

# 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 Commercial Code can be accessed from the website of the Austrian Working Committee for Corporate Governance [www.corporate-governance.at](http://www.corporate-governance.at).

During the 2022 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 the C-Rules 53, 54, 62 and 83. In accordance with the guidelines for the classification of the independence of the Supervisory Board set out in Appendix 1 of the Code, four members of the Supervisory Board declared that they were not independent. Of these, three members did so owing to the length of their Board membership. In this sense, contrary to C-Rule 53 the majority of the members of the Supervisory Board elected by the Annual General Meeting are not independent. Moreover, due to the aforementioned change, the criteria of C-Rule 54 ceased to be fulfilled in the 2022 financial year, as the Supervisory Board no longer includes two independent members, who in addition do not hold more than a 10% interest in the company. 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 auditor should adjudge risk management functionality and report its 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 the required transparency are secured through internal audits and measures. The Corporate Governance Report for the 2022 financial year is publicly available via the POLYTEC Holding AG's corporate website [www.polytec-group.com](http://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 manages 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. The distribution of competences amongst the Board members is specified in the descriptions of their individual functions.

The members of the Board of Directors are in constant, close contact with each other in order to exchange information, adjudge corporate progress and take any necessary decisions in a timely manner. As a rule, the POLYTEC Holding AG Board of Directors holds meetings every two weeks in order to discuss current POLYTEC GROUP development. At least once a quarter, the Board of

Directors provides the Supervisory Board with regular, comprehensive and prompt assessments of the course of business that incorporate the risk situation, risk management and 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 in regular contact with the Chairman of the Board of Directors. Ongoing discussions are also held regarding strategy, business trends and company risk management. When developing and implementing corporate strategy, the Board of Directors takes into account sustainability aspects and the associated opportunities and risks in relation to the environment, social issues and corporate governance.

All of the serving members of the Board of Directors in the 2021 financial year were granted a unanimous discharge at the 22nd Annual General Meeting held on 1 July 2022.

**CHANGES TO THE POLYTEC HOLDING AG BOARD OF DIRECTORS**

At its meeting held on 15 December 2021, the POLYTEC Holding AG Supervisory Board prematurely prolonged the appointments of Board Chairman Markus Huemer and the Board members Peter Bernscher (CCO) and Heiko Gabbert (COO), which were due to expire on 31 December 2022, by a further five years with effect from 1 January 2022. The extended appointments and the contracts of the Board of Directors now expire on 31 December 2026. By mutual agreement, the appointment of Peter Haidenek, the POLYTEC Holding AG's CFO since 1 February 2011, which was also due to expire on 31 December 2022, was not extended.

As part of the further centralisation of the POLYTEC GROUP organisation, all operative finance agendas have been merged and are now pooled across the group in the function of a Senior Vice-President Finance. The position of CFO was not filled and Markus Huemer (CEO) assumed the related responsibilities with effect from 1 April 2022.

**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 2026
- Areas of responsibility: corporate strategy, finance, investor relations, investment management, legal affairs, IT, human resources, corporate communications
- Supervisory Board mandates: GlobeAir AG

**Peter Bernscher (CCO)**



- Born: 1968
- Member of the Board of Directors
- Date of initial appointment: 1 August 2018
- End of current term of office: 31 December 2026
- Areas of responsibility: sales, engineering, marketing, purchasing
- 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 2026
- Areas of responsibility: operations, sustainability
- 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 monitoring the Board of Directors' management of the company. The laws and regulations that apply to listed companies in Austria and 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 2021 financial year were granted a discharge with the required majority at the 22nd Annual General Meeting on 1 July 2022.

