

To the Supervisory Board and  
the Management Board of  
voestalpine AG  
voestalpine-Straße 1  
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Vienna, June 8, 2021  
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**Independent assurance report on the compliance of the Compensation Report as of March 31, 2021 with the provisions pursuant to sections 78c and 98a Austrian Stock Corporation Act (*Aktiengesetz – AktG*)**

Dear Ladies and Gentlemen,

due to the listing of the shares of the voestalpine AG (“Company”) on the Vienna Stock Exchange, the Management Board, together with the Supervisory Board, is required to prepare a Compensation Report annually in accordance with the provisions amended by the Stock Corporation Law Amendment Act 2019 (AktRÄG 2019) and to submit it to the Annual General Meeting for voting.

We have been engaged to perform a limited assurance engagement to determine whether the Compensation Report as of March 31, 2021 complies, in all material respects, with the provisions of sections 78c and 98a Austrian Stock Corporation Act (AktG). We report on this as follows:

**INDEPENDENT ASSURANCE REPORT<sup>1</sup>**

We have reviewed the accompanying Compensation Report as of March 31, 2021 of voestalpine AG (“Company”).

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<sup>1</sup> This English language assurance report is a translation provided for information purposes only. The original German text shall prevail in the event of any discrepancies between the English translation and the German original. We do not accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

### **Responsibilities of the Management Board and the Supervisory Board**

The responsibility for compliance with legal requirements and for the proper preparation of the Compensation Report in accordance with sections 78c and 98a Austrian Stock Corporation Act (AktG) lies with the Company's Management Board and Supervisory Board. This also includes the preparation of adequate documentation and the establishment of internal controls.

### **Responsibilities of the Practitioner**

Our responsibility is to express a conclusion as to whether, based on our procedures performed and the evidence obtained, any matters have come to our attention that cause us to believe that the Compensation Report prepared by the Company's Management Board and the Supervisory Board is not in compliance, in all material respects, with the requirements of sections 78c and 98a Austrian Stock Corporation Act (AktG).

We have performed the engagement in accordance with ISAE 3000 („International Standard on Assurance Engagements 3000 – Assurance Engagements other than Audits or Reviews of Historical Financial Information“) of the „International Auditing and Assurance Standards Board“ (IAASB) as a limited assurance engagement. Those standards require that we comply with ethical requirements, including independence rules, and plan and perform the engagement, taking into account the principle of materiality, so as to provide our conclusion with limited assurance.

In a limited assurance engagement, the audit procedures performed are less extensive than in a reasonable assurance engagement, and accordingly, less assurance is obtained.

The procedures selected depend on the Practitioner's professional judgment and included, in particular, the following activities:

- Review for compliance with the minimum content pursuant to sections 78c and 98a AktG
- Inspection of Compensation contracts of the members of the Management Board and the Supervisory Board as well as of the Articles of Association, and reconciliation with the stated Compensation components in the Compensation Report
- Reconciliation of the specified Compensation components with payroll accounts as well as actually made payments according to accounting records
- Inquiries of members of the Management Board and Supervisory Board
- Inspection of the Compensation policy drawn up in the previous year, supplementary Supervisory Board minutes (e.g. Compensation Committee), relevant documents and other records

The subject matter of our engagement is neither an audit nor a review of financial statements. Also, neither the detection and clarification of criminal offenses, such as misappropriations or other acts of embezzlement and irregularities, nor the conclusion of the effectiveness and efficiency of the management is the subject of our engagement.

### **Conclusion**

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Compensation Report as of March 31, 2021 of voestalpine AG is not in compliance, in all material respects, with sections 78c and 98a Austrian Stock Corporation Act (AktG).

### **Restriction on Distribution and Use**

Since our report is prepared exclusively on behalf of and in the interest of the client (Supervisory Board and the Management Board), it does not provide a basis for any reliance by third parties on its contents. Our report may only be published on voestalpine AG's website under the specific condition that our total liability to you, and any other party who receives this report with our permission, is limited to the amount stated in the General Conditions of Contract for the Public Accounting Professions (AAB 2018). Accordingly, this report may not be passed on to third parties or made accessible to third parties in any other way, either in whole or in part, without our express prior consent.

### **Terms and Conditions of the Engagement**

We issue this report on the basis of the engagement concluded with the Company, which is also based, with effect towards third parties, on the General Conditions of Contract for the Public Accounting Professions annexed to this report.

Our liability is limited to claims for damages based on at least gross negligence on our part. Liability for slight negligence is excluded. We shall not be liable for the activities of any external auditors or attorneys who may have been called in. Insofar as claims for damages against us do not exist or no longer exist, claims based on another legal ground (e.g. warranty, error) are also excluded.

As far as legally permissible, our liability in case of gross negligence towards the Company and also towards third parties (this also in case of several claimants or bases of claims) is limited to the total maximum liability amount of five times the fee received (excluding any cash expenses and out-of-pocket expenses and excluding value added tax) but not more than ten times the minimum insurance sum of the professional liability insurance pursuant to section 11 of the Austrian Professional Accountants and Tax Advisors Act 2017 (Wirtschaftstreuhandberufsgesetz 2017).

Claims for damages are limited to the actual damage. We shall only be liable for loss of profit in the event of intent or gross negligence, to the extent permitted by law. We are not liable for unforeseeable or untypical damages that we could not have expected.

Vienna, June 8, 2021

**Deloitte Audit Wirtschaftsprüfungs GmbH**

Mag. Marieluise Krimmel m.p.  
Certified Public Accountant (Austria)

pp. Mag. Monika Viertlmayer m.p.  
Certified Public Accountant (Austria)

Annexes

English translation of the Compensation Report (complimentary translation prepared by the Company)

General Conditions of Contract for the Public Accounting Professions (AAB 2018)

# COMPENSATION REPORT FOR MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

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**Business Year 2020/21**  
**voestalpine AG**

# CONTENTS

A. INTRODUCTION	3
B. BUSINESS PERFORMANCE 2020/21	3
C. COMPENSATION OF THE MANAGEMENT BOARD	5
1. Principles and Aims of the Compensation Policy for the Members of the Management Board	5
a. Non-performance-based, fixed compensation	6
b. Performance-based, variable compensation	6
c. Claims upon termination	7
2. Compensation of the Members of the Management Board in 2020/21	8
a. Non-performance-based, fixed compensation	8
b. Performance-based, variable compensation	9
c. Total compensation	10
d. Information on share-based payments	13
e. Annual change in compensation, the Group's performance, and the average compensation of the other employees of voestalpine AG	13
f. Payments to former Management Board Members	14
D. COMPENSATION OF THE SUPERVISORY BOARD	15
1. Principles and Aims of the Compensation Policy for the Members of the Supervisory Board	15
2. Compensation of the Members of the Supervisory Board 2020/21	16
E. OTHER INFORMATION AND EXPLANATIONS	18

This report is a translation of the original German-language report, which is solely valid.

## A. INTRODUCTION

This Compensation Report provides a comprehensive overview of the compensation paid or owed to the members of the Management Board and those of the Supervisory Board of voestalpine AG (also referred to as the “company”) in the business year 2020/21; in doing so, the Report satisfies the requirements of Sections 78c and 98a Austrian Stock Corporation Act (*Aktiengesetz – AktG*).

The present Compensation Report was prepared by the Management Board and the Supervisory Board and will be submitted to the company’s 29<sup>th</sup> Annual General Meeting on July 7, 2021, for a vote.

## B. BUSINESS PERFORMANCE 2020/21

- » Driven by economic factors, revenue declines by 11.4%, from EUR 12.7 billion to EUR 11.3 billion
- » At EUR 1.1 billion, operating result (EBITDA) much better than expected at the start of the business year (business year 2019/20: EUR 1.2 billion); EBITDA margin: 10.1%
- » At EUR 115 million, profit from operations (EBIT) once again clearly positive (2019/20: EUR –89 million)
- » Profit before tax of EUR 11 million (2019/20: EUR –230 million) and profit after tax of EUR 32 million (2019/20: EUR –216 million) once again clearly positive too
- » Cash flows from operating activities rise substantially to EUR 1.6 billion
- » Despite the economic crisis, strong increase in liquidity and decrease in liabilities thanks to consistent measures to lower costs and boost efficiency
- » As of March 31, 2021, gearing ratio falls to 49% (March 31, 2020: 67%)
- » Equity stable at EUR 5.6 billion

voestalpine's business year 2020/21 was defined by an economic downturn of historic proportions. While almost all customer segments saw demand melt away in the first business quarter, starting in the second quarter demand for voestalpine's products rose once again despite renewed lockdowns in many markets and kept rising throughout the business year. The automotive industry, in particular, showed surprising strength once it emerged from its COVID-19-induced low, triggering substantial growth in demand for high-quality steel products. Aerospace and oil & natural gas were hit particularly hard by the crisis. The Railway Systems business segment, by contrast, developed along a stable trajectory throughout the reporting period. The storage technology segment, for its part, posted all-time high orders thanks to booming online commerce.

