

# Corporate governance report

## 1. Clear commitment to the Austrian Code of Corporate Governance

The Austrian Code of Corporate Governance (ÖCGK) contains rules and principles relating to transparency and sound corporate management. S IMMO AG has subscribed to the Austrian Code of Corporate Governance since 2007. This code is available on the website of the Austrian Working Group for Corporate Governance. Notwithstanding the exceptions set out and explained below, the Management Board and Supervisory Board of S IMMO AG declare full observance of and compliance with the C Rules of the ÖCGK.

### Exceptions to the C Rules:

The C Rules of the ÖCGK below are not fully complied with by S IMMO AG:

**C Rule 2:** 'Shares are to be construed in accordance with the principle of one share – one vote.'

The 73,608,896 shares (as of 20 January 2020) in S IMMO AG are construed in accordance with the principle 'one share – one vote'. All shares carry the same rights. In particular, there are no registered shares with special rights such as nomination of Supervisory Board members or preference shares. The only restriction regarding the voting right associated with all shares exists in the context of the maximum voting right provided for in section 13 (3) of the articles of incorporation. At the Annual General Meeting, the voting rights of each shareholder are accordingly limited to 15% of the issued share capital. For this purpose, shares held by companies that together constitute a group for the purposes of section 15 Austrian Stock Corporation Act (AktG) are to be aggregated, as are shares held by third parties for the account of the relevant shareholder or the account of a company forming part of a group with that shareholder. Holdings of shares by shareholders exercising their voting rights in concert in virtue of an agreement or as part of coordinated behaviour are also to be aggregated. The maximum voting right was adopted at the 17<sup>th</sup> Annual General Meeting of S IMMO AG on 03 May 2006.

**C Rule 41:** 'The Supervisory Board shall set up a nomination committee.'

The Supervisory Board has the authority to appoint, dismiss and extend the term of office of members of the Management Board. This is one of its core tasks. The associated duties apply equally to all Supervisory Board members. For this reason, all members should also be equally involved in decision making.

**C Rule 49:** 'The company shall disclose in its annual report the object and remuneration of contracts subject to approval pursuant to L Rule 48. A summary of contracts of the same kind shall be permitted.'

According to section 95 (5) line 12 of the Austrian Stock Corporation Act (AktG), contracts with members of the Supervisory Board that commit said members to perform a service outside their work on the Supervisory Board for the company or a subsidiary in return for a material consideration require the consent of the Supervisory Board. This also applies to contracts with enterprises in which a member of the Supervisory Board has a material interest. The company has concluded loan and insurance agreements at normal market conditions with enterprises at which Supervisory Board members performed executive functions in the reporting year. The details and considerations in these agreements are not published for reasons of business policy and competition.

**C Rule 62:** 'The company shall have compliance with the C Rules of the Code evaluated periodically, but at least every three years, by an external institution and a report on the findings of the evaluation is to be published in the corporate governance report.'

The company does not have compliance with the C Rules evaluated by an external institution. Based on the company's circumstances, the Management Board and Supervisory Board do not consider it to be necessary to commission a company to perform such an evaluation.

## 2. Composition of managing bodies and remuneration

### Management Board

In the last financial year, the Management Board consisted of two members. More detailed information about the individual members of the Management Board and their responsibilities is shown in the overview of management bodies on page 5 of this report. The members of the Management Board keep each other informed of all important business events and developments at all times and discuss the progress of business. There is an ongoing exchange of information with the managers responsible for the various departments.

### Fundamentals of the remuneration of the Management Board (remuneration policy)

Remuneration of the Management Board consists of a fixed component and a variable component. The fixed basic salary is based on the scope of tasks and responsibilities of each Management Board member, their qualification and experience as well as their years of service. The basic salary is paid out 14 times per year. The criteria for variable profit-sharing are the attainment of quantitative and qualitative targets, such as FFO I, vacancy rate, progress in key projects, value-creating purchases and sales and leveraging of potential. The fulfilment of the performance criteria is determined on the basis of the audited and adopted annual financial statements and other documented target attainment records.

