

CORPORATE GOVERNANCE

1. COMMITMENT TO THE AUSTRIAN CORPORATE GOVERNANCE CODE

The key elements in an active corporate governance culture consist of a high degree of transparency for all stakeholders and a long-term and sustainable increase in corporate value. Their realisation necessitates efficient teamwork between the company's governing bodies, the protection of shareholders' interests and open corporate communications.

Since its IPO, POLYTEC Holding AG has committed itself to compliance with the Austrian Corporate Governance Code in its respective current form. The information and statements provided in this report pursuant to § 243c and 267b of the Austrian Commercial Code (UGB) are based on this edition. The complete text of the Austrian Corporate Governance Code can be accessed on the website of the Austrian Working Group for Corporate Governance (www.corporate-governance).

During the 2020 financial year, POLYTEC Holding AG complied with all the compulsory "L-Rules" (Legal Requirements) and all the "C-Rules" (Comply or Explain) contained in the Austrian Corporate Governance Code with the exception of C-Rule 62 and C-Rule 83. According to C-Rule 62, the company should allow the regular evaluation of adherence to the C-Rules of the code by an external institution at least every three years and to date this has not taken place. In addition, C-Rule 83 states that on the basis of the documentation presented, the auditors should adjudge risk management functionality and report their findings to the Board of Directors. The company justifies the failure to implement these two rules with the related high costs, but is nonetheless convinced that adherence to the C-Rules and transparency are secured through internal audits and measures. The Corporate Governance Report for the 2020 financial year is publicly available on POLYTEC Holding AG's corporate website (www.polytec-group.com), which is entered in the Austrian Company Register.

2. POLYTEC HOLDING AG GOVERNING BODIES

BOARD OF DIRECTORS

ORGANISATION AND WORKING METHODS

In accordance with the Articles of Association, the Board of Directors of POLYTEC Holding AG consists of one, two, three, four or five members. The Supervisory Board appoints the members of the Board of Directors. The Board of Directors conducts the business of the company in accordance with the relevant laws, the Articles of Association and the internal rules of procedure, which are subject to Supervisory Board approval. In addition to other items, the internal rules of procedure regulate the collaboration and distribution of responsibilities amongst the members of the Board of Directors, as well as business transactions requiring approval. Details concerning the competences of the individual board members are provided in their functional descriptions.

The members of the Board of Directors are in constant, close exchange with each other in order to assess information of the corporate progress and take any necessary decisions in a timely manner. As a rule, the POLYTEC Holding AG Board of Directors meets every two weeks in order to discuss current developments of the POLYTEC GROUP. On a regular basis, at least once a quarter, the Board of Directors provides the Supervisory Board with assessments of the course of business including the risk situation and risk management as well as the status of the company within the context of future group development. The Chairman of the Supervisory Board is informed immediately of significant events and is also in regular contact with the Chairman of the Board of Directors. Ongoing discussions are also held regarding strategy, business development and risk management of the company.

All of the serving members of the Board of Directors in 2019 were granted a unanimous discharge at the 20th Ordinary Annual General Meeting held on 7 August 2020. The 20th Ordinary Annual General Meeting, which was originally scheduled for 18 May 2020 had to be postponed until 7 August 2020 owing to the COVID-19 pandemic.

MEMBERS OF THE POLYTEC HOLDING AG BOARD OF DIRECTORS

Markus Huemer (CEO)



- Born: 1981
- Chairman of the Board of Directors
- Date of initial appointment: 1 January 2014
- End of current term of office: 31 December 2022
- Areas of responsibility: M&A, investment management, corporate strategy, corporate communications, purchasing, IT, legal affairs, human resources
- Supervisory Board mandates: GlobeAir AG

Peter Haidenek (CFO)



- Born: 1965
- Member of the Board of Directors
- Date of initial appointment: 1 February 2011
- End of current term of office: 31 December 2022
- Areas of responsibility: finance, controlling, accounting, investor relations, internal auditing
- Supervisory Board mandates: none

Heiko Gabbert (COO)