Even though demand for voestalpine's products rose significantly over the business year 2020/21, the Group's revenue fell by 11.4% to EUR 11.3 billion on account of economic factors. Similarly to the development of revenue, voestalpine also saw a marked upturn in earnings throughout the subsequent quarters. Given the COVID-19 crisis, the decline in EBITDA by 4% to EUR 1.1 billion was moderate. At EUR 115 million, the Group succeeded once again in posting positive EBIT (2019/20: EUR -89 million). As previously communicated, in the business year 2020/21 (mainly its second quarter) EBIT was impacted by impairment losses of EUR 197 million largely attributable to two companies (voestalpine Texas and voestalpine Tubulars).

Cash flows were extremely positive. The Group succeeded in substantially boosting its cash flow from operating activities to EUR 1.6 billion during the business year ended—especially because it reduced working capital by EUR 633 million. This underscores the voestalpine Group's strong ability to fund itself even in a difficult market environment.

Following EUR -230 million in the previous business year, profit before tax for the business year 2020/21 is EUR 11 million and thus slightly positive yet again. At EUR 32 million, the voestalpine Group also succeeded in boosting its after-tax profit (2019/20: EUR -216 million).

The gearing ratio (net financial debt as a percentage of equity) improved year over year, from 67.2% to 48.5% as of the end of March 2021. Consistent working capital management and low investment levels enabled voestalpine to significantly reduce its net financial debt in the business year 2020/21 to EUR 2.7 billion, down from EUR 3.8 billion a year earlier. This was the lowest level since the business year 2014/15. At EUR 5.6 billion, equity as of March 31, 2021, was stable year over year (March 31, 2020: EUR 5.6 billion).



# C. COMPENSATION OF THE MANAGEMENT BOARD

## 1. PRINCIPLES AND AIMS OF THE COMPENSATION POLICY FOR THE MEMBERS OF THE MANAGEMENT BOARD

The currently applicable Compensation Policy for the members of the Management Board was resolved by the Supervisory Board on June 2, 2020, and submitted to the Annual General Meeting on July 1, 2020, for a vote. It was approved with 97.05% of the votes cast. The Policy is available at [www.voestalpine.com](http://www.voestalpine.com) » Investors » Annual Shareholder's Meeting » Annual General Meeting 2020.

The compensation system for the Management Board aims to compensate the Management Board's members in ways appropriate to the size and financial position of voestalpine AG and to offer them incentives for successfully managing and developing the company.

The compensation comprises non-performance-based, fixed elements and performance-based, variable elements.

### OVERVIEW OF THE COMPONENTS OF COMPENSATION

Component	Summary
<b>Performance-based, fixed compensation</b>	
Base salary	Salary determinations consider market standards and competitiveness; as a rule, the base salary is the same for all members of the Management Board excepting the chairman
Ancillary payments and bonuses	Include non-cash benefits, insurance premiums, long-service bonuses, sick pay, special payments in special cases (employee inventions, signing bonuses)
Pension plan	The current Compensation Policy provides for a pension contribution of up to 20% of the annual gross base salary to an industry-wide pension fund; different provisions under legacy contracts entail defined benefit obligations as well as higher contributions to the pension fund.
<b>Performance-based, variable compensation</b>	
Variable compensation	Achievement of particular quantitative and qualitative targets yields a maximum bonus of 250% for the chairman of the Management Board and of 200% for all other members of the Management Board; sustainable action is achieved by setting quantitative targets for three years in each case.

#### a. NON-PERFORMANCE-BASED, FIXED COMPENSATION

Every member of the Management Board is paid a base salary for carrying out their duties as such. This base salary is stipulated in the form of a monthly gross amount that is disbursed 14 times a year (“annual gross base salary”). In addition, ancillary and special payments (= company car, insurance, long-service bonuses, continued pay during sick leave and in case of accidents, employee inventions, signing bonuses) as well as a pension contribution of up to 20% of the annual gross base salary to an industry-wide pension fund may be granted.

Two members of the Management Board are entitled to a defined benefit pension due to pension commitments under legacy contracts or activities within the Group that preceded their appointment to the Management Board. The amount of the contractual pension payable to these two Management Board members depends on the length of their service. The amount of the annual pension equals 1.2% of the most recent annual gross salary for each year of service. However, the pension benefit may not exceed 40% of their most recent annual gross base salary.

A review of the adequacy of the claim to pension resulting from the contributions paid up to the time at which three members of the Management Board were reappointed to their positions was conducted in 2018, and an additional contribution to the existing defined contribution agreement was resolved (= 15% of the annual gross base salary). The additional defined contribution payment is to be disbursed in five annual instalments starting with the business year 2019/20.

#### b. PERFORMANCE-BASED, VARIABLE COMPENSATION

##### TARGET AGREEMENT

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###### Variable compensation

Maximum bonus (200% or 250% of the annual gross base salary)



Variable compensation is contingent on the setting and achievement of financial (i.e., quantitative) and non-financial (i.e., qualitative) targets that must be stipulated annually with the General Committee of voestalpine’s Supervisory Board, but no later than at the start of a business year. The lion’s share of the variable compensation—i.e., 75% or more—is based on quantitative targets.

In any event, the variable compensation must be limited as to the amount, even in case of potential target overachievement. This may be accomplished by stipulating an absolute maximum or a percentage of the fixed compensation ahead of time. The maximum payable bonus is limited to 200% of the fixed compensation (= annual gross base salary) paid to members of the Management Board and to 250% of the fixed compensation paid to the chairman of the Management Board; this maximum bonus can be achieved solely in case of quantitative target overachievement. If the agreed quantitative targets are achieved exactly, a total of up to 80% of the maximum bonus is owed for both the financial and the non-financial targets. Any overachievement of the quantitative targets is considered proportionately until the maximum bonus is reached.

### **Quantitative targets**

The lion's share of the variable compensation—i.e., 75% or more—is based on quantitative targets. The target agreements applicable to the members of the Management Board provide for the following quantitative performance criteria:

- » ROCE (return on capital employed)
- » EBIT (earnings before interest and taxes)

Besides these two quantitative performance criteria, additional performance criteria promoting the company's business strategy may be established, especially those that reflect capital commitments and the creation of liquidity (for example, the ratio of working capital to revenue or free cash flow). In any weighting of the quantitative performance criteria, the ROCE must be considered more significant than EBIT, and EBIT more significant than other performance criteria.

In any event, the specific targets for the two performance criteria, ROCE and EBIT, are determined periodically, i.e., at the start of a given period for a total of three years at minimum. For one, this uncouples the variable compensation system from the annual business and corporate planning process and, for another, ensures that long-term, strategic objectives are considered in the compensation of Management Board members.

In special circumstances, such as an economic crisis, the General Committee may use alternative or additional performance criteria such as free cash flow to replace and/or expand the financial performance criteria that it established for a three-year period. In these special cases, the weighting of the performance criteria specified in the Compensation Policy may be adjusted as well.

Identical quantitative targets are stipulated with all members of the Management Board.

### **Qualitative targets**

The target agreement applicable to the members of the Management Board must establish non-financial performance criteria that account for up to no more than 25% of the variable compensation. When these performance criteria (which may change from year to year) are established, care must be taken to ensure that they promote the company's development in the long term and do not provide incentives for achieving merely short-term results.

### **c. CLAIMS UPON TERMINATION**

In any case, the members of the Management Board are subject to the corporate severance scheme under the Austrian Act on Severance and Retirement Funds for Salaried Employees and Self-Employed Persons (*Betriebliches Mitarbeiter- und Selbständigenvorsorgegesetz – BMSVG*). The company thus is obliged to make contributions to the corporate provision fund in the amount prescribed by law.

Members of the Management Board may be paid contractual severance upon termination of their director's contract by analogy to the Austrian White-Collar Employee Act (in the version that applied immediately prior to the effective date of the amended federal law as per Austrian Federal Gazette (BGBl I 2002/100), the so-called "Old Severance Payment Scheme"). In such cases, the gross severance pay from the corporate provision fund to which a Management Board member is entitled under the provisions of the BMSVG upon termination of their employment must be offset against the contractual gross severance pay.

## 2. COMPENSATION OF THE MEMBERS OF THE MANAGEMENT BOARD 2020/21

The compensation paid to the members of the Management Board as well as the total compensation paid to the Management Board for the business year 2020/21 is shown below.

For one, the compensation in 2020/21 comprises the non-performance-based, fixed compensation actually paid to the members of the Management Board in the business year 2020/21. For another, it comprises the claims, which the members of the Management Board acquired for the business year 2020/21 under the performance-based, variable compensation that is disbursed to them not all at once but instead is paid out to them over the 12 months of the calendar year 2021. Accordingly, a partial payment of the variable compensation for the last three months of the business year 2020/21 (= Q1 2021) and up to May 2021, as determined based on forecasts for the business year 2020/21, was made to the members of the Management Board. The variable compensation to which the members of the Management Board are in fact entitled for the business year 2020/21 will be paid out to them in equal amounts less the previously disbursed partial payment from June 2021 (i.e., from the date on which the General Committee determines whether the targets applicable to the variable compensation were achieved) through to December 2021. This means that the compensation paid to the members of the Management Board of voestalpine AG solely constitutes so-called “owed compensation.”

