

Corporate Governance Report

CORPORATE GOVERNANCE AT WOLFORD

Commitment to the Corporate Governance Code

Wolford strongly believes that corporate governance, when diligently applied and practiced, represents a vital contribution towards strengthening the trust placed by capital markets in the company. In September 2002, the Austrian Working Group for Corporate Governance introduced a framework for responsible corporate management and control geared towards sustainable value creation. The aim of this framework is to protect the interests of all whose well-being is linked to the success of the company.

The Austrian Corporate Governance Code prescribes a high standard 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 each of its versions. The most recent revision of the Code, effective from January 1, 2023, focuses on sustainable corporate governance.

The code is based on the requirements of Austrian law governing stock corporations, the stock exchange and the capital market, the recommendations of the European Commission concerning the duties of the Supervisory Board and 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. The commitment to the Code also means that any non-compliance with C-Rules must be explained (“comply or explain”). The Wolford AG Corporate Governance Report forms part of this Annual Report and can also be downloaded from the “Investor Relations” section of the Wolford website.

To prevent insider trading, Wolford has drawn up a compliance guideline implementing the provisions of the Market Abuse Regulation issued by the European Union, in which compliance is monitored by a Compliance Officer. The aim of Wolford is to meet

the expectations of capital market players for transparency and to provide shareholders with a true and fair view of the company. The Market Abuse Regulation issued by the European Union requires information to be communicated at the same time and with identical content to all recipients. Wolford consistently implements this requirement. The latest company news, including information with the potential to influence its share price, is communicated simultaneously to analysts, investors, and the media. This information is published concomitantly on the company website to ensure equal access to information for private shareholders.

One Share – One Vote

The company has issued 9,653,666 common shares. There are no preferential shares or restrictions on the common shares. The principle of “one share – one vote” is therefore upheld in its entirety. The Austrian Takeover Act ensures that every shareholder receives the same price for their Wolford shares in the event of a takeover bid (mandatory offer). The current shareholder structure is presented in the Wolford Shares section of this Annual Report.

Systematic Risk Management

The Management Board of Wolford AG has the overall responsibility for operation of an effective risk management system. The Wolford AG Supervisory Board has the duty of monitoring the effectiveness of the risk management system. This responsibility is handled by the Supervisory Board's Audit Committee. Grant Thornton Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Gertrude-Fröhlich-Sandner-Strasse 1/Top 13, 1100 Vienna, was elected by the 36th Annual General Meeting (AGM) to audit the Wolford AG annual financial statements and the consolidated financial statements of the Wolford Group for the 2023 financial year. There are no grounds for exclusion or prejudice that would be incompatible with a conscientious and impartial audit by the Group auditor, Grant Thornton Austria GmbH. The fees for the audit of the consolidated financial statements and related services amounted to €0.3 million. All information on the disclosures required under Section 243a of the Austrian Corporate Code (UGB) can be found on page 56 of the Management Report.

MANAGEMENT BOARD

Ralf Polito

Ralf Polito (born 1975), Management Board member since April 17, 2023. He was appointed for a term through to June 30, 2025 and does not hold any Supervisory Board or comparable functions outside the company. Responsible for Supply Chain & Production, Legal & Compliance, Investor Relations, IT & Digital and the Project Management Office. Ralf Polito is a seasoned textile industry executive with 20 years' experience in finance and operations management. He first came into contact with fashion at Hugo Boss before holding various global management positions at Triumph International in Switzerland and India and at ETERNA in Germany. In addition to a degree in International Business, Ralf Polito has an MBA in Project Management. He is also a Chamber of Industry and Commerce-certified IFRS accountant.

Silvia Azzali

Silvia Azzali (born 1971), Chair of the Management Board since July 1, 2023, and Management Board member since November 1, 2019, resigned from the Executive Board on June 14, 2024, no Supervisory Board mandates or comparable functions in non-Group companies. Responsible for Sales, Creative Product Development, Merchandising, Brand & Marketing, Human Resources and Finance.

Paul Kotrba

Paul Kotrba (born 1973) served as an interim member of the Management Board from August 1, 2022, before stepping down on April 16, 2023. No Supervisory Board mandates or comparable functions in companies outside the Group.

SUPERVISORY BOARD MEMBERS AND COMMITTEES

SUPERVISORY BOARD

The Supervisory Board of Wolford AG currently comprises three members elected at the AGM and two representatives delegated by the Works Council. The Supervisory Board held five meetings during the 2023 financial year. No Supervisory Board member was absent from more than half the meetings.



