

Corporate Governance Report

CORPORATE GOVERNANCE AT WOLFORD

Commitment to the Corporate Governance Code

Wolford is convinced that carefully implemented and actively practiced corporate governance can make an important contribution to enhancing the trust placed in the company by the capital markets. In September 2002, the Austrian Working Group for Corporate Governance issued a framework for responsible corporate management and control that is designed to support the sustainable creation of value. The goal of this guideline is to protect the interests of all stakeholders whose welfare is linked to the success of the company.

The Austrian Corporate Governance Code ensures a high degree of transparency for all of the company's stakeholders. Wolford has been committed to the principles of the code since the 2002/2003 financial year. The Austrian Working Group for Corporate Governance is responsible for publishing the Corporate Governance Code in its respective versions. The current version is available at www.corporate-governance.at and on Wolford's [website](#). The latest revision to the code, which took effect as of January 1, 2021, focused on another adaptation of the code to the requirements of the Austrian Stock Corporation Amendment Act 2019.

The code is based on the requirements of Austrian stock corporation, stock exchange and capital market law, the recommendations of the European Commission concerning the duties of the Supervisory Board and the remuneration of Management Board members, and the corporate governance guidelines issued by the OECD. The code provides a framework for corporate management and control.

Enhancing Trust

The guiding principles of the code are intended to enhance the trust placed by investors in the company – and in Austria as a place to do business. They include equal treatment of all shareholders, transparency, the independence of the Supervisory Board, open communication between the Supervisory Board and the Management Board, the avoidance of conflicts of interest on the part of directors and officers, and efficient control by the Supervisory Board and auditor. Compliance with the code, which goes beyond legal requirements, is voluntary, and takes the form of a self-imposed obligation on the part of the company. Observance of the code also means that any failure to meet C rules must be explained and disclosed (“comply or explain”). The Corporate Governance Report of Wolford AG forms part of this annual report and is also available in the [“Investor Relations”](#) section of Wolford's website.

To prevent insider trading, Wolford has issued a compliance guideline that implements the requirements of the Market Abuse Regulation issued by the European Union. Adherence to this guideline is monitored by the compliance officer. Wolford's objective is to meet the expectations of capital market participants with respect to transparency and to provide shareholders with a true and fair view of the company. The Market Abuse Regulation issued by the European Union requires the simultaneous and identical communication of information. Wolford consistently meets this requirement by distributing the latest company news, including information with the potential to influence its share price, in parallel to analysts, investors, and the media. This information is simultaneously published on the company website to also provide private shareholders with equal access to the information.

One Share – One Vote

The company has issued 6,719,151 no-par value common shares. There are no preference shares or restrictions on the common shares. The principle of "one share – one vote" is therefore met in full. The Austrian Takeover Act ensures that every shareholder receives the same price for their Wolford shares in the event of a takeover (mandatory offer). The current shareholder structure is shown in the "Wolford Shares" section of this annual report.

Systematic Risk Management

The Management Board of Wolford AG has the overall responsibility of ensuring an effective risk management system. The central risk management unit is tasked by the Management Board with coordinating the implementation and ongoing further development of the risk management system. It also reports directly to the Chair of the Supervisory Board's Audit Committee. The Supervisory Board of Wolford AG has the task of monitoring the effectiveness of the risk management system. This responsibility is assumed by the Supervisory Board's Audit Committee.

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., Wagramer Straße 19, 1220 Vienna, was elected by the 33rd ordinary Annual General Meeting (AGM) to audit the annual financial statements of Wolford AG and the consolidated financial statements of the Wolford Group for the 2021 financial year. There are no grounds for exclusion or prejudice that would be incompatible with a conscientious and objective audit by the Group auditor, Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. The fees for the audit of the consolidated financial statements and related services amounted to €0.2 million. All mandatory disclosures required by Section 243a of the Austrian Commercial Code (UGB) can be found on [page 69](#) of the management report.

MANAGEMENT BOARD

Andrew Thorndike

Andrew Thorndike (born in 1966), Management Board member since October 1, 2019. He is appointed through to December 31, 2024, and does not hold any Supervisory Board or comparable functions outside the company. He is responsible for the Product Management and Technical Product Development, Purchasing and Procurement, Supply Chain, Finance (including Accounting, Controlling and Treasury), Legal Affairs, Investor Relations, Corporate Communications, Corporate IT & Infrastructure and Corporate HR at Wolford AG. Andrew Thorndike most recently worked as COO and CSO at the Berlin startup Thermondo GmbH. Prior to that, he worked as COO and CRO at ADLER Modemärkte, where he was responsible for areas including purchasing, product development, and supply chain management. Between 2013 and 2017, Andrew Thorndike worked as COO at Africa's largest fashion retailer, Ecdon (Pty) Ltd, in Johannesburg, where he was directly responsible for 2,300 employees. He previously gained further management experience, particularly in retail and finance, as a consultant at McKinsey & Company and at Accenture Ltd. Born in Cologne, he holds a degree in Mining and Energy Technology from the Technical University of Berlin.