In the business year 2020/21, the company's Management Board comprised the following six members:

- » Dipl.-Ing. Herbert Eibensteiner – Chairman of the Management Board
- » Dipl.-Ing. Dr. Franz Kainersdorfer – Head of the Metal Engineering Division
- » Mag. Dipl.-Ing. Robert Ottel, MBA – Chief Financial Officer
- » Dipl.-Ing. Franz Rotter – Head of the High Performance Metals Division
- » Dipl.-Ing. Dr. Peter Schwab, MBA – Head of the Metal Forming Division
- » Dipl.-Ing. Hubert Zajicek, MBA – Head of the Steel Division

### a. NON-PERFORMANCE-BASED, FIXED COMPENSATION

The non-performance-based, fixed compensation of the members of the Management Board for the business year 2020/21 comprises the annual gross base salary as well as ancillary and special payments (i.e., the noncash compensation, which includes a company car that may be used not only for business purposes but also for private purposes) and group accident insurance.

Moreover, the compensation paid to Dipl.-Ing. Dr. Franz Kainersdorfer; Dipl.-Ing. Franz Rotter; Dipl.-Ing. Dr. Peter Schwab, MBA; and Dipl.-Ing. Hubert Zajicek, MBA, includes a contribution to an industry-wide pension fund that equates to 15% of their respective annual gross base salary. A review of the adequacy of the claim to pension resulting from the contributions paid up to the time at which Dipl.-Ing. Dr. Franz Kainersdorfer, Dipl.-Ing. Franz Rotter, and Dipl.-Ing. Dr. Peter Schwab, MBA, were reappointed to their positions in 2018 was conducted at that time; an additional contribution to the existing defined contribution agreement (= 15% of the annual gross base salary) was resolved. The additional defined contribution payment is to be disbursed in five annual installments starting with the business year 2019/20. Dipl.-Ing. Herbert Eibensteiner and Mag. Dipl.-Ing. Robert Ottel, MBA, are entitled to a defined benefit pension due to pension commitments under legacy contracts or activities within the Group that preceded their appointment to the Management Board (see item C.1.a).

## FIXED COMPENSATION

	Herbert Eibensteiner	Franz Kainersdorfer	Robert Ottel	Franz Rotter	Peter Schwab	Hubert Zajicek
Annual base salary	1,100,000	900,000	900,000	900,000	900,000	900,000
Noncash compensation (especially car, insurance)	12,203	9,293	12,203	12,173	12,203	12,173
Long-service bonus		36,929				
Current pension contribution		135,000		135,000	135,000	135,000
Additional amount (2018 Agreement)		388,606		465,752	564,769	
<b>Total fixed compensation</b>	<b>1,112,203</b>	<b>1,469,828</b>	<b>912,203</b>	<b>1,512,925</b>	<b>1,611,972</b>	<b>1,047,173</b>

In euros

In addition to the pension and insurance contributions mentioned in the foregoing, just as other directors and officers of the voestalpine Group, all members of the Management Board are covered by D&O insurance as well as criminal defense insurance providing adequate coverage, both of which the company has purchased for the entire Group. The cost of these insurance policies benefiting the Management Board members are borne by the company.

### b. PERFORMANCE-BASED, VARIABLE COMPENSATION

The performance-based, variable compensation of the members of the Management Board for the business year 2020/21 is based on a performance target agreement ("Target Agreement 2021"), which the Management Board and the General Committee of the Supervisory Board entered into at the start of the business year 2020/21.

The quantitative performance criteria as per the Target Agreement 2020/21 are: return on capital employed (ROCE), earnings before interest and taxes (EBIT), and ratio of working capital to revenue. The targets for both ROCE and EBIT correspond to the different targets established at the start of the business year 2019/20 for each of the next three business years—and thus also for the business year 2020/21 in toto. For one, this three-year plan uncouples the variable compensation system from the annual business and corporate planning process and, for another, it ensures that long-term, strategic objectives are considered in the compensation of the Management Board members. The target, ratio of working capital to revenue, was determined at the start of the business year 2020/21. Neither the performance criteria nor the corresponding targets were adjusted during the business year.

The qualitative targets stipulated for all of the members of the Management Board in the business year 2020/21 were, first, preparation of a review of the 2025+ Strategy and, second, preparation of a sustainability strategy as well as subsequent presentation of each to the Supervisory Board. Structurally speaking, the sustainability strategy submitted to the Supervisory Board in this connection follows the three-pillar model, "Economy, Environment, and Society," and is conceived as a comprehensive framework based on the best-in-class approach. Sustainability is an integral part of the voestalpine Group's strategy. As such, it is intended to have a positive impact in the long term on voestalpine's strategic goals and other core strategic elements: technology, innovation, quality, and human resources. voestalpine's most pressing task in this connection involves preparing options for lowering CO<sub>2</sub> emissions also with respect to the supply chains.

The General Committee determined whether targets had been achieved on June 8, 2021, among other things on the basis of the company's audited consolidated financial statements. Pursuant to the target achievement thus determined, the variable compensation of the members of the Management Board is as follows:

## VARIABLE COMPENSATION

	<b>Chairman of the Management Board</b>	<b>Members of the Management Board</b>
	Herbert Eibensteiner	Franz Kainersorfer, Robert Ottel, Franz Rotter, Peter Schwab, Hubert Zajicek
Annual gross base salary	1,100,000	900,000
Maximum bonus in % of the annual gross salary	250	200
<b>Quantitative targets (60% of the maximum bonus)</b>	<b>60</b>	<b>60</b>
Actual degree of target achievement	33.05	33.05
Target achievement in % of the maximum bonus	19.83	19.83
Target achievement in % of the annual gross base salary	49.58	39.66
Variable compensation	545,325	356,940
<b>Qualitative targets (20% of the maximum bonus)</b>	<b>20</b>	<b>20</b>
Actual degree of target achievement	100.00	100.00
Target achievement in % of the maximum bonus	20.00	20.00
Target achievement in % of the annual gross base salary	50.00	40.00
Variable compensation	550,000	360,000
<b>Total</b>		
Target achievement in % of the maximum bonus	39.83	39.83
Target achievement in % of the annual gross base salary	99.58	79.66
<b>Variable Compensation</b>	<b>1,095,325</b>	<b>716,940</b>

In euros

## c. TOTAL COMPENSATION

The total compensation paid to the Management Board for the business year 2020/21 is EUR 12,346,329 (2019/20: EUR 9,760,702). Of this amount, the non-performance-based, fixed compensation is EUR 7,666,304 (2019/20: EUR 7,159,943) and the performance-based, variable compensation is EUR 4,680,025 (2019/20: EUR 2,600,759).

The following table shows the total compensation paid to the Management Board, broken down by the non-performance-based, fixed components and the performance-based, variable components (including their ratios) paid to each individual member of the Management Board:<sup>1</sup>

<sup>1</sup> This presentation is based on the form proposed by the Austrian Financial Reporting and Auditing Committee (AFRAC) in AFRAC Statement 37 (Compensation Report under the Austrian Stock Corporation Act). In contrast to the specifications of the Compensation Policy applicable to the members of the Management Board of voestalpine AG, in this presentation long-service bonuses are not shown as fixed compensation.

**TOTAL COMPENSATION – BUSINESS YEAR 2020/21**

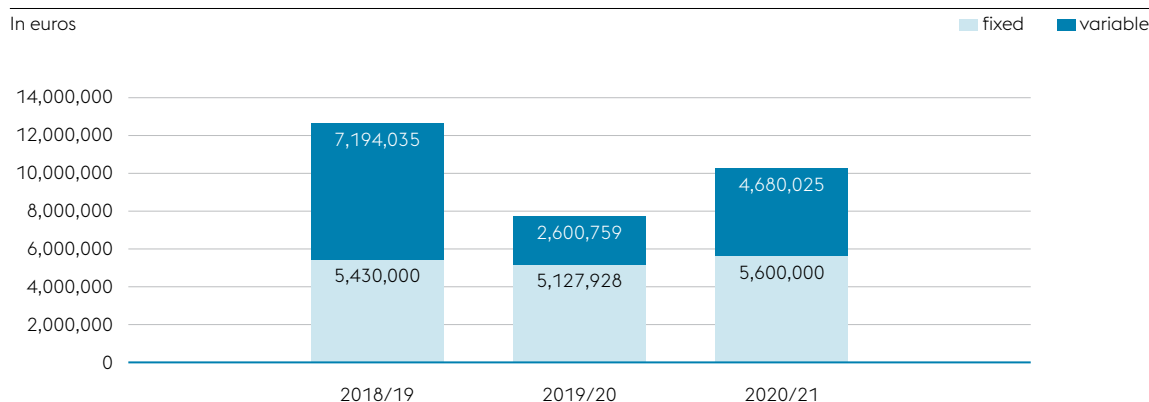
	<b>Herbert Eibensteiner</b>	<b>Franz Kainersdorfer</b>	<b>Robert Ottel</b>	<b>Franz Rotter</b>	<b>Peter Schwab</b>	<b>Hubert Zajicek</b>
<b>Fixed compensation</b>						
Annual base salary	1,100,000	900,000	900,000	900,000	900,000	900,000
Noncash compensation (in particular, company car, accident insurance)	12,203	9,293	12,203	12,173	12,203	12,173
Contributions to the industry-wide pension fund		135,000		135,000	135,000	135,000
Additional amount (2018 Agreement)		388,606		465,752	564,769	
<b>Subtotal</b>	<b>1,112,203</b>	<b>1,432,899</b>	<b>912,203</b>	<b>1,512,925</b>	<b>1,611,972</b>	<b>1,047,173</b>
<b>Variable compensation</b>						
Annual bonus	1,095,325	716,940	716,940	716,940	716,940	716,940
Disbursement prior-year bonus	0	0	0	0	0	0
<b>Subtotal</b>	<b>1,095,325</b>	<b>716,940</b>	<b>716,940</b>	<b>716,940</b>	<b>716,940</b>	<b>716,940</b>
<b>Compensation from affiliates<sup>1</sup></b>						
Salary for activities as managing directors in subsidiaries	0	0	0	0	0	0
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other compensation</b>						
One-time severance payment	0	36,929	0	0	0	0
<b>Subtotal</b>	<b>0</b>	<b>36,929</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Compensation from previous work in corporate body</b>						
Pension	0	0	0	0	0	0
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total compensation</b>						
Fixed	1,112,203	1,432,899	912,203	1,512,925	1,611,972	1,047,173
Variable	1,095,325	716,940	716,940	716,940	716,940	716,940
Affiliates <sup>1</sup>	0	0	0	0	0	0
Other	0	36,929	0	0	0	0
Pension (former Manage- ment Board members)	0	0	0	0	0	0
<b>Total</b>	<b>2,207,528</b>	<b>2,186,768</b>	<b>1,629,143</b>	<b>2,229,865</b>	<b>2,328,912</b>	<b>1,764,113</b>
<i>Relative percentage of fixed components (in %)</i>	50.38	67.21	55.99	67.85	69.22	59.36
<i>Relative percentage of variable components (in %)</i>	49.62	32.79	44.01	32.15	30.78	40.64