### Management Board remuneration

2019 in EUR	Vejdovszky	Wachernig
Fixed remuneration	475,000	350,000
Variable remuneration	523,373	390,243
<b>Total</b>	<b>998,373</b>	<b>740,243</b>

2018 in EUR	Vejdovszky	Wachernig
Fixed remuneration	475,000	350,000
Variable remuneration	310,329	240,276
<b>Total</b>	<b>785,329</b>	<b>590,276</b>

In addition to the amounts specified above, other benefits consisted primarily of contributions to pension funds in the amount of EUR 82,500 (2018: EUR 84,563) and contributions to the employees' severance pay and pension fund of EUR 26,959 (2018: EUR 36,107). The company pension plan for Ernst Vejdovszky and for Friedrich Wachernig is a defined contribution plan.

The Management Board contracts are temporary. If the Management Board mandate is terminated early without fault in the meaning of section 27 of the Austrian Employee Act (Angestelltengesetz – AngG), the remuneration claims for the period of the original appointment to the Management Board are payable despite the termination of this agreement, but for a maximum of two years.

The Management Board contracts also include a change-of-control clause. The members of the Management Board have the right to terminate the employment relationship and to resign from the Management Board mandate upon the occurrence of a change-of-control event within a period of three months after the occurrence of this event, subject to a notice period of four months. In the event of such a termination, the remuneration claims pursuant to the employment and pension fund contracts will remain effective until 30 June 2021. However, the continued payment of remuneration is limited to two gross annual salaries. A change-of-control event occurs only if a change takes place at the shareholder level that also results in a new election of at least one third of the company's Supervisory Board members. Moreover, the Management Board members have no other individual severance entitlements towards S IMMO in case of a termination of employment contracts. The individual severance entitlements are subject to the new Austrian entitlement regulation.

S IMMO AG currently has no stock option plan for Management Board members.

### D&O insurance

In line with the resolution of the Annual General Meeting in 2009, a directors and officers (D&O) insurance has been in place since 01 September 2009. This insurance covers claims for damages by the company, shareholders or third parties against the governing bodies or executives of the company that may be enforced as a result of breaches of duty of care. The costs are borne by the company.

### Supervisory Board

As of 31 December 2019, the Supervisory Board consisted of eight members. Information on the Supervisory Board members, their positions, their principal occupations and other supervisory board appointments can be found in the overview of management bodies on page 6.

## Criteria for independence

S IMMO AG's Supervisory Board has established the following criteria for the independence of its members as required under C Rule 53 of the Austrian Code of Corporate Governance:

- A Supervisory Board member should not have been a member of the Management Board or an executive officer of S IMMO AG or one of its subsidiaries in the preceding five years.
- A Supervisory Board member should not maintain, or in the preceding year have maintained, a business relationship of material importance to that Supervisory Board member with S IMMO AG or one of its subsidiaries. This also applies to business relationships with enterprises in which the Supervisory Board member has a material interest. The approval of individual transactions by the Supervisory Board in accordance with L Rule 48 does not automatically mean that a person is not independent.
- A Supervisory Board member should not have served as statutory auditor of S IMMO AG, or have had an interest in, or been an employee of the auditing firm in the preceding three years.
- A Supervisory Board member should not be a member of the management board of another company if a member of the Management Board of S IMMO AG is a member of that company's supervisory board.
- A Supervisory Board member should not be a member of the Supervisory Board for longer than 15 years. This does not apply to Supervisory Board members who are shareholders with an entrepreneurial investment or who represent the interests of such a shareholder.
- A Supervisory Board member should not be a close family member (direct descendant, spouse, life partner, parent, uncle, aunt, sibling, nephew, niece) of a member of the Management Board or of persons in any of the positions described above.

Of all Supervisory Board members serving in 2019, only Martin Simhandl and Franz Kerber have declared themselves not to be independent in the meaning of C Rule 53. All Supervisory Board members have declared themselves to be independent in the meaning of C Rule 54.

## Remuneration of the Supervisory Board

Remuneration including meeting fees paid to members of the Supervisory Board totalled EUR 239,000 (2018: EUR 243,203).

### Total Supervisory Board remuneration

in EUR	2019	2018
Simhandl	47,000	48,000
Kerber	36,000	36,000
Rasinger	37,000	34,602
Besenhofer	23,000	25,000
Bomba	24,000	17,204
Hager	24,000	25,000
Rapf	25,000	27,000
Rest	23,000	17,204
Zeitlberger	–	13,193
<b>Total</b>	<b>239,000</b>	<b>243,203</b>

The members of the Supervisory Board did not receive any loans or advances, and no guarantees were entered into on behalf of these persons.

