

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 listed on the Vienna Stock Exchange. Besides the applicable regulations of Austrian law, in particular the Companies 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 and Supervisory Boards of Burgenland Holding Aktiengesellschaft are bound by 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. As of 16 March 2018, Burgenland Holding Aktiengesellschaft has fully submitted to the ACCG as amended in January 2018.

The ACCG provides for a regular external evaluation of compliance of the Company with the ACCG. KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, audited the corporate governance report of Burgenland Holding Aktiengesellschaft in accordance with § 96 (2) of the Austrian Stock Corporation Act and reported on its findings to the Executive Board and the Supervisory Board. The law firm Schönherr Rechtsanwälte GmbH audited compliance with the C-Rules of the Code (Rules 77 to 83) relating to the audit of the financial statements. The auditors have determined that the declaration issued by Burgenland Holding Aktiengesellschaft of compliance with the ACCG in the January 2018 version corresponds to the actual circumstances.

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 Executive and Supervisory Boards of Burgenland Holding Aktiengesellschaft declare, notwithstanding the deviations and explanations listed below, full and complete compliance with the C-Rules of the ACCG; there are also only isolated deviations from R-Rules. 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 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.

Rule 27: No written contracts were concluded with the members of the Executive Board; remuneration is determined by resolution. 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.

Rules 27a to 31: Since the Executive Board receives a fixed remuneration and there are no executive employees at Burgenland Holding Aktiengesellschaft, Rules 27a to 31 are applicable only to a limited degree.

Rule 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 Rule 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.

Rule 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.

Rule 83: On the basis of the documents submitted and the documents made available, the auditor must assess the effectiveness of the risk management system and report to the Executive Board. As explained above under Rule 18, Burgenland Holding Aktiengesellschaft has contractual access to the auditing and risk management system and the internal control system of EVN AG. Irrespective of this report, the risk management system was audited by the contractual partner in accordance with Rule 83 of the ACCG and assessed as functioning.

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).

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

Members of the Supervisory Board¹⁾

Name (year of birth)	Appointment	Other functions	Independence Rule 53 ²⁾
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
Felix Sawerthal (1954) Vice Chairman	until 15.03.2019	Head of Secretariat General and Corporate Affairs of EVN AG (until 01.02.2019)	yes
Franz Mittermayer (1958) Vice Chairman (from 15.03.2019)	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
Martin Krajcsir (1963)	until 16.03.2018	Managing Director of WIENER STADTWERKE GmbH	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) 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.

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

Committees of the Supervisory Board

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

Stefan Szyszkowitz (Chairman and Remuneration Expert),
Franz Mittermayer (Vice Chairman),
Felix Sawerthal (Vice Chairman; until 15 March 2019),
Johannes Lang (Financial Expert) and
Norbert Wechtl (since 15 March 2019).

Compensation scheme for the Supervisory Board

The remuneration of the Supervisory Board consists of a lump sum of EUR 14,100.00 per year as well as meeting fees, which were set at EUR 200.00 per participating member of the Supervisory Board per meeting. The Supervisory Board was authorised to distribute the remuneration of the Supervisory Board among its members according to each member's respective function.

Of the lump sum remuneration of the Supervisory Board in the amount of EUR 14,100.00 per year, the Chairman receives EUR 3,000.00, the Vice Chairman receives EUR 2,000.00, and the seven members of the Supervisory Board are paid EUR 1,300.00 each.

The following amounts were paid to the individual members of the Supervisory Board in this business year:

Name (function)	Compensation in EUR
Stefan Szyszkowitz (Chairman)	4,000.00
Felix Sawerthal (former Vice Chairman)	1,400.00
Franz Mittermayer (Vice Chairman)	2,650.00
Michael Amerer	2,100.00
Rita Heiss	2,300.00
Johannes Lang	2,100.00
Jörg Sollfelner	2,300.00
Ute Teufelberger	1,700.00
Norbert Wechtl	1,250.00
Peter Weinelt	2,100.00

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.

Shareholders and Annual General Meeting

Shareholders exercise their rights and cast their votes in the Annual General Meeting. Each share of Burgenland Holding Aktiengesellschaft grants one vote. There are no shares with multiple or preferred voting rights. The Annual General Meeting makes all decisions defined by law or the Company's By-Laws. It votes on the distribution of net profits as well as on the discharge

of the members of the Executive Board and the Supervisory Board and elects the auditor as well as the members of the Supervisory Board. Suggested changes to the By-Laws as well as planned capital measures also have to be presented to the Annual General Meeting. The voting results as well as the agenda of the 30th Annual General Meeting of Burgenland Holding Aktiengesellschaft of 15 March 2019, can be found on the website of Burgenland Holding Aktiengesellschaft (www.buho.at).

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 2019, 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 7. 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 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

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 2017/18 and the approval of the 2019/20 budget – determining the voting behaviour of Company representatives at the Annual General Meeting of Energie Burgenland AG has to be pointed out specifically.

The ACCG as amended in January 2018 was put into effect for Burgenland Holding Aktiengesellschaft as of 16 March 2018.

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 Regulation (EU) No. 596/2014 (Market Abuse Regulation) as well as the report on precautions taken to fight corruption in the Company pursuant to Rule 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 86.1% on average. No member missed more than 50% of all meetings.

