

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, undertaking to comply with its provisions for the first time in 2014 following its initial listing on the Prime Market of the Vienna Stock Exchange.

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. FACC most recently commissioned KPMG Advisory GmbH to evaluate the Corporate Governance Report for the 2019 financial year. The evaluation concluded that FACC's declaration of compliance with the Austrian Code of Corporate Governance in its current version (2018) is factually accurate.

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 2020 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, 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:
10/2024

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, provided that 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 distribution and internationality. 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

Ruguang Geng, Chairman of the Supervisory Board, resigned from his office on 13 December 2019 with effect from 31 December 2019. In order to preserve the current number of eight shareholder representatives on the Supervisory Board, the Supervisory Board proposed to the Annual General Meeting on 26 June 2020 to elect Tom Williams to the Supervisory Board for the remaining term of office of the retiring member, i.e. the Annual General Meeting deciding on the 2021 financial year.

Members of the Supervisory Board delegated by the Works Council:

Peter KROHE (1959)

First delegated: 2014

Mr. Peter Krohe has resigned with effect from December 31, 2020

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 2020 financial year

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

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 2020 financial year. A total of four Supervisory Board meetings were held during the reporting period.

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 2020 financial year

Audit Committee

Members

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

Personnel and Compensation Committee

Members

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

Strategy Committee

Members

- Jing GUO (Chairwoman)
- Qinghong LIU
- Zhen PANG (since March 2020)
- George MAFFEO
- Junqi SHENG
- Tom WILLIAMS (since September 2020)
- Ulrike REITER
- Peter KROHE

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 approved in the 2020 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 of the business development and the situation of the company and the Group as a whole 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 2020 financial year. The motion was adopted by the Annual General Meeting on 26 June 2020 with the requisite majority.

Expenses for auditing services in the 2020 financial year amounted to kEUR 167 (previous year: kEUR 273). 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 distribution and internationality. 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. 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 2020 financial year, the proportion of female members of the Supervisory Board was 40% (five out of twelve).

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

14 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,

In the 2020 financial year, the global aerospace supply industry encountered a crisis of historic magnitude. The COVID-19-pandemic brought huge challenges for our employees, management, suppliers, customers and all other stakeholders of FACC. In consideration of the health challenges, strong revenue, profit and cash flow reduction, FACC AG was still able to proactively react to the crisis and secure the health and security of our employees as well as on-time deliveries for our customers. Nevertheless, FACC AG suffered from the severe impacts of the pandemic. The Company's revenues dropped significantly and reached EUR 526.9 million. Reported EBIT amounted to EUR -74.4 million.

In the past financial year, the Supervisory Board of FACC AG performed its duties in accordance with applicable laws, the Articles of Association of FACC AG and the Austrian Corporate Governance Code. The Supervisory Board approved, after an in-depth review, necessary resolutions and supported the management regularly and in a timely and comprehensive fashion on all material issues relating to the corporate planning, strategic direction and development, business performance and state of the Group.

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

MEETINGS OF THE SUPERVISORY BOARD

During the 2020 financial year, the committees convened in accordance with the Austrian Corporate Governance Code. The meetings dealt largely with the discussion of the course of business during the COVID-19-pandemic and resolutions regarding business matters and other important business issues. The Supervisory Board of FACC AG is currently composed of eight shareholder representatives and four employee representatives and is committed to compliance with the Austrian Corporate Governance Code.

The Supervisory Board met four times during the 2020 financial year. The attendance of the Supervisory Board members in the meetings reached over 90%.

The Supervisory Board carried out its activities during the financial year with great care. It oversaw the Management Board's governance and advised it in decision-making processes based on 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 with regular, timely, and comprehensive reports on the company's financial situation, operations as well as on the general economic situation in its key markets, and the overall business environment during the pandemic, as well as on the opportunities and risks to FACC's business development. FACC adapted its business operations in the 2020 financial year to a heavily changed market environment and made significant progress in implementing its strategic initiatives.

THE AUDIT COMMITTEE

The Audit Committee held four meetings during the 2020 financial year.

In 2020, the Audit Committee looked at 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 the Audit Committee's meetings, and the Supervisory Board regularly took advantage of the opportunity to discuss matters with the auditor.

THE PERSONNEL AND COMPENSATION COMMITTEE

The Personnel and Compensation Committee held four meetings during the 2020 financial year.

At the meetings, the Committee reviewed the company management structure, the recruiting process and negotiated and extended the contracts of Management Board members Robert Machtlinger and Andreas Ockel.

THE STRATEGY COMMITTEE

The Strategy Committee held one meeting during the 2020 financial year.

At the meeting, matters on the company's five-year plans, the implications of the COVID-19-pandemic, new business development and strategic technology development were studied and reviewed. It also dealt with strategic considerations regarding the long-term focus of the company's portfolio.

AUDIT

At its meeting on 22 March 2021, together with the auditors, the Audit Committee of the Supervisory Board 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.

Following its own examination, 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 result of the audit of the Financial Statements, and Consolidated Financial Statements. The Supervisory Board concurred with the Annual Financial Statements, which are thus adopted pursuant to Section 96 Paragraph 4 of the Austrian Stock Corporation Act.

The Supervisory Board would like to thank all employees and members of the Management Board of FACC AG for their continuous commitment and achievements during this challenging year 2020. Many thanks to the shareholders of FACC AG for their trust.

Ried im Innkreis, March 2021

Zhen Pang m. p.
Chairman of the Supervisory Board