

Corporate governance report¹⁾

Commitment to the Austrian Code of Corporate Governance

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

The Executive Board and Supervisory Board of Burgenland Holding Aktiengesellschaft are committed to the Principles of Good Corporate Governance and thus fulfil the expectations of Austrian and international investors with regard to responsible and transparent corporate governance and management control with a long-term perspective. With effect from 23 March 2021, Burgenland Holding Aktiengesellschaft has fully submitted to the ACCG as amended in January 2021.

The standards of the ACCG are subdivided into three groups: The first category (Legal Requirements) is based 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-regulations (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-regulations, 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; Regulations 65, 66, 69 and 70 of the ACCG are not applied.

The Executive Board and Supervisory Board of Burgenland Holding Aktiengesellschaft declare, notwithstanding the deviations and explanations listed below, full and complete compliance with the C-Regulations of ACCG; there are also only isolated deviations from R-Regulations. The Corporate Governance Report of Burgenland Holding Aktiengesellschaft is available at www.buho.at/corporate-governance-report.

Deviations from C-Regulations

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

Regulation 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.

Regulation 18: Burgenland Holding Aktiengesellschaft is contractually integrated in the audit and risk management systems as well as the internal control system of EVN AG, which can be accessed at any time. Given the low complexity and the size of the Company as well as the desire to keep administration as efficient as possible, the Executive Board considers existing checks and controls as sufficient and does not regard a separate audit plan as necessary. Furthermore, Energie Burgenland AG has its own audit system in place.

Regulation 27: The remuneration of the Executive Board does not contain any variable components. The size of the Company, the limited influence on investment income as well as the character of the position as sideline employment are good arguments for a simplified remuneration scheme. Therefore, the Supervisory Board chose not to stipulate any provisions to this effect. As this is not subject to any temporal restrictions, changes can be made at any time.

Regulations 27a bis 29a: Since the Executive Board receives a fixed remuneration and there are no executive employees at Burgenland Holding Aktiengesellschaft, Regulations 27a to 29a are applicable only to a limited degree.

Regulation 37: The Chairman of the Supervisory Board communicates with the Executive Board as a whole. The Company is a holding with a minor extent of operating business activities. The Supervisory Board therefore refrained from appointing a Chairman of the Executive Board (see justification of Regulation 16). As this is not subject to any temporal restrictions, changes can be made at any time. Coordination of strategy, business development as well as risk management with the full Executive Board has worked very smoothly given the limited number of business transactions.

1) pursuant to §243c Austrian Commercial Code

Regulation 39: The Supervisory Board does not have a separate committee for decision-making in urgent matters. The need for urgent decisions by the Supervisory Board is covered by circular resolutions, which seems adequate given the low business volume of the Company. The Supervisory Board can set up additional committees at any time.

Regulation 83: Based on the documents and materials provided, the auditors have to assess the functionality of risk management and report to the Executive Board. As outlined above, Burgenland Holding Aktiengesellschaft is contractually integrated in the audit and risk management systems as well as the internal control system of EVN AG. The auditors' review therefore also extended to the functionality of EVN AG's audit and risk management.

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 of EVN Group; member of the Executive Board of Burgenland Holding Aktiengesellschaft since 2011.

Initial appointment: 5 September 2011
End of current term: 4 September 2026

Three supervisory board positions in other companies pursuant to Regulation 16 ACCG.¹⁾

Alois Ecker

Born in 1960, Doctor iuris, investment manager as well as several other management functions and project responsibilities within EVN Group.

