

CORPORATE GOVERNANCE REPORT



S&T AG is a joint stock company listed on the officially regulated Prime Standard market of the Frankfurt Stock Exchange (FSE) under Austrian law. In accordance with Austria's Stock Act, the Executive Board manages the company independently. It exercises this responsibility in accordance with the requirements of the wellbeing of the company and while taking into account the interests of its shareholders and employees. The Supervisory Board supervises the management and supports the Executive Board in significant decisions.

§ 243c of Austria's Commercial Code (UGB) stipulates that a joint stock company whose shares have been authorized for trading on a regulated market is required to compile a Corporate Governance Report. This obligation is fulfilled by providing the following Corporate Governance Report:

01. CORPORATE GOVERNANCE CODE

As an Austrian company and a stock corporation listed in Germany, S&T AG voluntarily complies with the German Corporate Governance Code (§ 243c Paragraph 1 N 1 UGB). S&T AG has complied with the German Corporate Governance Code in the version of February 7, 2017 (§ 243c Paragraph 1 N 2 UGB) in an update dated January 31, 2020 on its website at https://ir.snt.at/Corporate_Governance.en.html. This is publicly available at <http://www.corporate-governance-code.de>.

For a number of years, S&T AG has been pursuing a strategy designed to yield a sustained and long-term increase in corporate value. The Executive Board and the Supervisory Board have committed themselves to managing and controlling S&T AG and its subsidiaries in a responsible way. The value-based principles of proper business management constitute an essential component of these policies. The principles laid down in the Corporate Governance Code have therefore been part of S&T AG's corporate and leadership culture for many years. They facilitate the increasing of value and the strengthening of investor trust. The foundations of Germany's Corporate Governance Code are the rules contained in Germany's shares, securities exchange and capital market acts, and in OECD's directives on Corporate Governance. The Code takes effect through the company's voluntary commitment to it. This commitment causes any case of non-adherence to it to have to be substantiated ("comply or explain").

1.2. DIVERGENCES

S&T AG diverges from the stipulations of the following recommendations of the Corporate Governance Code. The company details its reasons for doing such as follows (§ 243c Paragraph 1 N 3 UGB):

POINT 2.2.2. CORPORATE GOVERNANCE CODE

A basic rule is that shareholders have a right of subscription to the shares being issued that is proportionate to their holdings of the company's share capital. In accordance with § 153 Paragraph 3 ff of the Austrian Stock Act (AktG) and as permitted by legal regulations, with this particularly applying to increases in capital defrayed by contributions of non-financial assets or by cash that amount to up to 10% of the share capital, S&T AG avails itself of its right to exclude its shareholders' right of subscription.

POINT 3.8. CORPORATE GOVERNANCE CODE

As of this writing, no deductible has been agreed upon for the D&O insurance policies covering the members of the Executive and Supervisory Boards.

POINT 4.1.5 AND POINT 5.1.2. CORPORATE GOVERNANCE CODE

Germany's Stock Act establishes stipulations on appointing women to positions of corporate leadership and of statutory control. S&T does not satisfy these stipulations by setting targets for such. As of January 1, 2018, Austria's Stock Act requires a minimum 30% representation by women or by men on the supervisory boards of publicly-listed companies, in cases in which such boards have more than six members, and in which the company in question has a staff that is comprised of at least 20% by women or by men. S&T AG's supervisory board has less than six members. This notwithstanding, S&T AG will attempt to take into account the legally imposed guidelines when conducting elections to appoint new members to the Supervisory Board and plans to propose only female candidates for the Supervisory Board mandate that becomes vacant after the end of the next Annual General Meeting. This is complemented by S&T AG's observance of the principles of fostering the advancement of women and of equal treatment when filling positions in the senior management and corporate institutions of the company and of its subsidiaries.

POINT 4.2.3. CORPORATE GOVERNANCE CODE

The objective of the management of S&T AG is to cause the company to develop in a way sustainably benefiting all stakeholders over the long-term. To achieve the objectives set for the short term and to realize projects, the company has established variable components of remuneration. Some of these are oriented towards objectives that are short-term in nature, and that relate to the current financial year. Such components are complemented by other variable components of remuneration that are long-term in nature, such as stock options.

POINT 5.1.2. AND POINT 5.4.1. CORPORATE GOVERNANCE CODE

S&T does not regard the institution of a discrete age of retirement for members of the Executive and Supervisory Boards as useful or being efficacious. S&T AG regards the candidate's qualifications as being more important than the imposition of a recommended age of retirement.