- Born: 1968
- Member of the Board of Directors
- Date of initial appointment: 1 January 2019
- End of current term of office: 31 December 2022
- Areas of responsibility: operations, innovation, industrial engineering
- Supervisory Board mandates: none

Peter Bernscher (CSO)



- Born: 1968
- Member of the Board of Directors
- Date of initial appointment: 1 August 2018
- End of current term of office: 31 December 2022
- Areas of responsibility: sales, engineering, marketing
- Supervisory Board mandates: none

SUPERVISORY BOARD

ORGANISATION AND WORKING METHODS

The Supervisory Board advises the Board of Directors with regard to its strategic planning and projects. It has the task of supervising the Board of Directors in regards to the management of the company. The laws and regulations that apply to listed companies in Austria, in particular the Austrian Stock Corporation Act and the Austrian Stock Exchange Act, govern the Supervisory Board's scope of activities. In addition, the Supervisory Board is obliged to comply with the rules of the Austrian Corporate Governance Code. As far as

internal company regulations are concerned, the Articles of Association and the rules of internal procedure are of primary importance. In accordance with the POLYTEC Holding AG Articles of Association, the Supervisory Board consists of at least three and no more than six members, elected by the Annual General Meeting. The members of the Supervisory Board are obliged to conduct an annual self-assessment of their activities.

All five serving members of the Supervisory Board in the 2019 financial year were granted a unanimous discharge at the 20th Ordinary Annual General Meeting on 7 August 2020.

MEMBERS OF THE POLYTEC HOLDING AG SUPERVISORY BOARD

Fred Duswald



- Born: 1967
- Chairman of the Supervisory Board
- Year of initial appointment: 2006
- End of current term of office: Annual General Meeting regarding the 2024 financial year
- Other Supervisory Board mandates: none
- Independent

Manfred Trauth



- Born: 1948
- Deputy Chairman of the Supervisory Board
- Year of initial appointment: 2007
- End of current term of office: Annual General Meeting regarding the 2024 financial year
- Other Supervisory Board mandates: none
- Independent

Viktoria Kickingner



- Born: 1952
- Member of the Supervisory Board
- Year of initial appointment: 2006
- End of current term of office: Annual General Meeting regarding the 2024 financial year
- Other Supervisory Board mandates: none
- Independent

Reinhard Schwendtbauer



- Born: 1972
- Member of the Supervisory Board
- Year of initial appointment: 2010
- End of current term of office: Annual General Meeting regarding the 2024 financial year
- Other Supervisory Board mandates: none
- Independent

In the 2020 financial year, the following changes took place with regard to the Supervisory Board:

With the end of the 20th Ordinary Annual General Meeting on 7 August 2020, the mandates of Viktoria Kickingner, Fred Duswald, Manfred Trauth, Robert Büchelhofer and Reinhard Schwendtbauer expired. As Robert Büchelhofer had passed the age limit of 75, owing to the POLYTEC Holding AG Articles of Association, his re-election to the Supervisory Board was no longer possible. Therefore, with the end of the 20th Ordinary Annual General Meeting on 7 August 2020, Robert Büchelhofer stood down from the POLYTEC Holding AG Supervisory Board. Together with POLYTEC Holding AG's Board of Directors, the stockholders and stockholder representatives present at the Annual General Meeting thanked Robert Büchelhofer for his decisive contribution to the stra-

tegic further development of the POLYTEC GROUP, upon which he exerted a major influence during his 15 years of Supervisory Board activities.

The proposed resolution of the Supervisory Board, which was based on the recommendation of the nominations committee and the requirements of the Austrian Corporate Governance Code and foresaw the re-election of Viktoria Kickingner, Fred Duswald, Manfred Trauth and Reinhard Schwendtbauer to the Supervisory Board was approved by the 20th Ordinary Annual General Meeting on 7 August 2020 with the necessary majority by the stockholders and stockholder representatives present. All four members of the Supervisory Board were re-elected for the period until the end of the General Meeting that decides upon the discharge for the 2024 financial year.