## 3. Details of the activities and procedures of the Management Board and Supervisory Board

The activities of the Management Board and Supervisory Board and the collaboration between the two bodies are based on the applicable laws, the articles of incorporation and the rules and procedures.

The Management Board runs the company – its allocation of tasks is set out in the overview of management bodies on page 5. The Management Board also provides the Supervisory Board with information about all material aspects of the progress of business and all strategic considerations. They jointly pursue the aim of managing the company responsibly with a long-term approach oriented towards sustainable value creation and lasting corporate success. The Management Board and Supervisory Board work closely together in the interest of the company. The intensive, ongoing dialogue between the two bodies forms the basis for this.

In its meetings, the Supervisory Board monitors the management of the business as well as the finances, strategy, performance and risk management of the company. Investment projects above a specific volume require approval by the Supervisory Board. The Supervisory Board has formed three committees, which are listed below. During the 2019 reporting year, there were four Supervisory Board meetings. Every Supervisory Board member was present at more than half of the

Supervisory Board meetings. Moreover, six circular resolutions were also passed in writing by the Supervisory Board.

## The Committees of the Supervisory Board

### Audit Committee

The functions of the Audit Committee include monitoring the accounting and reporting process and the work of the auditors, monitoring the effectiveness of the Internal Control System and the risk management system, and monitoring the process of auditing the Group's financial statements. The Audit Committee consists of the following members: Wilhelm Rasinger (Chairman since 11 September 2019), Franz Kerber, Manfred Rapf and Martin Simhandl (Chairman until 11 September 2019). The Audit Committee met three times during the reporting year.

### Management Board Committee (Remuneration Committee)

The Management Board Committee is responsible for negotiating, concluding and amending the contracts of Management

Board members. The committee consists of the following members: Martin Simhandl (Chairman), Franz Kerber and Wilhelm Rasinger. The Management Board Committee met once in 2019.

### Working Committee

The Working Committee has been given authority by the Supervisory Board to approve certain transactions up to a specified maximum amount, where due to lack of time or other organisational constraints seeking the approval of the full Supervisory Board would be impractical. This applies in the case of the purchase or sale of properties up to a certain amount as defined in the Supervisory Board's rules and procedures. The committee consists of the following members: Martin Simhandl (Chairman), Andrea Besenhofer, Franz Kerber and Manfred Rapf. The Working Committee met once in the reporting year.

The table below shows the individual attendance of the members of the Supervisory Board at Supervisory Board and committee meetings.

## Attendance in 2019

	Supervisory Board	Audit Committee	Working Committee
Dr. Martin Simhandl	100%	100%	100%
Mag. Franz Kerber	75%	100%	100%
Mag. Dr. Wilhelm Rasinger	100%	100%	
Mag. Andrea Besenhofer	75%		100%
Mag. Hanna Bomba	100%		
Christian Hager	100%		
DI Manfred Rapf	75%	67%	100%
Dr. Karin Rest, MBA	75%		

## 4. Diversity concept and measures for the advancement of women

Diversity and equal opportunities are key aspects of S IMMO's corporate philosophy. S IMMO AG has set itself the aim of continuously increasing the proportion of women in management positions and is expressly committed to the advancement of women. The company places great emphasis on the advancement of women when filling senior managerial positions. As of 31 December 2019, 50.0% of the workforce and 42.9% of managers (excluding the Management Board) were female. Moreover, the company offers flexible working time solutions tailored to the needs of its employees. As of 31 December 2019, 29.0% of all employees worked part-time at the company's location in Vienna. Specific measures to appoint women to the Management Board will be considered when a change to the composition of the Board is due. The same applies for future nominations to the Supervisory Board. With the company's best interest in mind, the emphasis when making appointments to the Management Board and the Supervisory Board has been on the

maximum degree of professional skill and international experience possible. In addition, the company makes a conscious effort to ensure a diverse composition with regard to professional qualifications and educational background, regardless of gender. There were no women on the Management Board of S IMMO AG in the reporting year. As of 31 December 2019, the proportion of women on the Supervisory Board was 37.5%.