<sup>1</sup> Members of the Management Board of voestalpine AG do not have a claim to compensation for serving on corporate bodies of Group companies and affiliates.

In euros

The following table shows the development of the non-performance-based, fixed components (excluding noncash compensation, pension fund contributions, and long service bonuses) as well as of the performance-based, variable components in the past three business years:

## COMPENSATION OVER THREE YEARS



The compensation of the members of the Management Board for the business year 2020/21 corresponds to the current Compensation Policy. The development on the whole—but particularly that of the performance-based, variable component—clearly shows the strong correlation of the compensation of the Management Board members and the company's performance.

At EUR 13.6 billion, the voestalpine Group posted a new all-time revenue high in the business year 2018/19, but was unable to replicate this positive trend on the earnings side compared with the business year 2017/18. EBIT was about EUR 780 million, and ROCE was 7%. For the voestalpine Group, the business year 2019/20 was defined by a massive dampening of sentiment in the economic environment owing to the worldwide trade conflicts. These developments hit Europe's export-driven industry, which accounts for about two-thirds of the Group's revenue, particularly hard. The automotive segment, which is important to the voestalpine Group, slumped worldwide. Add to that globally rising iron ore prices in the face of simultaneously falling steel prices. An upward trend did not make itself felt for the first time until the start of the fourth quarter of the business year 2019/20, only to be brought to a sudden standstill by the outbreak of the COVID-19 pandemic. EBIT for the business year 2019/20 was EUR -89 million and the ROCE was -0.8%. Group working capital in percent of revenue deteriorated from 32.4% to 34.6%. voestalpine's business year 2020/21 was defined by an economic downturn of historic proportions. While almost all customer segments saw demand melt away in the first business quarter, starting in the second quarter demand for voestalpine's products rose once again despite renewed lockdowns in many markets and kept rising throughout the business year. The automotive industry, in particular, showed surprising strength once it emerged from its COVID-19-induced low, triggering substantial growth in demand for high-quality steel products. Even though demand for voestalpine's products rose significantly over the business year 2020/21, the Group's revenue fell



by 11.4% to EUR 11.3 billion on account of economic factors. Similarly to the development of revenue, voestalpine also saw a marked upturn in earnings throughout the subsequent quarters. Given the COVID-19 crisis, the decline in EBITDA by 4% to EUR 1.1 billion was moderate. At EUR 115 million, the Group succeeded in returning to positive EBIT despite impairment losses of EUR 197 million. The return on capital employed (ROCE) is 1.14%. There was also a substantial improvement in the Group's working capital as a percentage of revenue, specifically, from 34.6% to 30.8%. The development of the variable compensation of the Management Board members reflects the Group's performance.

For one, the selected quantitative performance criteria provide an incentive to utilize the capital available to the company as best as possible; for another, they incentivize the members of the Management Board to focus on the company's earnings. The qualitative targets serve to address issues currently relevant to the company such as, in the business year 2020/21, the review of its 2025+ Strategy as well as the preparation of a sustainability strategy that zeroes in on the issue that is absolutely central to voestalpine: the decarbonization of steelmaking.

#### d. INFORMATION ON SHARE-BASED PAYMENTS

As per the Compensation Policy for the members of the Management Board, voestalpine AG does not make share-based payments to them.

#### e. ANNUAL CHANGE IN COMPENSATION, THE GROUP'S PERFORMANCE, AND THE AVERAGE COMPENSATION OF THE OTHER EMPLOYEES OF voestalpine AG

	Compensation <sup>1</sup>		Difference		Compensation <sup>1</sup>		Difference	
	2018/19	2019/20	2018/19 vs. 2019/20 absolute	2018/19 vs. 2019/20 in %	2020/21	2019/20 vs. 2020/21 absolute	2019/20 vs. 2020/21 in %	
Herbert Eibensteiner <sup>2</sup>	1,918,110	1,415,605	-502,505	-26.20	2,195,325	779,720	55.08	
Franz Kainersdorfer	1,918,110	1,190,000	-728,110	-37.96	1,616,940	426,940	35.88	
Robert Ottel	1,918,110	1,190,000	-728,110	-37.96	1,616,940	426,940	35.88	
Franz Rotter	1,918,110	1,190,000	-728,110	-37.96	1,616,940	426,940	35.88	
Peter Schwab	1,918,110	1,190,000	-728,110	-37.96	1,616,940	426,940	35.88	
Hubert Zajicek <sup>3</sup>		604,164			1,616,940	1,012,776	167.63	
Wolfgang Eder <sup>4</sup>	3,033,485	948,918						
<b>Total</b>	<b>12,624,035</b>	<b>7,728,687</b>	<b>-4,895,348</b>	<b>-38.78</b>	<b>10,280,025</b>	<b>2,551,338</b>	<b>33.01</b>	

<sup>1</sup> Fixed compensation (excluding noncash compensation, pension fund contributions, and long service bonuses) and variable compensation.

<sup>2</sup> Chairman of the Management Board since July 3, 2019.

<sup>3</sup> Member of the Management Board since July 4, 2019.

<sup>4</sup> Chairman of the Management Board until July 3, 2019.

In euros

	2018/19	2019/20	Difference 2018/19 vs. 2019/20		2020/21	Difference 2019/20 vs. 2020/21	
			absolute	in %		absolute	in %
<b>Key Performance Indicators</b>							
Revenue	13,560.7	12,717.2	-843.5	-6.22	11,266.6	-1,450.6	-11.41
EBITDA	1,564.6	1,181.5	-383.1	-24.49	1,134.5	-47.0	-3.98
EBIT	779.4	-89.0	-868.4	-111.42	115.2	204.2	229.45
ROCE	7.01%	-0.78%	-7.79%		1.14%	1.92%	

In millions of euros

	2018/19	2019/20	Difference 2018/19 vs. 2019/20		2020/21	Difference 2019/20 vs. 2020/21	
			absolute	in %		absolute	in %
Employees in Austria (FTE)	21,927	21,521	-406	-1.85	20,855	-666	-3.09
Average compensation of all employees in Austria based on FTEs (EUR)	62,655	60,922	-1,733	-2.77 <sup>5</sup>	60,355	-567	-0.93 <sup>6</sup>

<sup>5</sup> The reduction follows, in particular, from the earnings-related reduction in the performance-based, variable components of the executives, less overtime as well as the elimination of general performance bonuses.

<sup>6</sup> The reduction largely follows from the broad-based implementation of short time work programs.

#### f. PAYMENTS TO FORMER MANAGEMENT BOARD MEMBERS

In the business year 2020/21, the pension fund made a total of EUR 1,539,912 (2019/20: EUR 1,516,457) in pension payments to five former members of the Management Board entitled to defined benefit pension agreements.

# D. COMPENSATION OF THE SUPERVISORY BOARD

## 1. PRINCIPLES AND AIMS OF THE COMPENSATION POLICY FOR THE MEMBERS OF THE SUPERVISORY BOARD

The currently applicable Compensation Policy for the members of the Supervisory Board was resolved by the Supervisory Board on June 2, 2020, and was submitted to the Annual General Meeting on July 1, 2020, for a vote. It was approved with 77.68% of the votes cast.