POINT 5.2. AND POINT 5.3.2 CORPORATE GOVERNANCE CODE

The Supervisory Board and the Auditing Committee are identical. Each of these boards has the same five members. The chairman of the Supervisory Board's qualifications and stock of experience entitle him to also chair the Auditing Committee. The fact that these two boards of S&T AG consist of the same persons deems this appointment appropriate. In course of the upcoming changes of the Supervisory Board and the composition of the committees, a reassessment will be carried out based on the qualifications of the Supervisory Board.

02. CORPORATE GOVERNANCE STATEMENT OF THE CORPORATE GOVERNANCE OF THE COMPANY

The Code of Conduct implemented throughout the Group and other internal principles and guidelines ensures compliance with rules of conduct and laws at S&T AG in particular. The Code of Conduct sets out the most important guidelines and principles for conduct in business life and serves as an aid to employees and managers in their daily work. The Code of Conduct published on the S&T AG website also supports the confidence of the public, business partners, employees and financial markets in our company. The Compliance Officer of the S&T Group monitors compliance with the Code of Conduct, checks that it is up to date and makes updates as necessary. In addition, compliance with the Code of Conduct is also regularly checked during internal audits. Overall responsibility for compliance lies with the Executive Board, which regularly reports on this to the Audit Committee and the Supervisory Board. In fulfilling its compliance responsibilities, the Management Board has delegated the relevant tasks to various functions within the S&T Group. The Compliance Officer ensures the exchange of information between the compliance-relevant internal interfaces. He monitors the Group's whistleblowing platform and is the first point of contact for each employee for all compliance issues.

2.1. EXECUTIVE BOARD AND SUPERVISORY BOARD (§ 243C PARAGRAPH 2 N 1 UGB)

THE EXECUTIVE BOARD

The Management Board of S&T AG consists of a CEO and four other members. As of December 31, 2019, the following members were active on the Management Board, each with the following areas of responsibility:

- › Dipl.-Ing. Hannes Niederhauser, born November 25, 1962, CEO/Chairman of the Executive Board: Strategy as well as Research and Technology Development, Corporate Communications & Investor Relations, Commercial Planning Premises, Coordination of the individual Executive Board divisions and representation of the Management Board towards the Supervisory Board;
- › MMag. Richard Neuwirth, born September 20, 1978, CFO/Deputy Chairman of the Executive Board: Accounting & Taxes, Controlling, Legal, Corporate Finance & Corporate Development, IT, Technical Operations, Environmental Social Governance (ESG);
- › Michael Jeske, born January 10, 1971, COO: IT Services business for the DACH region, including Strategy and Business Development, Sales, Purchasing & Logistics;
- › Dr. Peter Sturz, born October 31, 1958, COO: S&T business in Eastern Europe excluding Russia, including Strategy and Business Development, Sales, Purchasing & Logistics;
- › Carlos Queiroz, born April 2, 1954, COO: IoT Solutions business for Europe, including Strategy and Business Development, Research & Development in IoT, Sales, Purchasing & Logistics.

The Executive Board continually discusses current business developments, takes the necessary decisions in its discussions and meetings and passes the necessary resolutions. The members of the Executive Board are in a constant exchange of information with each other and with the respective senior managers responsible. The Executive Board informs the Supervisory Board regularly, promptly and comprehensively about all relevant issues of business development including the risk situation and risk management at S&T AG and its Group companies. In the spirit of good corporate governance, open discussions take place between the Executive Board and Supervisory Boards, also outside the regularly scheduled meetings. In addition, the Chairman of the Supervisory Board is in regular contact with the members of the Executive Board and discusses the company's strategy, business development and risk management with them.

THE SUPERVISORY BOARD

As of December 31, 2019, the Supervisory Board is composed of the following five members, who oversee and advise the Executive Board:

- › Dr. Erhard F. Grossnigg, born September 22, 1946, Chairman of the Supervisory Board
- › Mag. Bernhard Chwatal, born October 12, 1970, Deputy Chairman of the Supervisory Board
- › Hui-Feng Wu (Ed Wu), born January 2, 1949, Member of the Supervisory Board
- › Fu-Chuan Chu (Steve Chu), born June 18, 1962, Member of the Supervisory Board
- › Yu-Lung Lee (Max Lee), born September 1, 1970, Member of the Supervisory Board

Mr. Ed Wu, Mr. Steve Chu and Mr. Max Lee are members of the Supervisory Board with business relationships to the S&T AG shareholder Ennoconn Corporation, which holds with 26,61% of the shares of S&T AG more than 10% of the shares holding voting rights of S&T AG. The members of the Supervisory Board, Dr. Erhard F. Grossnigg (Chairman of the Supervisory Board (with the right to cast the vote breaking a tie among the members, according to the Articles of Association of S&T AG)) and Mag. Bernhard Chwatal (Deputy Chairman of the Supervisory Board) hold some 0.04% of S&T AG's shares (Dr. Grossnigg) and 0 shares (Mag. Chwatal). They are thus independent members of the Supervisory Board.