Initial appointment: 1 February 2021
End of current term: 31 January 2026

Four supervisory board positions in other companies pursuant to Regulation 16 ACCG.²⁾

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

2) "Wohnungseigentümer" Gemeinnützige Wohnbaugesellschaft m.b.H, EWU Wohnbau Unternehmensbeteiligungs-GmbH, GEBAU-NIOBAU Gemeinnützige Baugesellschaft m.b.H, Gemeinnützige Wohnungsgesellschaft "Austria" Aktiengesellschaft

Members of the Supervisory Board

Name (year of birth)	Appointment	Other functions	Independence Rule 53 ³⁾
Stefan Szyszkowitz, MBA (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
Nikolaus Sauer (1969)	from 12.03.2021	Senior Officer Wasserleitungsverband Nördliches Burgenland	no
Jörg Sollfelner (1974)	from 18.03.2016	Managing Director of ENERGIEALLIANZ Austria GmbH	yes
Ute Teufelberger (1977)	from 21.03.2014	Managing Director der E-VO eMobility GmbH	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

3) The freefloat of Burgenland Holding Aktiengesellschaft is below 10%. Rule 54 therefore does not apply.

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.

Management of the Company by the Executive Board

The Executive Board of Burgenland Holding Aktiengesellschaft is comprised of two members. On its own responsibility, the Executive Board has to manage the Company in such a manner as is required by the purpose and the viability of the Company taking into account the interests of shareholders and employees as well as public interest. Its actions are based on legal regulations and the by-laws as well as the Rules of Procedure for the Executive Board as laid down by the Supervisory Board. Further important rules of conduct are stipulated by the ACCG.

In matters requiring consent stipulated as such by law or resolution of the Supervisory Board, the Executive Board has to obtain the Consent of the Supervisory Board. The Rules of Procedure contain an extensive catalogue of such matters.

Reporting duties of the Executive Board

The Executive Board has to report to the Supervisory Board in accordance with the provisions of organisational law. The reporting obligation specified therein applies also towards Committees of the Supervisory Board. The reporting duties of the Executive Board also include quarterly reports about the situation of the Company as well as information on important matters concerning associated companies.

Communication between Executive Board and Supervisory Board is effected in the course of meetings of the Supervisory Board, its Committees as well as in writing if called for. Moreover, continuous coordination between the Executive Board and the Chairman of the Supervisory Board occurs with regard to those activities which fall within the purview of the Supervisory Board. This includes, above all, the preparation of meetings.

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 2021, the Supervisory Board of Burgenland Holding Aktiengesellschaft comprised a total of 10 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 Regulation 53 of ACCG can be seen from the list on page 6. The Supervisory Board exercises its functions in accordance with the provisions of the Austrian Stock Corporation 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 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-Regulation 48 of 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 an 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 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.

Focus of activities of the Supervisory Board

Within the reporting period, the Supervisory Board performed the duties and obligations prescribed by law and laid down in the by-laws in four plenary sessions as well as by three circular resolutions. Of all the significant resolutions of the Supervisory Board – besides the adoption of the annual accounts for 2019/20 and the approval of the 2021/22 budget – determining the declaration of the dividend and, above all, the voting behaviour of Company representatives at the Annual General Meetings of Energie Burgenland AG has to be pointed out specifically. One member of the Executive Board was extended in the past business year, with the other one being replaced.

The ACCG as amended in January 2021 was put into effect for Burgenland Holding Aktiengesellschaft as of 23 March 2021.

The Supervisory Board addresses the efficiency of its activities, in particular its organisation and procedures, on a yearly basis. This self-evaluation is conducted based on a written questionnaire as well as oral discussions.

The Supervisory Board has acknowledged the report on the current implementation of the Market Abuse Regulation as well as the report on precautions taken to fight corruption in the Company pursuant to Regulation 18a of the ACCG. Moreover, the Supervisory Board once again examined potential conflicts of interest and found none to exist. Due to the expiry of the terms of all members, the Annual General Meeting appointed nine new members to the Supervisory Board. The attendance rate of all members of the Supervisory Board at its meetings amounted to 87.2% on average. In the 2020/21 business year, no member of the Supervisory Board did not take part in person in more than half the meetings of the Supervisory Board.

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.