Silvia Azzali

Silvia Azzali (born in 1971), Management Board member since November 1, 2019. She is appointed through to December 31, 2024, and does not hold any Supervisory Board or comparable functions outside the company. She is responsible for the Sales, Merchandising,

Brand & Marketing, and Design divisions. Prior to this, she worked at Wolford as Global Sales & Merchandising Director from January 2019. Silvia Azzali joined Wolford as Managing Director for Southern Europe in 2011 and was later promoted to Head of International Wholesale. She subsequently left Wolford to work as Global Retail, Online & Franchising Director at Ermanno Scervino (2016–2018). Before returning to Wolford in January 2019, she worked as Head of Global Retail & Franchising at Moschino. Silvia Azzali's has gained a great deal of experience in her career in the fashion industry. In 2000 and 2001, she worked in the Recruitment & Training department at Gucci, before moving to Dolce & Gabbana as Europe Retail HR Manager (2002–2004). She later decided to move to sales and gained experience at various brands, such as in Retail Management at Trussardi (2005–2007), as Italy Country Manager at L'Occitane en Provence (2007–2009), and as Retail Director Europe & Worldwide Top Doors at La Perla (2009–2011). Silvia Azzali studied philosophy at the University of Parma and was awarded a scholarship in 1996 to obtain a master's degree in personnel management in Milan.

SUPERVISORY BOARD MEMBERS AND COMMITTEES

Supervisory Board

The Supervisory Board of Wolford AG currently comprises four members elected at the AGM and two representatives delegated by the Works Council. The Supervisory Board held four meetings during the 2021 financial year. One Supervisory Board member was absent from more than half the meetings.

NAME	END OF FUNCTION PERIOD	DIVERSITY FACTORS**	COMMITTEE MEMBERSHIP	SUPERVISORY BOARD POSITIONS OR COMPARABLE FUNCTIONS
<p>Dr. Junyang Shao Independent</p> <p>First appointed: May 4, 2018 Supervisory Board Chair</p> <p>Global Partner, Fosun International Co-Chair, Fosun Lifestyle Group Supervisory Board Chair, Tom Tailor GmbH Managing Director, Koller Group</p>	<p>Appointed through to the 35th ordinary Annual General Meeting (which resolves on the formal approval of the actions of the Supervisory Board for the 2021 financial year)</p>	<p>Female, born in 1981, German</p>	<p>Chair of the Presidium, the Personnel and Nomination Committee, the Remuneration Committee, and the Strategy and Marketing Committee, and Member of the Audit Committee</p>	<p>No additional positions at listed companies</p>
<p>Thomas Dressendörfer Independent</p> <p>First appointed: May 4, 2018 Deputy Supervisory Board Chair</p>	<p>Appointed through to the 36th ordinary Annual General Meeting (which resolves on the formal approval of the actions of the Supervisory Board for the 2022 financial year)</p>	<p>Male, born in 1958, German</p>	<p>Member of the Presidium, the Personnel and Nomination Committee, the Remuneration Committee, and Chair of the Audit Committee</p>	<p>No additional positions at listed companies</p>
<p>Yun Cheng Independent</p> <p>First appointed: September 13, 2018 Chair of Lanvin Group Chair of the Board of Jeanne Lanvin S.A.</p>	<p>Appointed through to the 36th ordinary Annual General Meeting (which resolves on the formal approval of the actions of the Supervisory Board for the 2022 financial year)</p>	<p>Female, born in 1976, Chinese</p>		<p>No additional positions at listed companies</p>
<p>Prof. Dr. Matthias Freise Independent</p> <p>First appointed: September 25, 2019 Professor at Reutlingen University</p>	<p>Appointed through to 37th ordinary Annual General Meeting (which resolves on the formal approval of the actions of the Supervisory Board for the 2023 financial year)</p>	<p>Male, born in 1965, German</p>	<p>Member of the Strategy and Marketing Committee</p>	<p>No additional positions at listed companies</p>
<p>Anton Mathis* Independent</p> <p>First appointed: December 16, 1999</p>		<p>Male, born in 1960, Austrian</p>	<p>Member of the Personnel and Nomination Committee and the Strategy and Marketing Committee</p>	<p>No additional positions at listed companies</p>
<p>Alexander Greußing* Independent</p> <p>First appointed: September 30, 2020</p>		<p>Male, born in 1965, Austrian</p>	<p>Member of the Audit Committee</p>	<p>No additional positions at listed companies</p>

* Delegated by the Works Council

** Diversity factors include gender, age, and nationality

The Supervisory Board has established five committees: The Presidium, the Personnel and Nomination Committee, the Remuneration Committee, the Audit Committee, and the Strategy and Marketing Committee.