The compensation paid to the Supervisory Board is intended to compensate the Supervisory Board members elected by the Annual General Meeting (“shareholder representatives”) in a way that is appropriate to the size and financial position of voestalpine AG, is based on prevailing market rates, and is competitive. The compensation is designed to enable the company as an international, listed Group to recruit sufficiently experienced and competent individuals to serve on its Supervisory Board. The individuals representing the Works Council on the Supervisory Board are not paid any compensation.

Solely the Annual General Meeting determines the compensation of the Supervisory Board. The annual compensation of the members of the Supervisory Board and the method of calculating it has been enshrined in Article 15 of the Articles of Association since the 2006 Annual General Meeting and thus is not subject to separate annual resolutions at the Annual General Meeting.

- » All members of the Supervisory Board are paid a fee of EUR 500 per meeting of the Supervisory Board or one of its committees that they attend, and their cash outlays as well as appropriate travel expenses are reimbursed to them.
- » Over all, the elected members of the Supervisory Board are paid an amount per business year that is equivalent to one per-mille (0.1%) of the profit after tax pursuant to the adopted consolidated financial statements. This amount must be distributed among the Chairman, the Deputy Chairman/Chairmen, and all other members of the Supervisory Board as follows: 100% for the Chairman, 75% for the Deputy Chairman/Chairmen, and 50% for all other members, with a minimum of EUR 27,000 for the Chairman; a minimum of EUR 20,000 for the Deputy Chairman/Chairmen; and a minimum of EUR 13,000 for all other members of the Supervisory Board. The compensation is limited to four times the stated amounts. Compensation paid to a Supervisory Board member whose term of office begins or ends during a business year is prorated.

Just as other directors and officers of the voestalpine Group, all members of the Supervisory Board are covered by D&O insurance as well as criminal defense insurance providing adequate coverage, both of which the company has purchased for the entire Group. The cost of these insurance policies benefiting the members of the Supervisory Board are borne by the company.

## 2. COMPENSATION OF THE MEMBERS OF THE SUPERVISORY BOARD IN 2020/21

The total compensation paid to the members of the Supervisory Board (including attendance fees) for the business year 2020/21 is EUR 179,000 (2019/20: EUR 179,250).

The compensation of the Supervisory Board for the business year 2020/21 shall be disbursed no later than 14 days from the Annual General Meeting on July 7, 2021. Attendance fees are paid quarterly. The individuals representing the Works Council on the Supervisory Board are not paid any compensation.

Just as other directors and officers of the voestalpine Group, all members of the Supervisory Board are covered by D&O insurance as well as criminal defense insurance providing adequate coverage, both of which the company has purchased for the entire Group. The cost of these insurance policies benefiting the members of the Supervisory Board are borne by the company.

The compensation of the members of the Supervisory Board for the business year 2020/21 breaks down as follows:

### BUSINESS YEAR 2020/21

Member of the Supervisory Board	Compensation <sup>1</sup>	Attendance Fees <sup>2</sup>	Total
Dr. Joachim Lemppenau (Chairman)	27,000	6,500	33,500
Dr. Heinrich Schaller (Deputy Chairman)	20,000	6,500	26,500
KR Dr. Franz Gasselsberger, MBA	13,000	4,000	17,000
Dr. Wolfgang Eder	13,000	4,000	17,000
Mag. Ingrid Jörg	13,000	4,000	17,000
Dr. Florian Khol	13,000	4,000	17,000
Mag. Maria Kubitschek	13,000	4,000	17,000
Prof. Elisabeth Stadler	13,000	4,000	17,000
Josef Gritz		4,000	4,000
Sandra Fritz		4,000	4,000
Hans-Karl Schaller		5,000	5,000
Gerhard Scheidreiter		4,000	4,000
<b>Total</b>	<b>125,000</b>	<b>54,000</b>	<b>179,000</b>

<sup>1</sup> Compensation owed for the business year 2020/21 and paid in July 2021.

<sup>2</sup> The attendance fees were paid on a quarterly basis during the business year 2020/21.

In euros

The compensation of the members of the Supervisory Board for the business year 2019/20 breaks down as follows:

#### BUSINESS YEAR 2019/20

Member of the Supervisory Board	Compensation <sup>1</sup>	Attendance Fees <sup>2</sup>	Total
Dr. Joachim Lemppenau (Chairman)	27,000	7,000	34,000
Dr. Heinrich Schaller (Deputy Chairman)	20,000	7,000	27,000
KR Dr. Franz Gasselsberger, MBA	13,000	4,500	17,500
Dr. Wolfgang Eder <sup>3</sup>	9,750	3,000	12,750
Mag. Ingrid Jörg <sup>3</sup>	9,750	3,000	12,750
Dr. Florian Khol <sup>3</sup>	9,750	2,500	12,250
Mag. Maria Kubitschek <sup>3</sup>	9,750	3,000	12,750
Prof. Elisabeth Stadler <sup>3</sup>	9,750	2,000	11,750
Dr. Hans-Peter Hagen <sup>4</sup>	3,250	1,500	4,750
Dr. Michael Kutschera, MCJ. (NYU) <sup>4</sup>	3,250	1,500	4,750
Prof. emer. Dr. Helga Nowotny, Ph.D. <sup>4</sup>	3,250	1,500	4,750
Mag. Dr. Josef Peischer <sup>4</sup>	3,250	1,000	4,250
Josef Gritz		4,500	4,500
Friedrich Hofstätter <sup>5</sup>		1,000	1,000
Sandra Fritz <sup>6</sup>		3,500	3,500
Hans-Karl Schaller		6,500	6,500
Gerhard Scheidreiter		4,500	4,500
<b>Gesamt</b>	<b>121,750</b>	<b>57,500</b>	<b>179,250</b>

<sup>1</sup> Compensation owed for the business year 2019/20 and paid in July 2020.

<sup>2</sup> The attendance fees were paid on a quarterly basis in the business year 2019/20.

<sup>3</sup> Member of the Supervisory Board since July 3, 2019.

<sup>4</sup> Member of the Supervisory Board until July 3, 2019.

<sup>5</sup> Member of the Supervisory Board until June 15, 2019.

<sup>6</sup> Member of the Supervisory Board since June 15, 2019.

In euros

## E. OTHER INFORMATION AND EXPLANATIONS

In the business year 2020/21, there were no deviations from the applicable Compensation Policy for the members of the Management Board and the applicable Compensation Policy for the members of the Supervisory Board.

Given the outcome of the vote (see item D.1.), the Supervisory Board discussed and revised the Compensation Policy adopted by the Annual General Meeting on July 1, 2020, for the members of the Supervisory Board. In contrast to the currently applicable variable compensation as stipulated in the Articles of Association, which includes minimum and maximum compensation, the revised Compensation Policy provides for a fixed amount, which may differ from person to person, is governed by the given individual's responsibilities on the Supervisory Board or its committees and all associated tasks and activities, and must be resolved by the Annual General Meeting.

It will be submitted to the Annual General Meeting on July 7, 2021, for a vote. In line with this Compensation Policy, a proposal will be submitted to the Annual General Meeting on July 7, 2021, to amend Article 15 of the Articles of Association and to provide for resolution by the Annual General Meeting in a new provision of the Articles of Association.

See [www.voestalpine.com](http://www.voestalpine.com) » Investors » Annual Shareholder's Meeting » Annual General Meeting 2021 for the revised Compensation Policy and the proposal of both the Management Board and the Supervisory Board regarding the amendment of Article 15 of the Articles of Association.

Linz, Austria, June 8, 2021

Joachim Lemppenau  
Chairman of the Supervisory Board

Linz, Austria, June 7, 2021

Herbert Eibensteiner  
Chairman of the Management Board

Franz Kainersdorfer  
Member of the Management Board

Robert Ottel  
Member of the Management Board

Franz Rotter  
Member of the Management Board

Peter Schwab  
Member of the Management Board

Hubert Zajicek  
Member of the Management Board

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**voestalpine**

ONE STEP AHEAD.

# General Conditions of Contract for the Public Accounting Professions (AAB 2018)

Recommended for use by the Board of the Chamber of Tax Advisers and Auditors, last recommended in its decision of April 18, 2018

## Preamble and General Items

(1) Contract within the meaning of these Conditions of Contract refers to each contract on services to be rendered by a person entitled to exercise profession in the field of public accounting exercising that profession (de facto activities as well as providing or performing legal transactions or acts, in each case pursuant to Sections 2 or 3 Austrian Public Accounting Professions Act (WTBG 2017). The parties to the contract shall hereinafter be referred to as the "contractor" on the one hand and the "client" on the other hand).

(2) The General Conditions of Contract for the professions in the field of public accounting are divided into two sections: The Conditions of Section I shall apply to contracts where the agreeing of contracts is part of the operations of the client's company (entrepreneur within the meaning of the Austrian Consumer Protection Act. They shall apply to consumer business under the Austrian Consumer Protection Act (Federal Act of March 8, 1979 / Federal Law Gazette No. 140 as amended) insofar as Section II does not provide otherwise for such business.

(3) In the event that an individual provision is void, the invalid provision shall be replaced by a valid provision that is as close as possible to the desired objective.