INDEPENDENCE OF THE SUPERVISORY BOARD

The members of the Supervisory Board are deemed to be independent if they have no business or personal relationship with the company or its Board of Directors that could result in a material conflict of interest and thus influence the members' conduct. One member of the Supervisory Board is also a member of the Executive Board of a bank with which the group has a business relationship in the form of deposits and loan transactions. The members of the POLYTEC Holding AG Supervisory Board have committed themselves to compliance with the criteria of independence pursuant to C-Rule 53 of the Austrian Corporate Governance Code and have declared their independence. The requirements of C-Rule 54 of the Code are fulfilled.

BUSINESS TRANSACTIONS OF THE SUPERVISORY BOARD MEMBERS REQUIRING PRIOR APPROVAL

During the 2020 financial year, the members of the Supervisory Board undertook no transactions that required prior consent pursuant to L-Rule 48.

SUPERVISORY BOARD COMMITTEES

In accordance with the Austrian Stock Corporation Act, the POLYTEC Holding AG Supervisory Board has established an audit committee, which carries out the scheduled controlling and monitoring functions. The chairperson of the audit committee disposes over the appropriate knowledge and practical experience with regard to finance, accounting and reporting (financial expert). Apart from the supervision of

the accounting process as well as the auditing process for both the financial statements and the consolidated financial statements, the proposal for the distribution of profits, and the planning of the audit of financial statements, in particular the effectiveness of the internal control and risk management systems was monitored. Moreover, consultations were held regarding the strategic focal points of the audits and the procedures of the committee in the light of new legal stipulations. Last, but not least, the committee is required to examine the Corporate Governance Report and reporting with regard to the Austrian Sustainability and Diversity Improvement Act.

During the 2020 financial year, the audit committee convened twice, whereby at both these meetings the (group) auditor was present. During this period the Supervisory Board held four meetings and owing to the corona pandemic, twice received supplementary information via telecommunications. Five decisions were taken in the course of a circular procedure. No Supervisory Board member was absent from more than half of the meetings.

In addition to the mandatory establishment of the audit committee, a nomination committee and a risk management committee have been formed.

The areas of responsibility of the individual Supervisory Board members in the respective committees are shown in the following table:

COMPOSITION OF THE COMMITTEES

Committee	Chairperson	Members
Audit committee	Reinhard Schwendtbauer	Viktoria Kickinger, Fred Duswald
Nomination committee	Fred Duswald	Manfred Trauth, Viktoria Kickinger
Risk management committee	Viktoria Kickinger	Manfred Trauth, Fred Duswald

3. OTHER INFORMATION

REMUNERATION OF THE SUPERVISORY BOARD AND THE BOARD OF DIRECTORS

Owing to the coming into force of the 2019 Austrian Stock Corporation Amendment Act, in January 2021 the Austrian Corporate Governance Code was adapted in line with the new regulations regarding remuneration policy and reporting. In this Corporate Governance Report for 2020, the presentation of the remuneration of corporate body members used to date is omitted.

The Supervisory Board and the Board of Directors drew up a new remuneration policy, which was approved by the 20th Ordinary Annual General Meeting on 7 August 2020 with the necessary majority. In accordance with § 78b Para. 1 in conjunction with § 98a Austrian Stock Corporation Act, the remuneration policy must be presented to the Annual General Meeting for approval at least in every fourth financial year.

Reporting of the remuneration of the Supervisory Board and the Board of Directors in the 2020 financial year takes place in the Remuneration Report prepared in accordance with § 78c and § 98a Austrian Stock Corporation Act. The Remuneration Report will first be presented to the 21st Ordinary Annual General Meeting of POLYTEC Holding AG for approval and will subsequently be available for perusal in the Investor Relations section of the company website www.polytec-group.com.

CODE OF CONDUCT AND COMPLIANCE

For the POLYTEC GROUP, conduct in accordance with the law and strict ethical standards represents a matter of course. However, compliance in this connection means far more than merely the implementation of current rules and regulations. In fact, compliance is a matter of corporate culture. Therefore, the acceptance of responsibility and actions in accordance with ethical principles have been unequivocally integrated into the POLYTEC GROUP's corporate values and mission statement and are also set out in the Code of Conduct, which can be accessed via the group's website.