In the 2021 financial year, the **Presidium** comprised the Supervisory Board Chair Dr. Junyang Shao and her Deputy Thomas Dressendörfer. The Presidium represents the company's interests in all matters related to the Management Board and also acts as the **Remuneration Committee** in respect of Management Board remuneration. In this function, it reviews the remuneration policy for the Management Board members at regular intervals and ensures compliance with the relevant provisions of the Corporate Governance Code.

At Wolford, the Presidium, supplemented by the Works Council representative Anton Mathis, serves as the **Personnel and Nomination Committee**. This body is responsible for preparing all appointments to the Management and Supervisory Boards. Prior to the appointment of persons to the Management Board or Supervisory Board, the Personnel and Nomination Committee defines a requirements profile and prepares resolutions for the Supervisory Board or Annual General Meeting based on a predefined selection process and succession planning. The Personnel and Nomination Committee is also responsible for taking decisions concerning personnel-related matters at the company to the extent that transactions requiring approval pursuant to Section 95 (5) of the Austrian Stock Corporation Act are involved or that such decisions are required by the articles of association or the Supervisory Board. The Personnel and Nomination Committee held one meeting in the past financial year. There were also several telephone discussions relating

to Personnel and Nomination Committee matters.

The **Audit Committee** deals with the audit of the Group's annual financial statements and supervises financial reporting. It also monitors the effectiveness of the internal control, internal audit, and risk management systems and reviews the independence of the auditor. In the 2021 financial year, the Audit Committee consisted of Thomas Dressendörfer (Chair), Dr. Junyang Shao and Alexander Greußing. The Audit Committee met three times in the 2021 financial year and primarily dealt with the following issues:

- ▣ The auditor's report on the Annual Financial Statements for the 2020 short financial year
- ▣ Preparation of the suggestion to the Supervisory Board for the selection of the auditor (auditor of the consolidated financial statements) for the 2021 financial year
- ▣ Discussion and release of the 2021 budget
- ▣ Results from the PITBOLI program

The **Strategy and Marketing Committee** in the 2021 financial year consisted of Dr. Junyang Shao (Chair), Prof. Dr. Matthias Freise, and Anton Mathis. In the 2021 financial year, this committee met once and mainly discussed the Northstar strategic plan.

RESPONSIBILITIES AND WORKING METHODS OF THE MANAGEMENT AND SUPERVISORY BOARDS

The Management Board is responsible for conducting the company's business in compliance with the relevant laws, the articles of association of Wolford AG,

and the applicable rules of procedure. It manages the business to the benefit of the company, and in keeping with the interests of all shareholders, employees, and the general public. The rules of procedure for the Management Board, which are issued by the Supervisory Board, regulate working procedures and responsibilities. Irrespective of the allocation of specific responsibilities (allocation to a department), the Management Board bears overall responsibility for managing the company. Issues of fundamental significance or importance must be approved by resolution of the Management Board. In addition, the rules of procedure for the Management Board include a catalog of measures that require the approval of the Supervisory Board.

There is a continuous flow of information between the members of the Management Board. This takes place formally in at least two monthly Management Board meetings.

At regular meetings (at least once per quarter), the Management Board provides the Supervisory Board with timely and comprehensive information on all issues that are relevant to the company's economic and strategic development, including the risk situation and risk management at the company and major subsidiaries. Urgent information is communicated to the Supervisory Board Chair immediately by the Management Board. Additional meetings are scheduled to deal with important issues such as the discussion of the company's strategy. The Management Board reports at least once a year to the Supervisory Board on the precautionary measures taken to combat corruption at the company. The Supervisory Board is therefore furnished with all the information it requires to perform its advisory and supervisory functions. Consistent with the Corporate Governance Code, the Management and Supervisory Boards also hold regular discussions on

the company's performance and strategic alignment outside the framework of Supervisory Board meetings.

The Supervisory Board performs its duties in accordance with legal requirements, the articles of association, and its rules of procedure. The Supervisory Board is responsible for decisions on issues of fundamental importance to the company and its strategic alignment. It establishes qualified committees in accordance with specific circumstances at the company and its own number of members. These committees are designed to increase the efficiency of the Supervisory Board's work and help deal with complex issues. However, issues delegated to individual committees may still be handled by the full Supervisory Board. Each committee chairperson regularly reports to the full Supervisory Board on the work of their committee.

Employee participation on the Supervisory Board and its committees is a legally regulated aspect of the Austrian Corporate Governance system. Consistent with the Austrian Labor Constitution Act, employees are entitled to delegate one representative to the Supervisory Board and its committees for every two Supervisory Board members (shareholder representatives) elected by the Annual General Meeting. Employee representatives exercise this function on a voluntary basis and can be recalled by the Works Council at any time. None of the Supervisory Board members has business or personal relationships with the company or the Management Board that could provide grounds for a material conflict of interest and therefore influence the behavior of the respective Supervisory Board member.