NAME	END OF TERM	DIVERSITY FACTORS**	MEMBERSHIP ON COMMITTEES	SUPERVISORY BOARD MANDATES OR EQUIVALENT FUNCTIONS
David K. Chan Independent First appointed: 07/20/2022 Chair of the Supervisory Board <i>Executive President & Chief Financial Officer, Lanvin Group</i>	Appointed for term ending with the 40th Annual General Meeting (to decide on discharge for the 2026 financial year)	Male, born 1982, Chinese	Chair of the Presiding Committee, Personnel and Nomination Committee, and Remuneration Committee, also Member of the Audit Committee	No additional mandates with listed companies
Thomas Dressendörfer Independent First appointed: 05/04/2018 <i>Deputy Supervisory Board Chair</i>	Appointed for term ending with the 40th Annual General Meeting (to decide on discharge for the financial year 2026)	Male, born 1958, German	Member of the Presiding Committee, Personnel and Nomination Committee, and Remuneration Committee, also Chair of the Audit Committee	No additional mandates with listed companies
Chening Zhang Independent First appointed: 07/20/2022 Entrepreneur and investor	Appointed for term ending with the 40th Annual General Meeting (to decide on discharge for the 2026 financial year)	Female, born 1983, Chinese	Member of the Strategy and Marketing Committee	No additional mandates with listed companies
Paul Kotrba First appointed: 06/15/2023	Stepped down from the Supervisory Board 12/31/2023	Male, born 1973, Austrian	Chair of the Strategy and Marketing Committee through 12/31/2023	No additional mandates with listed companies
Shang-Hsiu Koo Independent First appointed: 07/20/2022	Stepped down from the Supervisory Board 01/31/2023	Male, born 1980, Chinese	Member of the Audit Committee through 01/31/2023	
Alexander Greussing* Independent First appointed: 09/30/2020		Male, born 1965, Austrian	Member of the Audit Committee and Personnel and Nomination Committee	No additional mandates with listed companies
Christian Greussing* Independent First appointed: 01/01/2023		Male, born 1963, Austrian	Member of the Strategy and Marketing No additional mandates with listed Committee	companies

* 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 fiscal year 2023, the Presidium comprised the Supervisory Board Chair David Chan and his deputy Thomas Dressendörfer. The Presidium represents the company's interests in all matters related to Management Board and also acts as a compensation committee with regard to Management Board remuneration. In this function, it regularly reviews the remuneration policy for Management Board members and ensures the implementation of the corporate governance rules in this context.

At Wolford, the Presidium serves as the Personnel and Nomination Committee, with support from Works Council representative Alexander Greussing. As such, it is responsible for the preparations for 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 develops a requirements profile and prepares resolutions for the Supervisory Board or AGM based on a pre-defined selection process and succession planning. The Personnel and Nomination Committee is also responsible for decisions concerning personnel-related matters at the company when approval is required under Section 95 (5) of the Austrian Stock Corporation Act (AktG) or by the articles of association or the Supervisory Board. The Personnel and Nomination Committee held one meeting during the past financial year. There were also multiple telephone discussions relating to the Personnel and Nomination Committee and Circular Resolutions on a range of topics. The Audit Committee deals with the auditing of the Group's annual financial statements and supervision of financial reporting. It also monitors the effectiveness of the company's internal control, audit and risk management systems and reviews the independence of the auditor. In the 2023 financial year, the Audit Committee consisted of Thomas Dressendörfer (Chair), David Chan and Alexander Greussing. The Audit Committee met four times in the 2023 financial year and primarily dealt with the following topics:

- annual financial statements and the auditor's report on the annual audit for the 2022 financial year
- Preparation of the proposal to the Supervisory Board for selection of the auditor (Group auditor) for the 2023 financial year
- cash flow and financing 2024 budget

In the 2023 financial year, the Strategy and Marketing Committee consisted of Paul Kotrba (Chair), Chenling Chang (Committee Chair through to the 36th AGM) and Alexander Greussing. This committee did not hold any meetings during the 2023 financial year.

RESPONSIBILITIES AND WORKING METHODS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

The Management Board is responsible for conducting the company's business in compliance with the relevant laws, the Wolford AG articles of association, 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, specify 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 in a resolution of the entire 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 the risk management in place for the company and major subsidiaries. The Management Board reports immediately to the Chair of the Supervisory Board if there are important grounds for doing so. In addition, further meetings are convened for special occasions, for example to discuss strategic direction. The Management Board reports at least once a year to the Supervisory Board on precautions taken to eradicate corruption within the company. This provides the Supervisory Board with all the information it needs to perform its advisory and control function. In keeping with the Corporate Governance Code, the Management and Supervisory Boards also hold regular discussions on the company's performance and strategic direction that go beyond the Supervisory Board meetings.

