

Corporate Governance Report (acc. to § 243b UGB)

Corporate bodies



Management Board

Klaus Kohlhuber

Born in 1972, Doctor iuris, works in the Investment Management Division of EVN AG, management positions in domestic and foreign Group companies, member of the Management Board of Burgenland Holding AG since 2011, member of the Management Board of RAG-Beteiligungs-Aktiengesellschaft and Managing Director of WEEV Beteiligungs GmbH as well as EVN WEEV Beteiligungs GmbH. Initial appointment: September 5th, 2011
End of current term: September 4th, 2016
Two supervisory board mandates in foreign companies pursuant to C-Regulation 16 of the Austrian Corporate Governance Code.

Nikolaus Sauer

Born in 1969, Magister iuris, following a position in the personnel and legislative section of the Federal Chancellery, he assumed executive functions in the Office of the Provincial Government of the Burgenland, acted as the senior officer at Wasserleitungsverband Nördliches Burgenland; member of the Management Board of Burgenland Holding AG and Managing Director of WLV GmbH since 2008. Initial appointment: February 25th, 2008
End of current term: February 24th, 2013
No supervisory board mandates or comparable functions pursuant to C-Regulation 16 of the Austrian Corporate Governance Code.

Members of the Supervisory Board

Name (Year of Birth)	Appointment	Other functions	Independence Regulation 53
Leopold Buchmayer (1947) Chairman	from Oct. 5 th , 1994 until Dec. 31 st , 2010	CEO of Begas Energie AG	no
Stefan Szyszkowitz, MBA (1964) Chairman	from Mar. 11 th , 2011	Member of the Executive Board of EVN AG	yes
Peter Layr (1953) Vice Chairman	from Jun. 17 th , 1998	Spokesman of the Executive Board of EVN AG Member of the Supervisory Board of: VERBUND AG	yes
Michael Amerer (1963)	from Mar. 31 st , 2005	CEO of VERBUND Hydro Power AG	yes
Robert Dick (1971)	from Mar. 11 th , 2011	Head of Controlling, EVN AG	yes
Burkhard Hofer (1944)	from Mar. 31 st , 2005 until Mar. 11 th , 2011	CEO of EVN AG Member of the Supervisory Board of: Flughafen Wien Aktiengesellschaft and VERBUND AG	yes
Josef Kaltenbacher (1951)	from Apr. 23 rd , 2004	Chairman of the Supervisory Board of Burgenländische Elektrizitätswirtschafts-Aktiengesellschaft (BEWAG)	yes
Helmut Miksits (1947)	from Mar. 15 th , 2010	CEO of WIENER STADTWERKE Holding AG	yes
Werner Perz (1950)	from Mar. 18 th , 2002	Managing Director EnergieAllianz Austria GmbH	yes
Felix Sawerthal (1954)	from Dec. 9 th , 1996	Head of Secretariat General and Corporate Affairs, EVN AG	yes
Gerold Stagl (1960)	from Mar. 18 th , 2002	Provincial Director WIENER STÄDTISCHE VERSICHERUNG AG	yes

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 2012/13 business year.

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 Management Board which would constitute a material conflict of interest and thus could influence the member's behaviour. In case such a conflict exists, the Austrian Corporate Governance Code provides for transition periods of several years.

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

1. shall not have any business or personal relations with Burgenland Holding AG or its Management 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 Management Board or as an executive of Burgenland Holding AG in the past five years;
3. shall not maintain or have maintained in the past year any business relations with the company of significant extent to the Supervisory Board member. 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 does not automatically qualify the person as not independent;
4. shall not have been auditor of Burgenland Holding AG 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 Management Board of another company in which a Management Board member of Burgenland Holding AG is a Supervisory Board member;
6. shall not serve 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 a Management Board member or of persons in one of the aforementioned positions.

Commitment to the Austrian Corporate Governance Code

Burgenland Holding AG is an Austrian public limited company listed on the Vienna Stock Exchange. Thus, corporate governance can be defined within the framework of the Austrian Corporate Governance Code, in addition to the regulations of Austrian law, in particular the Companies Act and Capital Markets Act, regulations on employee co-determination, as well as the By-Laws of Burgenland Holding AG.

