

# Corporate Governance

## W.E.B's Commitment to Corporate Governance

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As a citizen participation company, W.E.B is particularly committed to responsible and transparent corporate management. WEB Windenergie AG has therefore been committed to complying with the Austrian Corporate Governance Code (ÖCGK) since mid-2006, which is applied in accordance with the following explanations.

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The ÖCGK was basically created as a set of rules for listed companies in Austria that supplements the legal provisions of Austrian stock corporation and capital market law by means of additional self-regulation rules. Non-listed stock corporations may also apply the Code by means of a voluntary decision. W.E.B has accordingly resolved to comply with the rules of the ÖCGK.

The aim of the ÖCGK is to ensure responsible and long-term value-oriented corporate management and control. This is achieved through comprehensive rules for transparency and internal organization.

For WEB Windenergie AG, the code provides a key element in strengthening the trust shareholders, business partners, employees and the general public have in the company.

The current version of the ÖCGK can be found at [www.corporate-governance.at](http://www.corporate-governance.at).

The ÖCGK contains almost one hundred rules that impose different degrees of commitment on a company that subjects itself to them:

- **L-Rule (Legal Requirement):** Rule based on mandatory legal provisions
- **C-Rule (Comply or Explain):** Rule is to be followed, any deviation must be explained and justified
- **R-Rule (Recommendation):** The nature of this rule is a recommendation; non-compliance requires neither disclosure nor explanation

## **Implementation of the Corporate Governance Code by WEB Windenergie AG in the Fiscal Year 2018**

The Board of Directors and Supervisory Board constantly strive to comply with all the rules of the Code to the best of their ability and to continuously optimize internal company standards. In those cases where full compliance is not established, the reasons for such deviation are stated. As the company is not listed on the stock exchange and is in regular individual communication with its shareholders – all of which are registered shareholders – the starting point for WEB Windenergie AG is considerably different from that of other publicly owned companies. Not all L-Rules apply to WEB Windenergie AG either, as several provisions are only for companies listed on the stock exchange.

WEB Windenergie AG does not publish its own Corporate Governance Report because it is not obliged to do so as an unlisted joint stock company; however, the contents which such a report would have to contain are essentially to be found in the Annual Report (in particular the composition of the executive bodies, i.e. Board of Directors and Supervisory Board).

In order to take account of the fact that WEB Windenergie AG has voluntarily subjected itself to the ÖCGK, any deviations from the rules laid down in the Code are briefly explained below and published on the website. Deviations are discussed and resolved in an open discussion within the Board of Directors – and the Supervisory Board as necessary – if WEB Windenergie AG is of the opinion that the deviation should be upheld with a justification. The justification for each deviation can be found in the description of the respective deviation in the following summary.

In the reporting period, deviations were recorded for the following rules of the ÖCGK:

### **C-Rule 18:**

**“Depending on the size of the enterprise, a separate staff unit is to be set up for internal auditing, which shall report to the management board, or the task of conducting internal audits may be contracted out to a competent institution. At least once a year, a report on the auditing plan and any material findings are to be presented to the audit committee.”**

WEB Windenergie AG is a medium-sized company despite continuous growth. Due to the size of the company, an internal audit department is not considered economical.

### **C-Rule 31:**

**“The fixed and variable performance-linked annual remunerations of each individual management board member are to be disclosed in the Corporate Governance Report for each financial year. This shall also apply if the remuneration is paid through a management company.”**

The remuneration of the Board of Directors as a whole and the corresponding criteria for variable remuneration are stated in the Annual Report. A separate publication for the individual members of the Board of Directors is omitted in order to protect the privacy of the persons concerned.

### **C-Rule 39 (and, mutatis mutandis, C-Rules 41 and 43):**

**“The supervisory board shall set up expert committees from among its members depending on the specific circumstances of the enterprise and the number of supervisory board members. These committees shall serve to improve the efficiency of the work of the supervisory board and shall deal with complex issues. However, the supervisory board may discuss the issues of the committees with the entire supervisory board at its discretion. Each chairperson of a committee shall report periodically to the supervisory board on the work of the committee. The supervisory board shall ensure that a committee has the authorisation to take decisions in urgent cases.**

**The majority of the committee members shall meet the criteria for independence of the C-Rule 53. The Corporate Governance Report shall state the names of the committee members and the name of the chairperson. The Corporate Governance Report must disclose the number of meetings of the committees and discuss the activities of the committees.”**

The Supervisory Board of WEB Windenergie AG consists of a maximum of nine members in accordance with Section 12 of the Articles of Association, although currently there are only five members. Due to the small number of members, but also due to the specific circumstances of the company, only an Audit Committee was established; the formation of further committees is not deemed expedient, so that the Supervisory Board consistently performs its tasks as a whole. The ÖCGK also provides for the establishment of a nomination committee pursuant to Rule 41 or a remuneration committee pursuant to Rule 43 as mandatory only for seven or more Supervisory Board members, meaning it requires a “critical size”, which WEB Windenergie AG does not achieve with five Supervisory Board members. The rules of the Supervisory Board, however, do provide for the formation of committees in addition to the Audit Committee so that this would be possible, if it were necessary. When electing to the Supervisory Board, care is also taken to ensure that the necessary competencies are appropriately diversified (finance, law, technology, social competence).

### **C-Rule 49:**

**“The company shall disclose in the Corporate Governance 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.”**

In the absence of a legal obligation, the company does not publish a Corporate Governance Report. However, information on contracts requiring approval under L-Rule 48 can be found in the Notes to the Financial Statement. This includes the mandate contract with the law firm Sattler & Schanda (Supervisory Board member Reinhard Schanda is a partner of this law firm) and the leasing of agricultural land for ecological measures in project locations of WEB Windenergie AG carried out by Martin Zimmermann.

#### **L-Rule 60:**

**“The company must prepare a Corporate Governance Report that contains at least the following information:**

**[...]**

- The measures taken to promote women to the management board, supervisory board and to top management positions;**
- the diversity concept.”**

WEB Windenergie AG does not have a woman as a member of the Board of Directors; Brigitte Ederer has been a member of the Supervisory Board since the Annual General Meeting in 2018. In addition, several women are active at the second management level: Two women, Claudia Bauer and Stefanie Markut, have been appointed authorized signatories, five women were employed as department heads in 2018, and two positions as country managers are occupied by women.

There is currently no explicit diversity concept – not least due to the medium size of WEB Windenergie AG.

#### **C-Rule 68:**

**“The company shall publish annual financial reports, half-yearly financial reports and any other interim reports in English and German, and shall make these available on the company’s website. If the annual financial report contains consolidated financial statements, the financial statements in the annual report pursuant to the Business Code must only be published and made available in German.”**

The Company makes its annual financial reports available for download in both German and English on its company website. Interim reports are published in German on the website.

#### **C-Rule 83:**

**“In addition, the auditor shall make an assessment of the effectiveness of the company’s risk management based on the information and documents presented and shall report the findings to the management board. This report shall also be brought to the notice of the chairperson of the supervisory board. The chairperson shall be responsible for ensuring that the report is dealt with by the audit committee and reported on to the supervisory board.”**

WEB Windenergie AG does not commission an explicit evaluation of risk management. However, a risk assessment is carried out and discussed as part of the audit of the financial statements.