**MEMBERS OF THE POLYTEC HOLDING AG SUPERVISORY BOARD**

<p><b>Friedrich Huemer</b></p>  <ul style="list-style-type: none"> <li>• Born: 1957</li> <li>• Chairman of the Supervisory Board</li> <li>• Year of initial appointment: 2021</li> <li>• End of current term of office: Annual General Meeting regarding the 2024 financial year</li> <li>• Other Supervisory Board mandates: none</li> <li>• Not independent</li> </ul>	<p><b>Fred Duswald</b></p>  <ul style="list-style-type: none"> <li>• Born: 1967</li> <li>• Deputy Chairman of the Supervisory Board</li> <li>• Year of initial appointment: 2006</li> <li>• End of current term of office: Annual General Meeting regarding the 2024 financial year</li> <li>• Other Supervisory Board mandates: none</li> <li>• Not independent</li> </ul>	<p><b>Manfred Trauth</b></p>  <ul style="list-style-type: none"> <li>• Born: 1948</li> <li>• Member of the Supervisory Board</li> <li>• Year of initial appointment: 2007</li> <li>• End of current term of office: Annual General Meeting regarding the 2024 financial year</li> <li>• Other Supervisory Board mandates: none</li> <li>• Not independent</li> </ul>	<p><b>Viktoria Kickingner</b></p>  <ul style="list-style-type: none"> <li>• Born: 1952</li> <li>• Member of the Supervisory Board</li> <li>• Year of initial appointment: 2006</li> <li>• End of current term of office: Annual General Meeting regarding the 2024 financial year</li> <li>• Other Supervisory Board mandates: none</li> <li>• Not independent</li> </ul>	<p><b>Reinhard Schwendtbauer</b></p>  <ul style="list-style-type: none"> <li>• Born: 1972</li> <li>• Member of the Supervisory Board</li> <li>• Year of initial appointment: 2010</li> <li>• End of current term of office: Annual General Meeting regarding the 2024 financial year</li> <li>• Other Supervisory Board mandates: none</li> <li>• Independent</li> </ul>
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**INDEPENDENCE OF THE SUPERVISORY BOARD**

Members of the Supervisory Board are deemed to be independent if they have no business or personal relationships with the company or its Board of Directors that could result in a material conflict of interest and thus influence the members' conduct. Pursuant to C-Rule 53, the majority of the members of the Supervisory Board elected by the Annual General Meeting must be independent.

In assessing the independence of a member of the Supervisory Board, the Supervisory Board is guided by the following guidelines, which correspond to those contained in the Annex to the Austrian Corporate Governance Code in the version of January 2023:

- The Supervisory Board member shall not have been a member of the Board of Directors or a senior executive of the company or a company subsidiary in the past five years.
- The Supervisory Board member shall not maintain or have maintained in the past year any business relations with the company or a subsidiary of the company to an extent that is significant for the Supervisory Board member. This shall also apply to business relationships with companies in which the Supervisory Board member has a significant economic interest, but not to the exercise of board functions within the group. The approval of individual transactions by the Supervisory Board pursuant to L-Rule 48 does not automatically lead to qualification as not independent.
- The Supervisory Board member shall not have been an auditor of the company, or a participant in, or employee of, the auditing company in the last three years.
- The Supervisory Board member shall not be a member of the management board of another company in which a member of the Board of Directors of the company is a supervisory board member.
- The Supervisory Board member shall not be a member of the Supervisory Board for longer than 15 years. This shall not apply to Supervisory Board members who are shareholders with an entrepreneurial interest, or represent the interests of such a shareholder.
- The Supervisory Board member shall not be a close relative (direct offspring, spouse, partner, parent, uncle, aunt, sibling, niece, nephew) of a member of the Board of Directors, or of persons who hold one of the positions described above.

The members of the Supervisory Board are committed to the criteria of independence according to C-Rule 53. The Chairman of the Supervisory Board declares himself to be not independent due to his function as the Chairman of the Board of Directors of POLYTEC Holding AG until 31 December 2018 and his relationship to the Chairman of the company's Board of Directors. Fred Duswald, Manfred Trauth and Viktoria Kickinginger also declare themselves to be not independent owing to the duration of their Supervisory Board membership. Accordingly, the criteria of C-Rule 54 are no longer fulfilled in the 2022 business year, as only Reinhard Schwendtbauer, who is not a shareholder of the company with an interest of more than 10%, is appointed as an independent member. However, owing to the high level of expertise of the Supervisory Board members, the principles of good corporate governance are not impaired.

**BUSINESS TRANSACTIONS OF THE SUPERVISORY BOARD MEMBERS REQUIRING PRIOR APPROVAL**

In the 2022 financial year, no members of the Supervisory Board concluded transactions subject to approval pursuant to L-Rule 48. Flight services provided by GlobeAir AG, Hörsching, and the leasing of a photovoltaic system on the roof of the Hörsching plant by HI Solar GmbH, both of which are related companies of the Chairman of the Supervisory Board, were and are used at arm's length conditions.

Otherwise, during the 2022 financial year, the company did not enter into any significant transactions with related parties pursuant to § 95a of the Austrian Stock Corporation Act.

