

CORPORATE GOVERNANCE REPORT

The Austrian Code of Corporate Governance (ÖCGK) provides Austrian stock corporations with a framework for corporate management and control. It contains both internationally recognized standards for good corporate management and the relevant provisions of Austrian stock corporation law. The Code is designed to ensure the responsible management and control of companies and groups with a view to creating sustainable and long-term value.

Ensuring a high level of transparency for all stakeholders and securing long-term and sustainable growth in shareholder value are key elements of active corporate governance policies. These include efficient cooperation between executive bodies, safeguarding shareholders' interests and open corporate communication.

DECLARATION OF COMMITMENT

FACC AG observes the Austrian Code of Corporate Governance and, following its initial listing on the Prime Market of the Vienna Stock Exchange in 2014, committed itself to comply with its provisions for the first time.

The Code, as amended, is available online at www.corporate-governance.at (current version dated January 2021).

FACC AG is obliged to prepare a Corporate Governance Report in accordance with Rule L-60 ÖCGK. All previous reports are available to the public on the company's website at www.facc.com (Rule C-61 ÖCGK).

Pursuant to Rule C-62 of the Austrian Code of Corporate Governance, the company is obliged to commission an external evaluation of compliance with the Code's C-Rules on a regular basis, but at least once every three years. In January 2022, FACC commissioned Rosa Elefant OG to evaluate the Corporate Governance Report for the financial year 2021. The evaluation concluded that FACC's declaration of compliance with the ÖCGK in the valid version (2021) corresponds to the facts.

The evaluation results can be viewed by all interested parties on the company website www.facc.com.

The risk management system was assessed by an auditor in the 2021 financial year (Rule C-83 ÖCGK).

EXECUTIVE BODIES OF FACC AG

Management Board

Organization and operation of the Management Board

The Management Board of FACC AG consists of a minimum of two and a maximum of four persons in accordance with the company's Articles of Association. The members of the Management Board are appointed by the Supervisory Board.

The Management Board conducts the business of FACC AG in conformance with legal provisions and the company's Articles of Association and Rules of Procedure. Business is distributed among the Management Board members in accordance with the Rules of Procedure, which also govern collaboration within the Management Board. Furthermore, the Management Board has undertaken to fully comply with the rules of the Austrian Code of Corporate Governance.



Robert MACHTLINGER (1967)

Chairman of the Management Board

First appointed: 2014

End of the current term of office:

06/2025

Areas of responsibility: Strategy, Customer & Government Relations, Business Development, Marketing, Human Resources, Program Management, Quality Systems,

Corporate Communications, Innovation and Research

Supervisory Board mandates in other companies: none



Andreas OCKEL (1966)

Member of the Management Board

First appointed: 2017

End of the current term of office:

10/2025

Areas of responsibility: Production, Logistics, Quality Management, Development, Procurement, Facility Management, Environment, Occupational Health and Safety, global subsidiaries

Supervisory Board mandates in other companies: none



Aleš STÁREK (1970)

Member of the Management Board

First appointed: 2016

End of the current term of office:

09/2024

Areas of responsibility: Financial Accounting, Controlling, Taxes, Treasury, IT, Legal, Investor Relations

Supervisory Board mandates in other companies: none



Yongsheng WANG (1963)

Member of the Management Board

First appointed: 2016

End of the current term of office:

05/2023

Areas of responsibility: Internal Auditing, China Business Relations, Risk Management

Supervisory Board mandates in other companies: none

Supervisory Board

The Supervisory Board's actions are bound by the laws and regulations applicable to companies listed in Austria such as the Austrian Stock Corporation Act and the Austrian Stock Exchange Act. Furthermore, the Supervisory Board has undertaken to observe the rules of the Austrian Code of Corporate Governance. The company's Articles of Association and the Rules of Procedure constitute its most important internal regulations. The Supervisory Board consists of at least three and at most ten members elected by the Annual General Meeting, as stipulated by the Articles of Association of FACC AG.

According to Section 11.2 of the Articles of Association of FACC AG, AVIC Cabin Systems Co., Limited (formerly FACC International) is entitled to delegate Supervisory Board members. It may delegate up to one third of all members, if it holds a stake of at least 25 percent in the current share capital.

