

# 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.

**Information on  
Corporate Governance:  
[www.simmoag.at/en/cg](http://www.simmoag.at/en/cg)  
[www.corporate-governance.at](http://www.corporate-governance.at)**

### 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 66,917,179 shares 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 have an equal involvement 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 perform 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.

### Remuneration of the Management Board

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 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, leveraging of potential. If the target attainment rate is 100%, the variable remuneration amounts to 100% of the fixed annual remuneration. 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.

### Total Management Board remuneration

2018 in EUR	Vejdovszky	Wachernig
Fixed remuneration	475,000	350,000
Variable remuneration	310,329	240,276
Other remuneration	75,584	45,086
<b>Total</b>	<b>860,913</b>	<b>635,362</b>

  

2017 in EUR	Vejdovszky	Wachernig
Fixed remuneration	335,410	223,884
Variable remuneration	251,440	178,101
Other remuneration	39,680	33,021
<b>Total</b>	<b>626,530</b>	<b>435,006</b>

The Management Board remuneration includes contributions to pension funds of EUR 84,563 (2017: EUR 57,206) and contributions to the employees' severance pay and pension fund of EUR 36,107 (2017: EUR 15,494). Until 30 June 2018, the company pension plan for Ernst Vejdovszky was a defined benefit plan in the amount of 40% of the fixed basic salary. In the interest of switching to an arrangement that is line with the current standard regulations, Ernst Vejdovszky's pension plan was changed to a

purely defined contribution plan. The present value of obligation as of 31 December 2017 less plan assets as of 31 December 2017 was paid out as a non-recurring amount of EUR 960,916. The company pension plan for Friedrich Wachernig is and was, respectively, 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 (Angestelltenengesetz – 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.

S IMMO AG currently has no stock option plan and no individual severance entitlements for Management Board members.

### D&O insurance

In line with the resolution of the Annual General Meeting in 2009, a directors and officers 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 2018, 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 the current members of the Supervisory Board, only Mr. Rapf has not declared himself to be independent in the meaning of C Rule 53. All other members of the Supervisory Board have declared themselves to be independent in the meaning of C Rule 53 and C Rule 54.

## Remuneration of the Supervisory Board

Remuneration including meeting fees paid to members of the Supervisory Board totalled EUR 243,203 (2017: EUR 171,625).

### Total Supervisory Board remuneration

EUR	2018	2017
Simhandl	48,000	30,000
Kerber	36,000	27,500
Rasinger	34,602	19,000
Besenhofer	25,000	18,000
Bomba	17,204	-
Hager	25,000	15,000
Rapf	27,000	10,000
Rest	17,204	-
Zeitlberger	13,193	29,000
<b>Total</b>	<b>243,203</b>	<b>171,625</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 2018 reporting year, there were six Supervisory Board meetings. No Supervisory Board member was absent at more than half of the Supervisory Board meetings. A circular resolution was also passed in writing by the Supervisory Board.

## Supervisory Board committees

### 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: Martin Simhandl (Chairman), Franz Kerber, Manfred Rapf and Wilhelm Rasinger. In virtue of his experience and specialist knowledge of finance and accounting, Martin Simhandl is the committee's financial expert. The Audit Committee met twice 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 (since 03 May 2018). The Management Board Committee met once in 2018.

### 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 (member of the Working Committee since 03 May 2018 and Chairman since 17 December 2018), 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 2018

	Supervisory Board	Audit Committee	Working Committee	Management Board Committee
Martin Simhandl	100%	100%	100%	100%
Franz Kerber	66.7%	100%	100%	100%
Wilhelm Rasinger	100%	100%		100%
Andrea Besenhofer	83.3%		100%	
Hanna Bomba	100%			
Christian Hager	83.3%			
Manfred Rapf	83.3%	100%	100%	
Karin Rest, MBA	100%			

## 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 2018, 54.4% of the workforce and 46.2% 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 2018, 28% 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 2018, the proportion of women on the Supervisory Board was 37.5%.