The Management and Supervisory Boards of Burgenland Holding AG are bound by the Principles of Good Corporate Governance and thus fulfill investor expectations with regard to responsible and transparent corporate governance and management control with a long-term perspective. To this end, Burgenland Holding AG fully subscribed to the Austrian Corporate Governance Code in the version of January 2006 as of June 1st, 2006. The Code as amended as of January 2010 has been binding on Burgenland Holding AG since October 1st, 2010.

The standards of the Austrian Corporate Governance Code are subdivided into three groups: The first category (Legal Requirement) – based exclusively on mandatory legal provisions – has to be applied by all listed Austrian companies and is also fulfilled to the letter by Burgenland Holding AG. Non-compliance with C-regulations (Comply-or-Explain) has to be justified publicly. R-regulations are of purely recommendatory character and leave companies a choice to deviate from such regulations without a need for explanation. The Management and Supervisory Boards of Burgenland Holding AG declare, notwithstanding the deviations and explanations listed below, full and complete compliance with the L- and C-Regulations of the Austrian Corporate Governance Code; furthermore, there are only isolated deviations from R-Regulations. The Corporate Governance Report of Burgenland Holding AG may be retrieved under www.buho.at/Corporate.html.

Measures to promote women on the Management Board, the Supervisory Board and in senior positions

It is the Company's goal to achieve a balanced distribution in filling the positions of its corporate bodies, with mandatory application of the Staffing Act in filling open positions. In the past business year, two Supervisory Board mandates and a position on the Management Board were advertised, and all of those positions generated exclusively applications from men. As the Company does not have any employees, no specific promotion measures are planned.

Deviations from C-Regulations

Due to peculiarities of the Austrian energy sector as well as the Company, Burgenland Holding AG does not comply with the following C-Regulations of the Austrian Corporate Governance Code:

Regulation 16: Given the Company's holding function and the resulting collegial decision-making, which has always resulted in unanimous resolutions, it is considered unnecessary to appoint a chairperson of the Management Board.

Regulation 27: In view of the size of the Company and the connected non-main occupations thereby, the Management Board's remuneration is based on an hourly lump sum; thus, it does not include any fixed or performance-based components.

Regulation 31: Remuneration is disclosed for the Management Board as a whole. Any disclosure of individual remunerations is done at the discretion of each Member of the Management Board and does therefore not occur in the process of reporting.

Regulation 37: compare Regulation 16; any discussion on strategy, business performance and risk management is effected by the entire Management Board.

Regulations 65, 66, 69 and 70: As there is no obligation to prepare consolidated Group accounts, IFRS are not applied. Reporting is effected pursuant to applicable Austrian financial reporting requirements.

Regulation 74: The dates for the current business year up to the publication of the results for the year will be determined at the first meeting of the Supervisory Board in this business year and will then be published immediately in the corporate calendar on the Company's homepage.

Clear separation of Company Management and Supervision

The Austrian Companies Act (AktG) prescribes a two-tier governance system. It provides for a clear separation of members of the executive body (Management Board) and monitoring body (Supervisory Board). Simultaneous membership in both bodies is not admissible.

Management of the Company by the Management Board

The Management Board of Burgenland Holding AG is comprised of two members. On its own responsibility, the Management 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 as well as the Rules of Procedure for the Management Board as laid down by the Supervisory Board. Further important rules of conduct are stipulated by the Austrian Corporate Governance Code.

In matters requiring consent stipulated as such by law or resolution of the Supervisory Board, the Management 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 Management Board

The Management 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 Management Board also include quarterly reports about the situation of the Company as well as information on important matters concerning associated companies.

Communication between Management 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 Management 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.

Supervisory Board

As of September 30th, 2011, the Supervisory Board of Burgenland Holding AG comprises a total of nine members elected by the Annual General Meeting. Following the resignation of Leopold Buchmayer and Burkhard Hofer from the Supervisory Board, two positions were filled at the 22nd Annual General Meeting on March 11th, 2011. 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 the Austrian Corporate Governance Code can be seen from the list on page 4. 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 Austrian Corporate Governance Code.