## SECTION I

### 1. Scope and Execution of Contract

(1) The scope of the contract is generally determined in a written agreement drawn up between the client and the contractor. In the absence of such a detailed written agreement, (2)-(4) shall apply in case of doubt:

(2) When contracted to perform tax consultation services, consultation shall consist of the following activities:

- a) preparing annual tax returns for income tax and corporate tax as well as value-added tax (VAT) on the basis of the financial statements and other documents and papers required for taxation purposes and to be submitted by the client or (if so agreed) prepared by the contractor. Unless explicitly agreed otherwise, documents and papers required for taxation purposes shall be produced by the client.
- b) examining the tax assessment notices for the tax returns mentioned under a).
- c) negotiating with the fiscal authorities in connection with the tax returns and notices mentioned under a) and b).
- d) participating in external tax audits and assessing the results of external tax audits with regard to the taxes mentioned under a).
- e) participating in appeal procedures with regard to the taxes mentioned under a).

If the contractor receives a flat fee for regular tax consultation, in the absence of written agreements to the contrary, the activities mentioned under d) and e) shall be invoiced separately.

(3) Provided the preparation of one or more annual tax return(s) is part of the contract accepted, this shall not include the examination of any particular accounting conditions nor the examination of whether all relevant concessions, particularly those with regard to value added tax, have been utilized, unless the person entitled to exercise the profession can prove that he/she has been commissioned accordingly.

(4) In each case, the obligation to render other services pursuant to Sections 2 and 3 WTBG 2017 requires for the contractor to be separately and verifiably commissioned.

(5) The aforementioned paragraphs (2) to (4) shall not apply to services requiring particular expertise provided by an expert.

(6) The contractor is not obliged to render any services, issue any warnings or provide any information beyond the scope of the contract.

(7) The contractor shall have the right to engage suitable staff and other performing agents (subcontractors) for the execution of the contract as well as to have a person entitled to exercise the profession substitute for him/her in executing the contract. Staff within the meaning of these Conditions of Contract refers to all persons who support the contractor in his/her operating activities on a regular or permanent basis, irrespective of the type of underlying legal transaction.

(8) In rendering his/her services, the contractor shall exclusively take into account Austrian law; foreign law shall only be taken into account if this has been explicitly agreed upon in writing.

(9) Should the legal situation change subsequent to delivering a final professional statement passed on by the client orally or in writing, the contractor shall not be obliged to inform the client of changes or of the consequences thereof. This shall also apply to the completed parts of a contract.

(10) The client shall be obliged to make sure that the data made available by him/her may be handled by the contractor in the course of rendering the services. In this context, the client shall particularly but not exclusively comply with the applicable provisions under data protection law and labor law.

(11) Unless explicitly agreed otherwise, if the contractor electronically submits an application to an authority, he/she acts only as a messenger and this does not constitute a declaration of intent or knowledge attributable to him/her or a person authorized to submit the application.

(12) The client undertakes not to employ persons that are or were staff of the contractor during the contractual relationship, during and within one year after termination of the contractual relationship, either in his/her company or in an associated company, failing which he/she shall be obliged to pay the contractor the amount of the annual salary of the member of staff taken over.

### 2. Client's Obligation to Provide Information and Submit Complete Set of Documents

(1) The client shall make sure that all documents required for the execution of the contract be placed without special request at the disposal of the contractor at the agreed date, and in good time if no such date has been agreed, and that he/she be informed of all events and circumstances which may be of significance for the execution of the contract. This shall also apply to documents, events and circumstances which become known only after the contractor has commenced his/her work.

(2) The contractor shall be justified in regarding information and documents presented to him/her by the client, in particular figures, as correct and complete and to base the contract on them. The contractor shall not be obliged to identify any errors unless agreed separately in writing. This shall particularly apply to the correctness and completeness of bills. However, he/she is obliged to inform the client of any errors identified by him/her. In case of financial criminal proceedings he/she shall protect the rights of the client.

(3) The client shall confirm in writing that all documents submitted, all information provided and explanations given in the context of audits, expert opinions and expert services are complete.

(4) If the client fails to disclose considerable risks in connection with the preparation of financial statements and other statements, the contractor shall not be obliged to render any compensation insofar as these risks materialize.

(5) Dates and time schedules stated by the contractor for the completion of the contractor's products or parts thereof are best estimates and, unless otherwise agreed in writing, shall not be binding. The same applies to any estimates of fees: they are prepared to best of the contractor's knowledge; however, they shall always be non-binding.

(6) The client shall always provide the contractor with his/her current contact details (particularly the delivery address). The contractor may rely on the validity of the contact details most recently provided by the client, particularly have deliveries made to the most recently provided address, until such time as new contact details are provided.

### 3. Safeguarding of Independence

(1) The client shall be obliged to take all measures to prevent that the independence of the staff of the contractor be jeopardized and shall himself/herself refrain from jeopardizing their independence in any way. In particular, this shall apply to offers of employment and to offers to accept contracts on their own account.



(2) The client acknowledges that his/her personal details required in this respect, as well as the type and scope of the services, including the performance period agreed between the contractor and the client for the services (both audit and non-audit services), shall be handled within a network (if any) to which the contractor belongs, and for this purpose transferred to the other members of the network including abroad for the purpose of examination of the existence of grounds of bias or grounds for exclusion and conflicts of interest. For this purpose the client expressly releases the contractor in accordance with the Data Protection Act and in accordance with Section 80 (4) No. 2 WTBG 2017 from his/her obligation to maintain secrecy. The client can revoke the release from the obligation to maintain secrecy at any time.

#### 4. Reporting Requirements

(1) (Reporting by the contractor) In the absence of an agreement to the contrary, a written report shall be drawn up in the case of audits and expert opinions.

(2) (Communication to the client) All contract-related information and opinions, including reports, (all declarations of knowledge) of the contractor, his/her staff, other performing agents or substitutes ("professional statements") shall only be binding provided they are set down in writing. Professional statements in electronic file formats which are made, transferred or confirmed by fax or e-mail or using similar types of electronic communication (that can be stored and reproduced but is not oral, i.e. e.g. text messages but not telephone) shall be deemed as set down in writing; this shall only apply to professional statements. The client bears the risk that professional statements may be issued by persons not entitled to do so as well as the transfer risk of such professional statements.

(3) (Communication to the client) The client hereby consents to the contractor communicating with the client (e.g. by e-mail) in an unencrypted manner. The client declares that he/she has been informed of the risks arising from the use of electronic communication (particularly access to, maintaining secrecy of, changing of messages in the course of transfer). The contractor, his/her staff, other performing agents or substitutes are not liable for any losses that arise as a result of the use of electronic means of communication.

(4) (Communication to the contractor) Receipt and forwarding of information to the contractor and his/her staff are not always guaranteed when the telephone is used, in particular in conjunction with automatic telephone answering systems, fax, e-mail and other types of electronic communication. As a result, instructions and important information shall only be deemed to have been received by the contractor provided they are also received physically (not by telephone, orally or electronically), unless explicit confirmation of receipt is provided in individual instances. Automatic confirmation that items have been transmitted and read shall not constitute such explicit confirmations of receipt. This shall apply in particular to the transmission of decisions and other information relating to deadlines. As a result, critical and important notifications must be sent to the contractor by mail or courier. Delivery of documents to staff outside the firm's offices shall not count as delivery.

(5) (General) In writing shall mean, insofar as not otherwise laid down in Item 4. (2), written form within the meaning of Section 886 Austrian Civil Code (ABGB) (confirmed by signature). An advanced electronic signature (Art. 26 eIDAS Regulation (EU) No. 910/2014) fulfills the requirement of written form within the meaning of Section 886 ABGB (confirmed by signature) insofar as this is at the discretion of the parties to the contract.

(6) (Promotional information) The contractor will send recurrent general tax law and general commercial law information to the client electronically (e.g. by e-mail). The client acknowledges that he/she has the right to object to receiving direct advertising at any time.

#### 5. Protection of Intellectual Property of the Contractor

(1) The client shall be obliged to ensure that reports, expert opinions, organizational plans, drafts, drawings, calculations and the like, issued by the contractor, be used only for the purpose specified in the contract (e.g. pursuant to Section 44 (3) Austrian Income Tax Act 1988). Furthermore, professional statements made orally or in writing by the contractor may be passed on to a third party for use only with the written consent of the contractor.

(2) The use of professional statements made orally or in writing by the contractor for promotional purposes shall not be permitted; a violation of this provision shall give the contractor the right to terminate without notice to the client all contracts not yet executed.

(3) The contractor shall retain the copyright on his/her work. Permission to use the work shall be subject to the written consent by the contractor.

#### 6. Correction of Errors

(1) The contractor shall have the right and shall be obliged to correct all errors and inaccuracies in his/her professional statement made orally or in writing which subsequently come to light and shall be obliged to inform the client thereof without delay. He/she shall also have the right to inform a third party acquainted with the original professional statement of the change.

(2) The client has the right to have all errors corrected free of charge if the contractor can be held responsible for them; this right will expire six months after completion of the services rendered by the contractor and/or – in cases where a written professional statement has not been delivered – six months after the contractor has completed the work that gives cause to complaint.

(3) If the contractor fails to correct errors which have come to light, the client shall have the right to demand a reduction in price. The extent to which additional claims for damages can be asserted is stipulated under Item 7.