Ernst Vejdovszky

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:  
Member of the Supervisory Board, Erste Immobilien Kapitalanlage-gesellschaft 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

### Martin Simhandl

#### Chairman of the Supervisory Board

Born: 05 November 1961  
Appointed until: AGM in the year 2020  
First appointed: 24 June 2004

Chairman of the Audit Committee  
Chairman of the Management Board Committee  
Chairman of the Working Committee (since 17 December 2018)

Other Supervisory Board appointments:  
InterRisk Versicherungs-AG; Ray Sigorta et al.

### Franz Kerber

#### First Deputy Chairman of the Supervisory Board (since 03 May 2018)

Born: 20 June 1953  
Appointed until: AGM in the year 2020  
First appointed: 24 June 2004

Member of the Management Board Committee  
Member of the Working Committee  
Member of the Audit Committee

Deputy Chairman at Steiermärkische Bank und Sparkassen AG

Other Supervisory Board appointments:  
Bankhaus Krentschker & Co AG; Erste & Steiermärkische Bank d.d., Rijeka; MCG Graz e.gen.

Other appointments:  
Member of the Board at Höller-Privatstiftung, Graz

### Wilhelm Rasinger

#### Second Deputy Chairman of the Supervisory Board (since 03 May 2018)

Born: 04 March 1948  
Appointed until: AGM in the year 2020  
First appointed: 21 May 2010

Member of the Audit Committee  
Member of the Management Board Committee

Chairman of the Austrian Shareholder Association (IVA); Chairman of the Supervisory Board at Friedrichshof Wohnungsgenossenschaft; Chairman of the Supervisory Board at Haberkorn Holding AG (until 29 June 2018)

Other Supervisory Board appointments:  
Erste Group Bank AG; Wienerberger AG; Gebrüder Ullmer Holding GmbH

### Andrea Besenhofer

#### Member of the Supervisory Board

Born: 02 July 1970  
Appointed until: AGM in the year 2020  
First appointed: 12 June 2013

Member of the Working Committee

Division Manager of Group Services at Erste Group Bank AG; Managing Director of OM Objektmanagement Ges.m.b.H. (until 31 January 2018)

Other functions:  
Member of the Board of Besenhofer Privatstiftung (without ongoing operational activity)

### Hanna Bomba

#### Member of the Supervisory Board (since 03 May 2018)

Born: 29 May 1978  
Appointed until: AGM in the year 2023  
First appointed: 03 May 2018

Managing partner of Be Retail GmbH – Consulting

### Christian Hager

#### Member of the Supervisory Board

Born: 06 December 1967  
Appointed until: AGM in the year 2019  
First appointed: 23 June 2009

Member of the Board at KREMSENER BANK und Sparkassen AG

### Manfred Rapf

#### Member of the Supervisory Board

Born: 29 August 1960  
Appointed until: AGM in the year 2022  
First appointed: 08 June 2017

Member of the Audit Committee  
Member of the Working Committee

General Director at WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group

Other Supervisory Board appointments:  
Chairman of the Supervisory Board at Österreichische Förderungsgesellschaft der Versicherungsmathematik GmbH

### Karin Rest, MBA

#### Member of the Supervisory Board (since 03 May 2018)

Born: 21 June 1972  
Appointed until: AGM in the year 2023  
First appointed: 03 May 2018

Self-employed lawyer (Rest law firm)

Other Supervisory Board appointments:  
Flughafen Wien AG;  
Chairman of the Supervisory Board at Wien Holding GmbH; Wiener Stadtwerke GmbH

### Ralf Zeitlberger

#### (until 03 May 2018)

#### First Deputy Chairman of the Supervisory Board (until 03 May 2018)

Born: 07 April 1959  
Appointed until: AGM in the year 2020  
First appointed: 21 May 2010

Chairman of the Working Committee (until 03 May 2018)  
Member of the Audit Committee (until 03 May 2018)  
Member of the Management Board Committee (until 03 May 2018)

Head of Holding/EGI Corporate & RE Workout at Erste Group Bank AG