**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 financing, accounting and reporting (financial expert). Apart from the supervision of accounting and the auditing process for both the financial statements and the consolidated financial statements, the proposal for the distribution of profits, and audit planning, 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 Austrian sustainability and diversity improvement legislation.

During the 2022 financial year, the audit committee convened twice, whereby at both these meetings the (group) auditor was present. During the same period the Supervisory Board held a total of four meetings.

In addition to the mandatory audit committee, a nomination committee has been established at the company, which also performs the tasks of the remuneration committee. In particular, the nomination committee is responsible for the negotiation, content, conclusion, implementation, and if necessary, termination of employment contracts with members of the Board of Directors, and in doing so observes the relevant rules of the Austrian Corporate Governance Code. It prepares the annual draft of the remuneration report for the members of the Board of Directors and reviews the remuneration policy of the company at least every fourth financial year. No Supervisory Board member was absent from more than half of the meetings.

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

**COMPOSITION OF THE COMMITTEES**

<b>Committees</b>	<b>Chairman</b>	<b>Members</b>
Audit committee	Reinhard Schwendtbauer	Viktoria Kickinger, Fred Duswald
Nomination committee	Friedrich Huemer	Viktoria Kickinger, 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 Law Amendment Act, 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 (AktG), 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 2022 financial year takes place in the Remuneration Report prepared in accordance with § 78c and § 98a Austrian Stock Corporation Act (AktG). The Remuneration Report will first be presented to the 23rd 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](http://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 integrated into the POLYTEC GROUP's corporate values and mission statement in unequivocal form, and tabulated in the Code of Conduct, which can be accessed via the group's website.

As a listed 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 informed continually of the ban on the misuse of insider information and internal guidelines have been issued for the transfer of information within the company. Adherence to the latter is monitored and suitable organisational measures have been taken in order to prohibit the improper use or passing on of insider information. The related tasks constitute a major element within the company's compliance organisation. During the year under report, the members of the Supervisory Board

and the Board of Directors received comprehensive information regarding compliance activities at regular intervals.

In addition to capital market compliance content, the POLYTEC GROUP holds regular coaching regarding data protection, anti-corruption and anti-trust law. The awareness levels of employees are raised with respect to issues of 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 ADVANCEMENT OF WOMEN

The POLYTEC GROUP now has a workforce of around 3,500 on four continents. As a result of this internationality, diversity, respect, equality of opportunity and the integration of employees from differing cultures represent integral elements within corporate culture. Any form of personal discrimination whether due to origin, gender, skin colour, age, religion, sexual orientation or handicap is strictly rejected.

During recruitment for vacant positions, a focus is placed on a performance orientation, knowledge, skills, equal opportunity 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 balanced specialist composition of the board. Furthermore, diversity aspects have to be taken into reasonable account with regard to the representation of all genders, age structure and internationality. Newly elected Supervisory Board members must inform themselves appropriately regarding the structure and activities of the company and their tasks and responsibilities. The POLYTEC Holding AG Supervisory Board has had a female member for over fifteen years, who during the 2022 financial year occupied one of the five Supervisory Board positions. This corresponded with a share of female membership of 20%. L-Rule 52 is thus fulfilled, as at present the POLYTEC Holding Supervisory Board does not consist of at least six persons.

In the 2022 financial year a woman was not represented on the POLYTEC Holding AG Board of Directors.

On the 31 December 2022, women accounted for some 50.0% (2021: 46.3%) of the POLYTEC Holding AG workforce. As at the 31 December 2022 balance sheet date, at the POLYTEC GROUP's companies women held around 11.1% of the managerial posts (2021: 10.8%) bearing long-term personnel responsibility. On 31 December 2022, the quota of female employees in the POLYTEC GROUP (excluding leasing personnel) amounted to 26.4% (2021: 24.4%).

#### **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 2022 financial year. This proposal was approved with the necessary majority at the 22nd Ordinary Annual General Meeting held on 1 July 2022. In 2022, total expenses for auditing purposes amounted to EUR 273 k (2021: EUR 260 k). A more detailed breakdown of these expenses into the single fields of activity is available 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 2023.

Hörsching, 31 March 2023

The Board of Directors of POLYTEC Holding AG

Markus Huemer  
Chairman – CEO

Peter Bernscher  
Member of the Board – CCO

Heiko Gabbert  
Member of the Board – COO