#### 7. Liability

(1) All liability provisions shall apply to all disputes in connection with the contractual relationship, irrespective of the legal grounds. The contractor is liable for losses arising in connection with the contractual relationship (including its termination) only in case of willful intent and gross negligence. The applicability of Section 1298 2<sup>nd</sup> Sentence ABGB is excluded.

(2) In cases of gross negligence, the maximum liability for damages due from the contractor is tenfold the minimum insurance sum of the professional liability insurance according to Section 11 WTBG 2017 as amended.

(3) The limitation of liability pursuant to Item 7. (2) refers to the individual case of damages. The individual case of damages includes all consequences of a breach of duty regardless of whether damages arose in one or more consecutive years. In this context, multiple acts or failures to act that are based on the same or similar source of error as one consistent breach of duty if the matters concerned are legally and economically connected. Single damages remain individual cases of damage even if they are based on several breaches of duty. Furthermore, the contractor's liability for loss of profit as well as collateral, consequential, incidental or similar losses is excluded in case of willful damage.

(4) Any action for damages may only be brought within six months after those entitled to assert a claim have gained knowledge of the damage, but no later than three years after the occurrence of the (primary) loss following the incident upon which the claim is based, unless other statutory limitation periods are laid down in other legal provisions.

(5) Should Section 275 Austrian Commercial Code (UGB) be applicable (due to a criminal offense), the liability provisions contained therein shall apply even in cases where several persons have participated in the execution of the contract or where several activities requiring compensation have taken place and irrespective of whether other participants have acted with intent.

(6) In cases where a formal auditor's report is issued, the applicable limitation period shall commence no later than at the time the said auditor's report was issued.

(7) If activities are carried out by enlisting the services of a third party, e.g. a data-processing company, any warranty claims and claims for damages which arise against the third party according to law and contract shall be deemed as having been passed on to the client once the client has been informed of them. Item 4. (3) notwithstanding, in such a case the contractor shall only be liable for fault in choosing the third party.

(8) The contractor's liability to third parties is excluded in any case. If third parties come into contact with the contractor's work in any manner due to the client, the client shall expressly clarify this fact to them. Insofar as such exclusion of liability is not legally permissible or a liability to third parties has been assumed by the contractor in exceptional cases, these limitations of liability shall in any case also apply to third parties on a subsidiary basis. In any case, a third party cannot raise any claims that go beyond any claim raised by the client. The maximum sum of liability shall be valid only once for all parties injured, including the compensation claims of the client, even if several persons (the client and a third party or several third parties) have sustained losses; the claims of the parties injured shall be satisfied in the order in which the claims have been raised. The client will indemnify and hold harmless the contractor and his/her staff against any claims by third parties in connection with professional statements made orally or in writing by the contractor and passed on to these third parties.

(9) Item 7. shall also apply to any of the client's liability claims to third parties (performing agents and vicarious agents of the contractor) and to substitutes of the contractor relating to the contractual relationship.

#### 8. Secrecy, Data Protection

(1) According to Section 80 WTBG 2017 the contractor shall be obliged to maintain secrecy in all matters that become known to him/her in connection with his/her work for the client, unless the client releases him/her from this duty or he/she is bound by law to deliver a statement.

(2) Insofar as it is necessary to pursue the contractor's claims (particularly claims for fees) or to dispute claims against the contractor (particularly claims for damages raised by the client or third parties against the contractor), the contractor shall be released from his/her professional obligation to maintain secrecy.

(3) The contractor shall be permitted to hand on reports, expert opinions and other written statements pertaining to the results of his/her services to third parties only with the permission of the client, unless he/she is required to do so by law.

(4) The contractor is a data protection controller within the meaning of the General Data Protection Regulation ("GDPR") with regard to all personal data processed under the contract. The contractor is thus authorized to process personal data entrusted to him/her within the limits of the contract. The material made available to the contractor (paper and data carriers) shall generally be handed to the client or to third parties appointed by the client after the respective rendering of services has been completed, or be kept and destroyed by the contractor if so agreed. The contractor is authorized to keep copies thereof insofar as he/she needs them to appropriately document his/her services or insofar as it is required by law or customary in the profession.

(5) If the contractor supports the client in fulfilling his/her duties to the data subjects arising from the client's function as data protection controller, the contractor shall be entitled to charge the client for the actual efforts undertaken. The same shall apply to efforts undertaken for information with regard to the contractual relationship which is provided to third parties after having been released from the obligation to maintain secrecy to third parties by the client.

#### 9. Withdrawal and Cancellation („Termination“)

(1) The notice of termination of a contract shall be issued in writing (see also Item 4. (4) and (5)). The expiry of an existing power of attorney shall not result in a termination of the contract.

(2) Unless otherwise agreed in writing or stipulated by force of law, either contractual partner shall have the right to terminate the contract at any time with immediate effect. The fee shall be calculated according to Item 11.

(3) However, a continuing agreement (fixed-term or open-ended contract on – even if not exclusively – the rendering of repeated individual services, also with a flat fee) may, without good reason, only be terminated at the end of the calendar month by observing a period of notice of three months, unless otherwise agreed in writing.

(4) After notice of termination of a continuing agreement and unless otherwise stipulated in the following, only those individual tasks shall still be completed by the contractor (list of assignments to be completed) that can (generally) be completed fully within the period of notice insofar as the client is notified in writing within one month after commencement of the termination notice period within the meaning of Item 4. (2). The list of assignments to be completed shall be completed within the termination period if all documents required are provided without delay and if no good reason exists that impedes completion.

(5) Should it happen that in case of a continuing agreement more than two similar assignments which are usually completed only once a year (e.g. financial statements, annual tax returns, etc.) are to be completed, any assignments exceeding this number shall be regarded as assignments to be completed only with the client's explicit consent. If applicable, the client shall be informed of this explicitly in the statement pursuant to Item 9. (4).

#### 10. Termination in Case of Default in Acceptance and Failure to Cooperate on the Part of the Client and Legal Impediments to Execution

(1) If the client defaults on acceptance of the services rendered by the contractor or fails to carry out a task incumbent on him/her either according to Item 2. or imposed on him/her in another way, the contractor shall have the right to terminate the contract without prior notice. The same shall apply if the client requests a way to execute (also partially) the contract that the contractor reasonably believes is not in compliance with the legal situation or professional principles. His/her fees shall be calculated according to Item 11. Default in acceptance or failure to cooperate on the part of the client shall also justify a claim for compensation made by the contractor for the extra time and labor hereby expended as well as for the damage caused, if the contractor does not invoke his/her right to terminate the contract.

(2) For contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions, a termination without prior notice by the contractor is permissible under Item 10. (1) if the client verifiably fails to cooperate twice as laid down in Item 2. (1).

#### 11. Entitlement to Fee

(1) If the contract fails to be executed (e.g. due to withdrawal or cancellation), the contractor shall be entitled to the negotiated compensation (fee), provided he/she was prepared to render the services and was prevented from so doing by circumstances caused by the client, whereby a merely contributory negligence by the contractor in this respect shall be excluded; in this case the contractor need not take into account the amount he/she obtained or failed to obtain through alternative use of his/her own professional services or those of his/her staff.

(2) If a continuing agreement is terminated, the negotiated compensation for the list of assignments to be completed shall be due upon completion or in case completion fails due to reasons attributable to the client (reference is made to Item 11. (1)). Any flat fees negotiated shall be calculated according to the services rendered up to this point.

(3) If the client fails to cooperate and the assignment cannot be carried out as a result, the contractor shall also have the right to set a reasonable grace period on the understanding that, if this grace period expires without results, the contract shall be deemed ineffective and the consequences indicated in Item 11. (1) shall apply.

(4) If the termination notice period under Item 9. (3) is not observed by the client as well as if the contract is terminated by the contractor in accordance with Item 10. (2), the contractor shall retain his/her right to receive the full fee for three months.

#### 12. Fee

(1) Unless the parties explicitly agreed that the services would be rendered free of charge, an appropriate remuneration in accordance with Sections 1004 and 1152 ABGB is due in any case. Amount and type of the entitlement to the fee are laid down in the agreement negotiated between the contractor and his/her client. Unless a different agreement has verifiably been reached, payments made by the client shall in all cases be credited against the oldest debt.

(2) The smallest service unit which may be charged is a quarter of an hour.

(3) Travel time to the extent required is also charged.

(4) Study of documents which, in terms of their nature and extent, may prove necessary for preparation of the contractor in his/her own office may also be charged as a special item.

(5) Should a remuneration already agreed upon prove inadequate as a result of the subsequent occurrence of special circumstances or due to special requirements of the client, the contractor shall notify the client thereof and additional negotiations for the agreement of a more suitable remuneration shall take place (also in case of inadequate flat fees).

(6) The contractor includes charges for supplementary costs and VAT in addition to the above, including but not limited to the following (7) to (9):

(7) Chargeable supplementary costs also include documented or flat-rate cash expenses, traveling expenses (first class for train journeys), per diems, mileage allowance, copying costs and similar supplementary costs.

(8) Should particular third party liabilities be involved, the corresponding insurance premiums (including insurance tax) also count as supplementary costs.