As a listed stock corporation POLYTEC Holding AG is obliged to fulfil the complete range of stipulations regarding adherence to capital market legislation. In order to prevent insider dealings, employees and other persons acting on behalf of POLYTEC Holding AG are continuously informed about the ban of misuse of insider information, and internal guidelines have been issued for the transfer of information within the

company. Adherence to these guidelines is monitored and suitable organisational measures have been taken in order to prohibit the improper use or transfer on of insider information. The related tasks constitute a major element within the company's compliance organisation. The members of the Supervisory Board and the Board of Directors received comprehensive information regarding compliance activities at regular intervals during the year under report.

In addition to the content of compliance with capital market law, POLYTEC GROUP holds regular coaching sessions regarding data protection, anti-corruption and anti-trust law. The awareness levels of employees are raised with issues relevant to data protection, competition and anti-trust law relevance, as well as correct conduct when dealing with data, gifts and invitations. The aim is to protect both employees and the group against infringements of the law and to offer practice-related support during the application of the relevant regulations. No breaches of compliance were determined during the period under review.

DIVERSITY AND THE PROMOTION OF WOMEN

The POLYTEC GROUP now has around 3,600 employees on four continents. As a result of this internationality, diversity, respect, equal opportunities and the integration of employees from differing cultures represent integral elements within the corporate culture. Any form of personal discrimination whether due to origin, gender, skin colour, age, religion, sexual orientation or disability is strictly rejected.

During recruitment for vacant positions, the focus is placed on performance orientation, knowledge, skills as well as equal opportunities and treatment. New team members are selected primarily on the basis of the best possible qualifications and experience, which the candidates can then contribute to the POLYTEC GROUP.

When electing members of the Supervisory Board, the Annual General Meeting has to account for requirements relating to professional and personal qualifications, as well as the professionally balanced composition of the Supervisory Board. Furthermore, diversity aspects have to be taken into reasonable account with regard to the representation of both genders, age structure and internationality. Newly elected Supervisory Board members must inform themselves appropriately about the structure and activities of the company as well as the tasks and responsibilities of members. The Supervisory Board of POLYTEC Holding AG has had a female member for more than fourteen years and during the 2020 financial year one out of the five Super-

visory Board positions and following the departure of one Supervisory Board member, one out of four positions was occupied by a woman. Accordingly, the share of membership in 2020 initially amounted to 20% and then 25%. L-Rule 52 is thus fulfilled, as at present the POLYTEC Holding Supervisory Board does not consist of at least six persons.

In the 2020 financial year there were no women represented on the POLYTEC Holding AG Board of Directors. On 31 December 2020, the proportion of women of the POLYTEC Holding AG workforce accounted for 46.0% (2019: 43.8%). As at the balance sheet date 31 December 2020, women held 9.2% of the managerial positions (2019: 11.4%) with long-term personnel responsibility at the POLYTEC GROUP's companies. On 31 December 2020, the quota of female employees in the POLYTEC GROUP (excluding leasing personnel) amounted to 23.4% (2019: 21.2%).

D&O INSURANCE POLICY

POLYTEC Holding AG has concluded a directors and officers (D&O) insurance policy for the members of the company's Board of Directors, Supervisory Board and POLYTEC GROUP executive managers. The company or the subsidiaries pay the premiums for this insurance policy.

Hörsching, 9 April 2021

The Board of Directors of POLYTEC Holding AG

Markus Huemer
Chairman – CEO

Peter Haidenek
Member of the Board – CFO

Heiko Gabbert
Member of the Board – COO

Peter Bernscher
Member of the Board – CSO

AUDITOR

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz was recommended by the Supervisory Board as the auditor of POLYTEC Holding AG's financial statements and consolidated financial statements for the 2020 financial year. This proposal was approved with the necessary majority at the 20th Ordinary Annual General Meeting held on 7 August 2020. In 2020, total expenses for auditing services amounted to EUR 250 k (2019: EUR 214 k). A more detailed breakdown of these expenses into the individual fields of activity is presented in the notes to the consolidated financial statements.

CHANGES AFTER THE REPORTING DATE

No changes to matters subject to obligatory reporting occurred between the reporting date and the editorial closing date of the Corporate Governance Report at the end of March 2021.