At the moment, two committees have been set up in the Supervisory Board of Burgenland Holding Aktiengesellschaft: the Audit Committee and the Personnel Committee.

Functioning of the Committees of the Supervisory Board

The Supervisory Board will exercise its functions in plenary session unless individual matters are assigned to Committees of the Supervisory Board which prepare for the latter negotiations and resolutions, monitor the implementation of its resolutions or decide on matters specifically assigned by 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 para 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 Regulation 40 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 was convened twice in the 2020/21 business year. In its meetings, it covered the financial statements as of 30 September 2020, including notes, Management Report and Corporate Governance Report, as well as the auditor's report on the financial statements as well as the process of the audit.

The Audit Committee acknowledged the report on transactions concluded in the course of ordinary activities and on market conditions (§95a Austrian Stock Corporation Act). Furthermore, the Audit Committee approved certain "non-audit services" by the auditors by circular resolution.

The **Personnel Committee** performs the duties of a nominating and a compensation committee and deals with personnel matters related to the members of the Executive Board including the planning of succession. The Personnel Committee is responsible for all matters regarding the relations between the Company and the members of the Executive Board with the exception of such matters where it is mandatory for the entire Supervisory Board to be involved. The Supervisory Board's Personnel Committee in its capacity as Compensation Committee includes a member with know-how and experience in the area of compensation policy (Regulation 43 ACCG). The Personnel Committee of the Supervisory Board passed four circular resolutions in the 2020/21 business year. Apart from the appointment of the two Executive Board positions that had become vacant during the reporting period, those covered the conclusion of contracts with members of the Executive Board as well as the approval of supervisory board positions held by Mr. Ecker.

Contracts of Members of the Supervisory Board Requiring Consent (Regulation 48): From past business years, the following contract exceeding minor amounts of remuneration were concluded with EVN AG, in which several members of the Supervisory Board have a material economic interest:

Since the Company does not have any employees of its own, administration of the Company is conducted via a service agreement, which, for example, comprises the areas of accounting, legal affairs, management accounting, cash management and investment management; total net remuneration in the 2020/21 business year amounted to EUR 110,721.00.

As from the 2020/21 business year, the Company, in accordance with §9 of the Austrian Corporation Tax Act (KStG), has been the top-tier corporation in a tax group with the consortium of NÖ Landes-Beteiligungsholding GmbH as a majority shareholder and WIENER STADTWERKE GmbH as a minority shareholder (up to 2019/20, NÖ Landes-Beteiligungsholding was the top-tier corporation within this group). The tax allocation agreement with EVN AG in place since 2014 did not have to be amended. On the basis of this consolidated tax sharing

agreement with EVN AG, a tax allocation in the amount of EUR 66,844.74 in favour of Burgenland Holding Aktiengesellschaft was recorded in the 2020/21 business year.

Measures to promote women, Diversity concept

As the Company does not have any employees of its own or any executive employees, no specific promotion measures are planned in this regard. The principle of equal opportunities applies also to the executive and supervisory bodies of the Company. Changes in this regard can only be effected when filling the vacant positions of its corporate bodies. In the past business year, one seat on the Supervisory Board was filled, with the equality principle under §86 para 7 Austrian Corporate Act not being applicable in this context. Two members of the Supervisory Board are female. In addition to professional qualification and personal competence, a balanced composition of the Supervisory Board with regard to such professional and personal characteristics are of particular importance when electing the members of this body. There are currently no women on the Executive Board. One position on the Executive Board was extended in the reporting period, with the other seat being newly appointed. Both positions on the Executive Board were publicly advertised in accordance with the Staffing Act. There were no female applicants.

Changes after the balance sheet date

No changes in circumstances subject to reporting requirements occurred between the balance sheet date and the preparation of the Corporate Governance Report.

Eisenstadt, 16 November 2021



Klaus Kohlhuber
Member of the
Executive Board



Alois Ecker
Member of the
Executive Board