(9) Personnel and material expenses for the preparation of reports, expert opinions and similar documents are also viewed as supplementary costs.

(10) For the execution of a contract wherein joint completion involves several contractors, each of them will charge his/her own compensation.

(11) In the absence of any other agreements, compensation and advance payments are due immediately after they have been requested in writing. Where payments of compensation are made later than 14 days after the due date, default interest may be charged. Where mutual business transactions are concerned, a default interest rate at the amount stipulated in Section 456 1<sup>st</sup> and 2<sup>nd</sup> Sentence UGB shall apply.

(12) Statutory limitation is in accordance with Section 1486 of ABGB, with the period beginning at the time the service has been completed or upon the issuing of the bill within an appropriate time limit at a later point.

(13) An objection may be raised in writing against bills presented by the contractor within 4 weeks after the date of the bill. Otherwise the bill is considered as accepted. Filing of a bill in the accounting system of the recipient is also considered as acceptance.

(14) Application of Section 934 ABGB within the meaning of Section 351 UGB, i.e. rescission for *laesio enormis* (lesion beyond moiety) among entrepreneurs, is hereby renounced.

(15) If a flat fee has been negotiated for contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions, in the absence of written agreements to the contrary, representation in matters concerning all types of tax audits and audits of payroll-related taxes and social security contributions including settlements concerning tax assessments and the basis for contributions, preparation of reports, appeals and the like shall be invoiced separately. Unless otherwise agreed to in writing, the fee shall be considered agreed upon for one year at a time.

(16) Particular individual services in connection with the services mentioned in Item 12. (15), in particular ascertaining whether the requirements for statutory social security contributions are met, shall be dealt with only on the basis of a specific contract.

(17) The contractor shall have the right to ask for advance payments and can make delivery of the results of his/her (continued) work dependent on satisfactory fulfillment of his/her demands. As regards continuing agreements, the rendering of further services may be denied until payment of previous services (as well as any advance payments under Sentence 1) has been effected. This shall analogously apply if services are rendered in installments and fee installments are outstanding.

(18) With the exception of obvious essential errors, a complaint concerning the work of the contractor shall not justify even only the partial retention of fees, other compensation, reimbursements and advance payments (remuneration) owed to him/her in accordance with Item 12.

(19) Offsetting the remuneration claims made by the contractor in accordance with Item 12. shall only be permitted if the demands are uncontested and legally valid.

### 13. Other Provisions

(1) With regard to Item 12. (17), reference shall be made to the legal right of retention (Section 471 ABGB, Section 369 UGB); if the right of retention is wrongfully exercised, the contractor shall generally be liable pursuant to Item 7. or otherwise only up to the outstanding amount of his/her fee.

(2) The client shall not be entitled to receive any working papers and similar documents prepared by the contractor in the course of fulfilling the contract. In the case of contract fulfillment using electronic accounting systems the contractor shall be entitled to delete the data after handing over all data based thereon – which were prepared by the contractor in relation to the contract and which the client is obliged to keep – to the client and/or the succeeding public accountant in a structured, common and machine-readable format. The contractor shall be entitled to an appropriate fee (Item 12. shall apply by analogy) for handing over such data in a structured, common and machine-readable format. If handing over such data in a structured, common and machine-readable format is impossible or unfeasible for special reasons, they may be handed over in the form of a full print-out instead. In such a case, the contractor shall not be entitled to receive a fee.

(3) At the request and expense of the client, the contractor shall hand over all documents received from the client within the scope of his/her activities. However, this shall not apply to correspondence between the contractor and his/her client and to original documents in his/her possession and to documents which are required to be kept in accordance with the legal anti-money laundering provisions applicable to the contractor. The contractor may make copies or duplicates of the documents to be returned to the client. Once such documents have been transferred to the client, the contractor shall be entitled to an appropriate fee (Item 12. shall apply by analogy).

(4) The client shall fetch the documents handed over to the contractor within three months after the work has been completed. If the client fails to do so, the contractor shall have the right to return them to the client at the cost of the client or to charge an appropriate fee (Item 12. shall apply by analogy) if the contractor can prove that he/she has asked the client twice to pick up the documents handed over. The documents may also further be kept by third parties at the expense of the client. Furthermore, the contractor is not liable for any consequences arising from damage, loss or destruction of the documents.

(5) The contractor shall have the right to compensation of any fees that are due by use of any available deposited funds, clearing balances, trust funds or other liquid funds at his/her disposal, even if these funds are explicitly intended for safekeeping, if the client had to have anticipated the counterclaim of the contractor.

(6) To secure an existing or future fee payable, the contractor shall have the right to transfer a balance held by the client with the tax office or another balance held by the client in connection with charges and contributions, to a trust account. In this case the client shall be informed of the transfer. Subsequently, the amount secured may be collected either after agreement has been reached with the client or after enforceability of the fee by execution has been declared.

### 14. Applicable Law, Place of Performance, Jurisdiction

(1) The contract, its execution and the claims resulting from it shall be exclusively governed by Austrian law, excluding national referral rules.

(2) The place of performance shall be the place of business of the contractor.

(3) In absence of a written agreement stipulating otherwise, the place of jurisdiction is the competent court of the place of performance.

## SECTION II

### 15. Supplementary Provisions for Consumer Transactions

(1) Contracts between public accountants and consumers shall fall under the obligatory provisions of the Austrian Consumer Protection Act (KSChG).

(2) The contractor shall only be liable for the willful and grossly negligent violation of the obligations assumed.

(3) Contrary to the limitation laid down in Item 7. (2), the duty to compensate on the part of the contractor shall not be limited in case of gross negligence.

(4) Item 6. (2) (period for right to correction of errors) and Item 7. (4) (asserting claims for damages within a certain period) shall not apply.

(5) Right of Withdrawal pursuant to Section 3 KSChG:

If the consumer has not made his/her contract statement in the office usually used by the contractor, he/she may withdraw from the contract application or the contract proper. This withdrawal may be declared until the contract has been concluded or within one week after its conclusion; the period commences as soon as a document has been handed over to the consumer which contains at least the name and the address of the contractor as well as instructions on the right to withdraw from the contract, but no earlier than the conclusion of the contract. The consumer shall not have the right to withdraw from the contract

1. if the consumer himself/herself established the business relationship concerning the conclusion of this contract with the contractor or his/her representative,

2. if the conclusion of the contract has not been preceded by any talks between the parties involved or their representatives, or

3. in case of contracts where the mutual services have to be rendered immediately, if the contracts are usually concluded outside the offices of the contractors, and the fee agreed upon does not exceed €15.

In order to become legally effective, the withdrawal shall be declared in writing. It is sufficient if the consumer returns a document that contains his/her contract declaration or that of the contractor to the contractor with a note which indicates that the consumer rejects the conclusion or the maintenance of the contract. It is sufficient if this declaration is dispatched within one week.

If the consumer withdraws from the contract according to Section 3 KSChG,

1. the contractor shall return all benefits received, including all statutory interest, calculated from the day of receipt, and compensate the consumer for all necessary and useful expenses incurred in this matter,

2. the consumer shall pay for the value of the services rendered by the contractor as far as they are of a clear and predominant benefit to him/her.

According to Section 4 (3) KSChG, claims for damages shall remain unaffected.

(6) Cost Estimates according to Section 5 Austrian KSChG:

The consumer shall pay for the preparation of a cost estimate by the contractor in accordance with Section 1170a ABGB only if the consumer has been notified of this payment obligation beforehand.

If the contract is based on a cost estimate prepared by the contractor, its correctness shall be deemed warranted as long as the opposite has not been explicitly declared.

(7) Correction of Errors: Supplement to Item 6.:

If the contractor is obliged under Section 932 ABGB to improve or complement his/her services, he/she shall execute this duty at the place where the matter was transferred. If it is in the interest of the consumer to have the work and the documents transferred by the contractor, the consumer may carry out this transfer at his/her own risk and expense.

(8) Jurisdiction: Shall apply instead of Item 14. (3)

If the domicile or the usual residence of the consumer is within the country or if he/she is employed within the country, in case of an action against him/her according to Sections 88, 89, 93 (2) and 104 (1) Austrian Court Jurisdiction Act (JN), the only competent courts shall be the courts of the districts where the consumer has his/her domicile, usual residence or place of employment.

(9) Contracts on Recurring Services:

(a) Contracts which oblige the contractor to render services and the consumer to effect repeated payments and which have been concluded for an indefinite period or a period exceeding one year may be terminated by the consumer at the end of the first year, and after the first year at the end of every six months, by adhering to a two-month period of notice.

(b) If the total work is regarded as a service that cannot be divided on account of its character, the extent and price of which is determined already at the conclusion of the contract, the first date of termination may be postponed until the second year has expired. In case of such contracts the period of notice may be extended to a maximum of six months.

(c) If the execution of a certain contract indicated in lit. a) requires considerable expenses on the part of the contractor and if he/she informed the consumer about this no later than at the time the contract was concluded, reasonable dates of termination and periods of notice which deviate from lit. a) and b) and which fit the respective circumstances may be agreed.

(d) If the consumer terminates the contract without complying with the period of notice, the termination shall become effective at the next termination date which follows the expiry of the period of notice.