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 that prepare for the latter negotiations and resolutions, monitor the implementation of its resolutions or decide on matters specifically assigned by the Supervisory Board. At the moment, the following Committees have been set up in the Supervisory Board of Burgenland Holding Aktiengesellschaft, each of which consists of four elected members of the Supervisory Board:

The **Supervisory 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 Supervisory 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 Supervisory Committee includes the financial expert required by law and Rule 40 of the ACCG. The members of the Supervisory Committee are all familiar with the sector in which the Company operates. The Supervisory Committee of the Supervisory Board was convened twice in the 2018/19 business year. In its meetings, it covered, among other issues, the financial statements as of 30 September 2018 including notes and management report as well as the corporate governance report. Other items included the auditor's report on the financial statements as well as the process of the audit.

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 Compensation Committee includes a member with know-how and experience in the area of compensation policy (Rule 43 of the ACCG). There were no meetings or resolutions by the Personnel Committee in the reporting period.

Compensation report

Compensation system for executives (Rule 28a): Since the Company does not have any employees of its own, Rule 28a is not applicable.

Stock options (Rule 29): Burgenland Holding Aktiengesellschaft does not have a stock option scheme for members of the Executive Board.

Profit participation of the Executive Board (Rule 30):

There are no variable compensation components of the Executive Board within the Company. Likewise, there is no corporate pension scheme and no entitlement/claim of the Executive Board upon termination of their functions. The fixed components of total compensation therefore account for 100%.

Directors and Officers Liability Insurance (D&O insurance, Rule 30):

Burgenland Holding Aktiengesellschaft does not have separate D&O insurance. As an associated company of EVN AG, its corporate bodies are included in the latter's D&O insurance. The Company is not charged separately for this; the cost is considered covered as part of the service agreement with EVN AG.

Compensation of the Executive Board (Rule 31):

Total expenditure on members of the Executive Board in the reporting period amounted to EUR 4,400.00 each, thus EUR 8,800.00 in total (total for Executive Board in the previous year: TEUR 8.8).

Contracts of members of the Supervisory Board requiring consent (Rule 48):

In the 2018/19 business year, contracts exceeding minor amounts of remuneration were concluded with EVN AG, in which several members of the Supervisory Board have a material economic interest:

Starting in the middle of the business year, the Company's liquid funds were invested with EVN AG mostly under an investment agreement with a commitment period of several months. Total income in the 2018/19 business year amounted to EUR 7,820.40.

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:

Until the middle of the business year, the Company's liquid funds were invested with EVN AG mostly under an investment agreement with a commitment period of several months; total income in the 2018/19 business year amounted to EUR 8,066.67.

Since the Company does not have any employees of its own, administration of the Company is conducted via service relationships, which, for example, comprise the areas of accounting, legal affairs, management accounting, cash management and investment management; total net remuneration in the 2018/19 business year amounted to EUR 107,096.00.

The Company is part of a group of companies in accordance with § 9 Austrian Corporation Tax Act, with NÖ Landes-Beteiligungsholding GmbH as the group parent. On the basis of a consolidated tax sharing agreement with EVN AG, a tax allocation in the amount of EUR 51,112.67 in favour of Burgenland Holding Aktiengesellschaft was recorded in the 2018/19 business year.

Compensation scheme of the Supervisory Board (Rule 51): Please refer to notes on the Supervisory Board on page 7.

Directors' Dealings (Rule 73): In the 2018/19 business year, no purchases regarding shares of Burgenland Holding Aktiengesellschaft were reported to Burgenland Holding Aktiengesellschaft or the Financial Markets Authority by persons with an executive position within Burgenland Holding Aktiengesellschaft or persons with close relations to the former under § 19 of the Market Abuse Directive.

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

As the Company does not have any employees of its own or any executive employees, no specific promotion measures are planned; changes in this regard can only be effected when filling the vacant positions of its corporate bodies. In this context,

mention should be made of the reappointment of the Supervisory Board in the past business year, in the course of which the two women on the Supervisory Board were reelected.

Issuer Compliance

In accordance with the provisions of Regulation (EU) No. 596/2014 (Market Abuse Regulation), the Austrian Companies and Stock Exchange Acts, as well as the EU's Market Abuse Directive, Burgenland Holding Aktiengesellschaft has an extensive set of internal rules in place aimed at preventing the abuse of insider information. Two permanent confidentiality areas existed in the business year.

This area is monitored and administered by a Compliance Officer, who reports directly to the Executive Board. The employees concerned undergo training on a regular basis. The regular inspections by the Compliance Officer did not result in any complaints in the 2018/19 business year.

Code of Conduct of Burgenland Holding Aktiengesellschaft

In order to safeguard its good reputation and its financial success, Burgenland Holding Aktiengesellschaft are fully committed to integrity and law-abiding conduct of its own business activities and those of its business partners. This claim is manifested in the Company's Code of Conduct, which can also be downloaded from the Company's homepage. Furthermore, a compliance management system headed by a compliance officer was established.

In a separate item on the agenda of its meeting on 4 December 2018, the Supervisory Board was informed about content, goals, and current status of the compliance organisation, thus complying with Rule 18a of the ACCG.

Eisenstadt, 20 November 2019



Klaus Kohlhuber
Member of the
Executive Board



Nikolaus Sauer
Member of the
Executive Board