When electing members of the Supervisory Board, the Annual General Meeting must pay due attention to the requirements with respect to professional and personal qualifications as well as the balanced composition of expert know-how. Due regard must also be paid to diversity in terms of gender, age and nationality. Newly elected Supervisory Board members are obliged to obtain adequate information on the organization and activities of the company and on the tasks and responsibilities of supervisory boards. The members of the Supervisory Board are required to conduct an annual self-evaluation to assess their own performance.

Zhen PANG (1964)

Chairman

First appointed: 2018

End of the current term of office:

Annual General Meeting deciding on the 2021 financial year

Supervisory Board mandates in other companies: none

Weixi GONG (1962)

First appointed: 2014

End of the current term of office:

Annual General Meeting deciding on the 2021 financial year

Supervisory Board mandates in other companies: none

Jing GUO (1981)

First appointed: 2018

End of the current term of office:

Annual General Meeting deciding on the 2021 financial year

Supervisory Board mandates in other companies: none

Jiajia DAI (1978)

First appointed: April 2019

Supervisory Board mandates in other companies: none

Qinghong LIU (1973)

First appointed: 2018

End of the current term of office:

Annual General Meeting deciding on the 2021 financial year

Supervisory Board mandates in other companies: none

George MAFFEO (1954)

First appointed: 2016

End of the current term of office:

Annual General Meeting deciding on the 2021 financial year

Supervisory Board mandates in other companies: none

Junqi SHENG (1972)

First appointed: 2017

End of the current term of office:

Annual General Meeting deciding on the 2021 financial year

Supervisory Board mandates in other companies: none

Tom WILLIAMS (1952)

First appointed: 2020

End of the current term of office:

Annual General Meeting deciding on the 2021 financial year

Supervisory Board mandates in other companies: none

Members of the Supervisory Board delegated by the Works Council:

Jürgen FISCHER (1981)

First delegated: 2021

Barbara HUBER (1965)

First delegated: 2014

Ulrike REITER (1960)

First delegated: 2014

Karin KLEE (1981)

First delegated: 2018

Participation in meetings of the Supervisory Board and the committees in the 2021 financial year

Name	SB	AC	PCC	SC
Zhen PANG	5/5		2/2	1/1
Weixi GONG	5/5		2/2	
Jing GUO	5/5	4/4		1/1
Qinghong LIU	5/5		2/2	1/1
George MAFFEO	5/5	4/4		1/1
Junqi SHENG	5/5		2/2	1/1
Jiajia DAI	5/5	4/4		
Tom WILLIAMS	5/5			1/1
Jürgen FISCHER	5/5			1/1
Barbara HUBER	3/5			
Ulrike REITER	5/5			1/1
Karin KLEE	5/5			

Abbreviations: SB = Supervisory Board, AC = Audit Committee, PCC = Personnel and Compensation Committee, SC = Strategy Committee

Independence of the Supervisory Board members

The Supervisory Board has adopted the guidelines on independence set out in Annex 1 of the Austrian Code of Corporate Governance. Accordingly, all members of the Supervisory Board have declared to be independent of the company and of its Management Board (Rule C-53 ÖCGK).

The Supervisory Board members George Maffeo and Weixi Gong do not represent the interests of shareholders with a stake of more than 10 percent (Rule C-54 ÖCGK).

Supervisory Board committees

As required by the Austrian Stock Corporation Act, the Supervisory Board of FACC AG has set up an Audit Committee to perform planned supervisory and control functions. In addition to examining the accounting process as well as the audit and Group audit, it also monitors the effectiveness of the internal control and risk management system.

Furthermore, the Audit Committee is responsible for reviewing the Corporate Governance Report, which is presented at the Annual General Meeting. The Audit Committee held four meetings in the 2021 financial year.

In addition to the four meetings required by law, the Supervisory Board held one extraordinary meeting. The reason for this was the arbitration trial in London, which was settled in November. Further meetings were not required. No member of the Supervisory Board was absent from more than half of the meetings held.

In addition to the mandatory Audit Committee, a Personnel and Compensation Committee (Nominating Committee) and a Strategy Committee have been established.

The Personnel and Compensation Committee is responsible for reviewing the Remuneration Report, which is discussed and voted on at the Annual General Meeting.