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

One of the legally prescribed elements of the Austrian Corporate Government system is employee participation in the meetings of the Supervisory Board and its committees. Under the Austrian Labor Constitution Act, employees of a stockholders corporation

are entitled to delegate one representative to the Supervisory Board and its committees for every two Supervisory Board members (shareholder representatives) elected by the AGM. 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 that would potentially influence the behavior of the respective Supervisory Board member.

Paul Kotrba, who left the Supervisory Board on December 31, 2023, was not considered independent as he had been an interim member of the Wolford AG Management Board for the five years prior to joining the Supervisory Board. All other members of the Wolford AG Supervisory Board are regarded as independent according to the criteria of 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 follows the independence guidelines set out in the Corporate Governance Code (Annex 1). In accordance with Section 95 of the Austrian Stock Corporation Act (AktG), the primary function of the Supervisory Board is to supervise the work of the Management Board. The appointed Supervisory Board members fully upheld this responsibility. The company has a free float component of less than 20%. Wolford AG has not extended any loans to members of either the Supervisory Board or Management Board.

Wolford AG performs an annual evaluation of compliance with the rules of the Code using the questionnaire developed by the Austrian Working Group for Corporate Governance. Based on the results of this evaluation, deviations from the C-Rules are explained below.

DEVIATIONS FROM C-RULES CORPORATE GOVERNANCE CODE

C-RULE	DESCRIPTION
36, question 3	The Supervisory Board did not conduct a self-evaluation in the past financial year 2023, as the duration of the cooperation of the majority of newly elected members was too short for an effective self-evaluation.
62, question 1	The company's compliance with the C-Rules 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. 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-Rules 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 FOR ADVANCEMENT OF WOMEN

Mutual respect, diversity, and inclusiveness are integral and indispensable elements of the corporate culture at Wolford AG and are taken into account when identifying candidates for all functions in the company. With regard to the candidates proposed to the AGM for election to the Supervisory Board and the nomination of Management Board members, the company pays careful 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. In addition to professional and personal qualifications, aspects such as age structure, origin, gender, education and background experience are also taken into account. At the end of the 2023 financial year, the four Wolford AG Supervisory Board members elected by the AGM comprised one woman and three men, while three of the Supervisory Board members were nationals of countries other than Austria. At the reporting cut-off date, the members of the Supervisory Board were between 40 and 65 years old. Their areas of expertise include business administration, finance and marketing. Furthermore, they have experience in the fashion industry and corporate strategy. At the end of the 2023 financial year, the Wolford AG Management Board had one female member (aged 52) and one male member (aged 48). Neither member of the Management Board is of Austrian origin. Taken together, the Management Board members have expertise in sales, branding and operations management, as well as many years of management experience inside the Group and when employed by other international fashion brands.

In the 2023 financial year, one of the four Supervisory Board members elected by the Wolford AG AGM was a woman. This corresponds to a proportion of female members of 25%. In the 2023 financial year, the Management Board of Wolford AG has been 50% female. Women made up around 50% of the broader management team in the 2023 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 in the company and its subsidiaries. The best possible candidates are selected for positions that are available, 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 schemes are offered to mothers returning from maternity leave, helping them to balance their family and work commitments. The Wolford Group focuses on its own retail locations and its product line chiefly targets female customers. These factors are reflected in the company's workforce, in which almost 85% of employees are women.

CHANGES AFTER THE BALANCE SHEET DATE

On May 3, 2024, the company announced that Regis Rimbart had been appointed to the Management Board with effect from May 6, 2024. On June 13, 2024, the Supervisory Board and CEO Silvia

Azzali agreed to terminate her Executive Board mandate by mutual consent with effect from June 14, 2024. At the same time, Regis Rimbart was appointed as the new CEO for 3 years.

At an extraordinary general meeting on 14 June 2024, Eric Chan, Alex Wu and Sebastian Yun Wu were elected to the Supervisory Board of Wolford AG after Paul Kotrba (as of 31 December 2023), Chenling Zhang (as of April 30, 2024) and Thomas Dressendörfer (at the end of the next General Meeting) have taken up their mandates.