interest, were concluded for a not insignificant fee:

Most of the company's cash and cash equivalents were invested with EVN AG until the middle of the financial year under an investment agreement with a commitment period of several months; total income in the 2019/20 financial year amounted to EUR 7,866.13.

As the company does not employ any staff of its own, the administration of the company is handled via service relationships which include, for example, the areas of accounting, legal affairs, controlling, cash management and investment management; the total net remuneration in the 2019/20 financial year was EUR 109,150.00.

The company is part of a group of companies as defined in § 9 of the Austrian Corporation Tax Act (KStG) with NÖ Landes-Beteiligungsholding GmbH as the group parent. On the basis of a group and tax equalisation agreement with EVN AG, a tax allocation of EUR 55,754.62 was booked in favour of Burgenland Holding Aktiengesellschaft in the 2019/20 financial year.

Directors' Dealings (Rule 73): In the 2019/20 financial year, no purchase transaction concerning shares in Burgenland Holding Aktiengesellschaft by persons who perform manage-

ment functions at Burgenland Holding Aktiengesellschaft or persons closely related to them pursuant to Article 19 of the Market Abuse Ordinance was reported to Burgenland Holding Aktiengesellschaft or the Financial Market Authority.

Measures to promote women on the Executive Board, the Supervisory Board and in executive positions

As the company does not employ its own staff or senior executives, no specific promotion measures are planned in these areas; corresponding changes can only take place in terms of appointments to executive bodies. No new appointments were made to the Executive Board or the Supervisory Board in the past financial year.

Eisenstadt, 16 November 2020



Klaus Kohlhuber
Member of the
Executive Board



Nikolaus Sauer
Member of the
Executive Board