The functional responsibilities of the Supervisory Board members in the respective committees are listed below:

Composition of the Supervisory Board committees in the 2021 financial year

Audit Committee

Members

- Jiajia DAI (Chairwoman)
- Jing GUO (Vice Chairwoman)
- George MAFFEO
-

Personnel and Compensation Committee

Members

- Zhen PANG (Chairman)
- Qinghong LIU
- Weixi GONG
- Junqi SHENG

Strategy Committee

Members

- Jing GUO (Chairwoman)
- Qinghong LIU (Vice Chairman)
- Zhen PANG
- George MAFFEO
- Junqi SHENG
- Tom WILLIAMS
- Ulrike REITER
- Jürgen FISCHER

Transactions of the Supervisory Board requiring approval (Rule L-48 ÖCGK)

A consulting agreement was concluded in the 2018/19 financial year with George Maffeo due to his experience and knowledge of the US market.

No further transactions with members of the Supervisory Board requiring approval were concluded in the 2021 financial year.

Collaboration between the Management Board and the Supervisory Board

The Management Board reports to the Supervisory Board on fundamental issues relating to the future business policy of the company and the entire Group, and on the future development of the net assets position, financial position and profit situation.

Furthermore, the Management Board regularly informs the Supervisory Board about the business development and the situation of the company and the Group with respect to forecasts, taking into account future developments.

REMUNERATION REPORT

The Management Board and Supervisory Board are obliged to prepare a transparent and comprehensible Remuneration Report. This report must provide a comprehensive overview of the remuneration granted or owed to current and former members of the Management Board in the course of the past financial year in accordance with the remuneration policy, including all benefits of any kind (L-Rule 29a ÖCGK).

Details on the total remuneration received by each member of the Management Board and Supervisory Board and the principles of the remuneration policy are published in a separate Remuneration Report.

SHAREHOLDER RIGHTS

Each share grants shareholders one vote at the Annual General Meeting of FACC AG. Unless mandatory provisions of the Austrian Stock Corporation Act provide otherwise, resolutions of the Annual General Meeting are adopted by simple majority and, in cases where a capital majority is required, by a simple majority of the share capital represented at the time of adoption of the resolution. There are no shares conferring special control rights.

DIRECTORS' DEALINGS

Share purchases and sales by members of the Management Board and Supervisory Board are disclosed in accordance with applicable legal provisions (Article 19 of the Austrian Market Abuse Directive). Purchases and sales of shares are published on the

company website at www.facc.com.

CHANGES AFTER THE BALANCE SHEET DATE

No changes in circumstances subject to mandatory reporting occurred between the balance sheet date and the editorial deadline of this Report.

AUDITOR

Ernst & Young Wirtschaftsprüfungs GmbH, Linz, was proposed by the Supervisory Board as auditor and Group auditor of FACC AG for the 2021 financial year. The motion was adopted by the Annual General Meeting on July 1, 2021, with the requisite majority.

Expenses for auditing services in the 2021 financial year amounted to kEUR 164 (previous year: kEUR 167). The breakdown according to individual areas is shown in the Notes to the Consolidated Financial Statements.

DIVERSITY

When electing members of the Supervisory Board, the Annual General Meeting must pay due attention to the requirements with respect to professional and personal qualifications as well as the balanced composition of expert know-how. Due regard must also be paid to diversity in terms of gender, age and nationality. Newly elected Supervisory Board members are obliged to obtain adequate information on the organization and activities of the company and on the tasks and responsibilities of supervisory board members. Women have been represented on the Supervisory Board of FACC AG since the company was first listed on the Vienna Stock Exchange. At the end of the 2021 financial year, the proportion of female members of the Supervisory Board was 40 percent (five out of twelve).

Promoting women on the Management Board, Supervisory Board and in executive positions

13 women are currently represented on the Supervisory Board, Management Board and in other top management positions at FACC. At lower echelons, the proportion of female managers is low. FACC therefore continues to participate in job fairs and specifically addresses female high potentials. Increased efforts are being made to recruit women for new management positions and replacements.

FACC AG is committed to equal opportunities at the workplace and resolutely opposes all forms of discrimination against female employees.