In particular, the Supervisory Board is responsible for monitoring the actions of the Management Board, from which the former can request a report on Company matters at any time. The list of transactions requiring consent defined by law (§ 95 para 5 AktG) can be extended by the Supervisory Board by way of resolution. Such catalogue can be found in the respective Rules of Procedure for the Management Board and the Supervisory Board.

The Committees of the Supervisory Board

The Supervisory Board will exercise its functions in plenary session to the extent that individual matters are not assigned to Committees of the Supervisory Board. At the moment, the following Committees have been set up in the Supervisory Board of Burgenland Holding AG, each of which consists of three elected members of the Supervisory Board:

- The Supervisory Committee was responsible for the internal audit and the preparation of the adoption of the Annual Financial Statements, the recommendation on distribution of profit and the Company's Management Report in the 2010/11 business year. Furthermore, it draws up a proposal for choice of auditors. The responsibilities of the Committee were formally expanded as provided by law as of October 1st, 2009.
- The Nominating Committee submits to the Supervisory Board proposals for the filling of vacant seats on the Management Board and deals with the planning of succession. Furthermore, the Nominating Committee submits to the Annual General Meeting proposals for the filling of seats becoming vacant (Regulation 42 Austrian Corporate Governance Code).
- The Compensation Committee deals with matters related to the compensation of members of the Management Board as well as the content of contracts of employment with members of the Management Board.

All three Committees consist of the members of the Supervisory Board Stefan Szyszkowitz (Chairman), Robert Dick and Felix Sawerthal.

Compensation report

Profit participation of the Management Board

Directors (Regulation 30): There is no profit participation of the Management Board within the Company. Likewise, there is no corporate pension scheme and no entitlement/claim of the Management Board upon termination of their functions.

Stock Options (Regulation 29): Burgenland Holding AG does not have a stock option scheme for members of the Management Board.

Directors' Dealings (Regulation 70): No purchase of Burgenland Holding AG shares by a member of a corporate body was notified to Burgenland Holding AG in the 2010/11 business year.

Compensation scheme for the Supervisory Board

(Regulation 51): The compensation of the Supervisory Board is set as an annual lump sum of approximately TEUR 13. Disbursed meeting fees have to be deducted from this amount, with the remainder to be distributed as compensation of the Supervisory Board according to the following key:

The Chairman receives 25% (with meeting fees in the amount of about EUR 218), his Deputy approximately 16.7% (meeting fees of about EUR 164), and each further member of the Supervisory Board gets about 8.3% (meeting fees amounting to around EUR 109) of this lump sum.

Contracts of members of the Supervisory Board

requiring consent (Regulation 48): No member of the Supervisory Board entered into a contract with Burgenland Holding AG or one of its subsidiaries obliging or entitling such member to perform in return for any consideration exceeding an insignificant amount.

Shareholders and Annual General Meeting

Shareholders exercise their rights at the Annual General Meeting and exercise their voting rights there. Each share of Burgenland Holding AG grants one vote. There are no shares granting multiple or preferential voting rights. The Annual General Meeting is entitled to take certain decisions stipulated by law or in the By-Laws. It votes on the application of net profit as well as on the discharge of the members of the Management Board and the Supervisory Board and elects the auditors as well as the members of the Supervisory Board. Furthermore, proposals for changes to the By-Laws and planned capital measures have to be presented to the Annual General meeting for approval. The voting results as well as the agenda for the 22nd Annual General Meeting of Burgenland Holding AG of March 11th, 2011 can be found on the website of Burgenland Holding AG (www.buho.at).

Issuer Compliance

In accordance with the Austrian Companies and Stock Exchange Acts, the Austrian Regulation on Issuer Compliance as well as the EU's Market Abuse Directive, Burgenland Holding AG has an extensive set of internal rules in place aimed at preventing the abuse of insider information.

This area is monitored and administered by a Compliance Officer, who reports directly to the Management Board. The regular inspections by the Compliance Officer did not result in any complaints in the 2010/11 business year.

Eisenstadt, November 24th, 2011



Klaus Kohlhuber
Member of the
Management Board



Nikolaus Sauer
Member of the
Management Board