All members of the Wolford AG Supervisory Board are considered independent according to the criteria defined by the Austrian Corporate Governance Code.

Statements to this effect were submitted by all Supervisory Board members. In determining the criteria used to assess the independence of its members, the Supervisory Board is guided by the independence guidelines set out in the Corporate Governance Code (Annex 1). In accordance with Section 95 of the Austrian Stock Corporation Act, the Supervisory Board's main responsibility is to supervise the work of the Management Board. The Supervisory Board members appointed met and meet this responsibility in full. The company has a free float component of less than 20%. Wolford AG has not granted any loans to members of the Supervisory or Management Boards.

Wolford AG evaluates compliance with the provisions of the code each year based on a questionnaire developed by the Austrian Working Group for Corporate Governance. Based on the results of this evaluation, the deviations from the C rules are explained below.

DEVIATIONS FROM CORPORATE GOVERNANCE CODE C RULES

C RULE	DESCRIPTION
16, question 2	Until such time that the position of CEO, currently vacant, is successfully filled, the Management Board comprises two members with equal rights.
36, question 3	The Supervisory Board did not conduct a self-evaluation in the past 2021 financial year. The reason for this was the limited travel and meeting options due to the pandemic.
62, question 1	The company's compliance with the C RULE of the code has not been evaluated by any external institution in the past three years. However, an annual review is carried out by the company departments entrusted with internal audit topics. A separate review by an external institution would not produce any different results and would cause avoidable costs. The decision in favor of exclusively performing an internal audit of compliance with the C RULE was taken by the Management Board following agreement with the Supervisory Board.
83, question 1	The audit assignment did not include an evaluation of the effectiveness of the risk management system. The Supervisory Board took this decision in agreement with the Management Board. However, the auditor issued a management letter that reports on select aspects of the internal control system in respect of the financial reporting process. This letter was presented to the Chair of the Supervisory Board and discussed in detail at a Supervisory Board meeting. The Audit Committee also held three meetings during the past financial year in which it addressed the findings of the company's risk management activities. In addition, there is a direct reporting line from the employees responsible for internal audit to the Chair of the Supervisory Board Audit Committee. Overall, the Supervisory Board is therefore able to form its own impression of the effectiveness of the risk management system.

DIVERSITY CONCEPT AND MEASURES TO PROMOTE WOMEN

Mutual respect, diversity, and inclusivity are integral and indispensable compo-

nents of the corporate culture at Wolford AG and are accounted for when identifying candidates for all functions at the company. With regard to the candidates proposed to the Annual

General Meeting for election to the Supervisory Board and the nomination of Management Board members, the company pays due attention to achieving a balance in terms of specialist skills and diversity. After all, this can play a key role in ensuring the professionalism and effectiveness of the activities of the Supervisory and Management Boards. Alongside specialist and personal qualifications, the company also takes due account of aspects such as the age structure, background, gender, professional training, and previous experience of potential candidates.

At the end of the 2021 financial year, the Supervisory Board of Wolford AG comprised four members elected by the Annual General Meeting, of which two are women and two are men. Four Supervisory Board members are of non-Austrian nationality.

The members of the Supervisory Board were between 40 and 63 years old at the reporting cut-off date. In terms of their professional skills, they covered areas including business administration, finance, production and process management, and procurement. Furthermore, they have experience in the fashion industry and corporate strategy.

The Management Board of Wolford AG comprised one male member (aged 55) and one female member (aged 50) at the end of the 2021 financial year. Both members have non-Austrian roots. The Management Board members together have expertise in sales and operating processes and experience of restructuring, as well as longstanding management experience gained both within the Group and at competitors and in other industries.

Unlike at many other listed companies, two out of four of the Supervisory Board members elected by the AGM at Wolford AG in the 2021 financial year were women. This corresponds to a proportion of female members of 50%. Since August 2017, the Management Board of Wolford AG has been 50% female. Women made up around 40% of the extended management team in the 2021 financial year. Beyond this, the company does not have any specific plan for the promotion of women on the Management Board, Supervisory Board, or in other key functions at the company and its subsidiaries. The best possible candidates are selected for available positions, irrespective of their gender, age, religion, or ethnic origin. Many of the leading positions at Wolford AG and its subsidiaries are held by women. Attractive part-time models are offered to mothers returning from maternity leave, helping them to balance their family and professional commitments. The Wolford Group focuses on its own retail locations and its product line chiefly targets female customers. These factors are reflected in its workforce, in which women make up 80.25% of employees.

CHANGES AFTER THE BALANCE SHEET DATE

There were no other matters with a material impact on the financial position, financial performance, and cash flows of the Wolford Group.