REPORT OF THE SUPERVISORY BOARD



Dear Shareholders

The COVID-19 pandemic continues to pose major challenges to the entire world, nevertheless the 2021 financial year was operationally in line with the plans of the FACC management. A number of important successes were achieved in the last financial year. In addition to the expansion of the core business through an increase in construction rates and the generation of new orders, the first projects in the new UAM and Space markets were won. The Supervisory Board also sees Plant 6 in Croatia, which is scheduled to start operations in December 2021, as an important step to ensure that the Interior division remains competitive in the long term. Despite the ongoing major challenges caused by the pandemic, the Supervisory Board anticipates a return to the pre-pandemic results by 2025 at the latest. The company's revenue reached EUR 497.6 million in 2021. Reported EBIT was, unfortunately, significantly negatively impacted by a completely unexpected arbitration court ruling in London, as already reported in an ad hoc announcement in November 2021, and therefore amounted to EUR -25.1 million.

In the past financial year, the Supervisory Board of FACC AG fulfilled its duties in accordance with applicable legislation, the company's Articles of Association and the Austrian Corporate Governance Code. Following a thorough examination, The Supervisory Board approved all necessary resolutions, and provided the Management Board with regular, timely and comprehensive support on all material issues relating to the corporate planning, the strategic orientation and development, and the business performance and status of the Group.

Communication between the Management Board and the Supervisory Board was characterized by a high degree of openness, which allowed the Supervisory Board to comprehensively evaluate the management of the company at all times, and to assist the Management Board with regard to key decisions.

MEETINGS OF THE SUPERVISORY BOARD

The committees of the Supervisory Board convened in accordance with the Austrian Corporate Governance Code in the course of the

2021 financial year. The meetings mainly dealt with the actual versus planned course of business, and with resolutions on business matters and other important issues. The Supervisory Board of FACC AG currently consists of eight shareholder representatives and four employee representatives and is committed to ensuring compliance with the Austrian Corporate Governance Code.

The Supervisory Board held five meetings during the 2021 financial year. Attendance of the Supervisory Board members in the meetings stood at more than 90%.

The Supervisory Board performed its duties with great care in the year under review. It monitored the governance activities of the Management Board and provided guidance in decision-making processes on the basis of detailed written and verbal reports as well as constructive discussions between the Supervisory Board and the Management Board. The Management Board provided the Supervisory Board, in a regular and timely manner, with comprehensive reports on the company's financial situation, operations and the overall economic situation in its key markets, on the general business environment during the pandemic, as well as on the opportunities and risks with regard to FACC's business development.

THE AUDIT COMMITTEE

The Audit Committee convened four times during the 2021 financial year.

In 2021, the Audit Committee addressed important topics related to accounting standards and processes, the internal audit program, risk management, and the Group's internal control system. The auditor, Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., participated in meetings of the Audit Committee, and the Supervisory Board regularly took advantage of this opportunity to discuss matters of interest with the auditor.

THE PERSONNEL AND COMPENSATION COMMITTEE

The Personnel and Compensation Committee convened twice during the 2021 financial year.

At its meetings, the Committee reviewed and assessed the company management structure and recruiting process.

THE STRATEGY COMMITTEE

The Strategy Committee convened once during the 2021 financial year.

In this meeting, the company's Strategy 2030 ("Committed to the Sky") was examined and assessed with a focus on product diversi-

fication and important technological developments. The committee primarily dealt with strategic considerations with regard to the long-term orientation of the corporate portfolio.

AUDIT

At its meeting on 28 March 2022, the Audit Committee of the Supervisory Board, together with the auditors, studied in detail the Annual Financial Statements including the Management Report, the Corporate Governance Report, the Remuneration Report, the Non-Financial Report, the Consolidated Financial Statements including the Group Management Report and the auditor's report.

On completion of its own review, the Audit Committee endorsed the findings of the auditor's report and informed the Supervisory Board accordingly. The Supervisory Board examined the Annual Financial Statements, the Consolidated Financial Statements, the Management Report, the Group Management Report, the Non-Financial Report, the Remuneration Report and the Corporate Governance Report, and endorsed the results of the audit of the Annual Financial Statements and the Consolidated Financial Statements. The Supervisory Board approved the Annual Financial Statements, which were thus adopted pursuant to Section 96 Paragraph 4 of the Austrian Stock Corporation Act.

The Supervisory Board would like to thank all employees and Management Board members of FACC AG for their unwavering commitment and achievements this year. I would also like to express my gratitude to all shareholders of FACC AG for their loyalty and trust.

Ried im Innkreis, March 2022

Zhen Pang m. p.
Chairman of the Supervisory Board