Ernst Vejdovsky

Friedrich Wachernig

## Management Board



**Ernst Vejdovszky**  
CEO

Born: 30 October 1953  
Appointed until: 30 June 2021  
First appointed: 01 January 2001

Responsible for finance, corporate communications, investor relations, acquisitions, sales, risk management, audit, asset management in Germany

After studying business IT at the Vienna University of Technology, he started his career in 1982 at Girozentrale in Vienna. He became a founding Management Board Member of Sparkassen Immobilien Anlagen AG, Vienna (later Sparkassen Immobilien AG) in 1986, and has been a member of the Management Board at S IMMO AG, Vienna, since 2001.

Other appointments in domestic companies:  
Member of the Supervisory Board, Erste Immobilien Kapitalanlagegesellschaft m.b.H.



**Friedrich Wachernig, MBA**  
Member of the Management Board

Born: 28 June 1966  
Appointed until: 30 June 2021  
First appointed: 15 November 2007

Responsible for project development, asset management in CEE and Austria, legal, compliance, organisation, IT, HR

After studying business administration at the Vienna University of Economics and Business, he joined Eraproject GmbH, Vienna, in 1993. He held various development and management roles at Strabag AG, Raiffeisen Evolution GmbH and Porr Solutions GmbH in several Eastern European countries, and has been a member of the Management Board at S IMMO AG, Vienna, since 2007.

## Supervisory Board<sup>1</sup>

Name (year of birth)	Function	Main job	First appointed (end of the term of office)	Supervisory Board appoint- ments in domestic com- panies (listed)	Other Supervisory Board appointments in domestic and foreign companies	Other appointments
<b>Martin Simhandl</b> (1961)	Chairman of the Supervisory Board; Chairman of the Management Board Committee; Chairman of the Working Committee; Member of the Audit Committee (Chairman until 11 September 2019)		24 June 2004 (appointed until AGM in 2020)	Ray Sigorta AS	InterRisk Versicherungs-AG; InterRisk Lebens- versicherungs-AG; GPI Holding	
<b>Franz Kerber</b> (1953)	First Deputy Chairman of the Supervisory Board; Member of the Working Committee; Member of the Audit Committee; Member of the Management Board Committee	Deputy Chairman at Steiermärkische Bank und Sparkassen AG (until 31 May 2019)	24 June 2004 (appointed until AGM in 2020)		Bankhaus Krentschker & Co AG; MCG Graz e.gen.	Member of the Management Board at Höller-Privatstiftung; Chairman of the Schell Collection
<b>Wilhelm Rasinger</b> (1948)	Second Deputy Chairman of the Supervisory Board; Chairman of the Audit Committee (since 11 September 2019, before that Member of the Audit Committee); Member of the Management Board Committee	Chairman of the Austrian Shareholder Association (IVA)	21 May 2010 (appointed until AGM in 2020)	Erste Group Bank AG; Wienerberger AG	Chairman of the Supervisory Board at Friedrichshof Wohnungsgenossenschaft; Gebrüder Ulmer Holding GmbH	
<b>Andrea Besenhofer</b> (1970)	Member of the Working Committee	Division Manager of Group Services at Erste Group Bank AG	12 June 2013 (appointed until AGM in 2020)			Member of the Management Board of Besenhofer Privatstiftung
<b>Hanna Bomba</b> (1978)		Managing partner of Be Retail GmbH – Consulting; Owner & Coach at BeMySelf Holistic Coaching	03 May 2018 (appointed until AGM in 2023)		Erste Immobilien Kapitalanlage-gesellschaft m. b. H.	
<b>Christian Hager</b> (1967)		Member of the Management Board at KREMSEBANK und Sparkassen AG	23 June 2009 (appointed until AGM in 2024)			
<b>Manfred Rapf</b> (1960)	Member of the Audit Committee; Member of the Working Committee	Self-employed actuary	08 June 2017 (appointed until AGM in 2022)		Chairman of the Supervisory Board at Österreichische Förderungsgesellschaft der Versicherungsmathematik GmbH	
<b>Karin Rest, EMBA</b> (1972)		Self-employed lawyer (Rest law firm)	03 May 2018 (appointed until AGM in 2023)	Flughafen Wien AG	Chairman of the Supervisory Board at Wien Holding GmbH; Chairman of the Supervisory Board of ARWAG Holding AG; Wiener Stadtwerke GmbH	

<sup>1</sup> Information refers to the period 01 January until 31 December 2019.