The Chairman of the Supervisory Board and no other member has ever been a member of the Executive Board of S&T AG. The exact composition of the Supervisory Board and its committees is shown in the following tables:

COMPOSITION OF THE SUPERVISORY BOARD UNTIL THE END OF THE ORDINARY ANNUAL GENERAL MEETING 2019

BOARD MEMBER	POSITION	INITIAL APPOINTMENT	END OF TERM	AUDIT COMMITTEE
Dr. Erhard F. Grossnigg	Chairman of the Supervisory Board	25.10.2011	AGM 2020	x
Bernhard Chwatal	Deputy Chairman	17.05.2013	AGM 2023	x
Hui-Feng Wu	Member	27.06.2017	AGM 2022	x
Fu-Chuan Chu	Member	27.06.2017	AGM 2022	x
Hsi-Chung Tsao	Member	27.06.2017	21.05.2019	x

COMPOSITION OF THE SUPERVISORY BOARD SINCE THE END OF THE ORDINARY ANNUAL GENERAL MEETING 2019

BOARD MEMBER	POSITION	INITIAL APPOINTMENT	END OF TERM	AUDIT COMMITTEE	NOMINATION COMMITTEE	REMUNERATION COMMITTEE
Dr. Erhard F. Grossnigg	Chairman of the Supervisory Board	25.10.2011	AGM 2020	x	x	x
Bernhard Chwatal	Deputy Chairman	17.05.2013	AGM 2023	x	x	x
Hui-Feng Wu	Member	27.06.2017	AGM 2022	x		
Fu-Chuan Chu	Member	27.06.2017	AGM 2022	x		
Yu-Lung Lee	Member	21.05.2019	AGM 2024	x	x	x

WORKING METHODS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

At S&T AG, the term Corporate Governance stands for responsible, value-based corporate management and control oriented towards sustainable value creation. A key aspect of good corporate governance is efficient cooperation between the Executive Board and the Supervisory Board, which always act and decide in the best interests of the company. Their common goal is the sustainable increase in the value of the company. The dual management system prescribed by the Austrian Stock Corporation Act explicitly separates the management (Executive Board) and supervision (Supervisory Board) of a company, and the responsibilities of both bodies are clearly defined by law as well as by the articles of association and the rules of procedure of both bodies. The Executive Board and Supervisory Board are convinced that good corporate governance, which takes into account company- and industry-specific aspects, is an important basis for the success of a company.

The work and cooperation of the Executive Board members is governed by rules of procedure approved by the Supervisory Board. Each member of the Executive Board is accountable for his own area of responsibility, about which he keeps his colleagues on the Executive Board informed on an ongoing basis. Meetings of the Executive Board are held as required, usually on a quarterly basis, and are chaired by the CEO. Corporate strategy issues are discussed and resolutions on measures and transactions are passed at the meetings. For resolutions to be passed, at least three of the five members of the Executive Board must participate in the decision-making process. Resolutions of the full Executive Board are passed by simple majority and can also be passed outside of meetings by means of verbal, telephone or written (including e-mail) voting. In addition to the regular Executive Board meetings, Executive Board retreats and strategy meetings are held, during which strategic objectives are developed Group-wide.

The Executive Board of S&T AG always informs the Supervisory Board promptly and comprehensively at Supervisory Board meetings or in writing about the planning, business development and situation of the Group, including risk management and compliance. Extraordi-

nary Supervisory Board meetings are convened in the event of significant events. The Executive Board involves the Supervisory Board in strategic planning and in all issues of fundamental importance to the company. For important business transactions, the by-laws of the Executive Board stipulate that the Supervisory Board's approval is required.

Further information on the cooperation between the Executive Board and the Supervisory Board and on important topics of discussion in the 2019 financial year is provided in the Report of the Supervisory Board. The Supervisory Board of S&T AG holds at least four meetings per calendar year and has established rules of procedure for its activities in addition to the requirements of the Articles of Association. Accordingly, the Chairman of the Supervisory Board coordinates the work of the Supervisory Board, chairs the meetings, as a collegial body, and represents the interests of the body both internally, for example in matters relating to the Management Board and externally. Supervisory Board resolutions are generally passed in meetings, although resolutions may also be passed outside of a meeting in writing or in qualified telephone or video conferences. The Supervisory Board constitutes a quorum if at least three of its members participate in the vote. Resolutions in the Supervisory Board are generally passed by a simple majority of the votes cast, unless the law requires a different majority. The Supervisory Board meetings are recorded in minutes and the minutes are made available to all members of the Supervisory Board. Resolutions adopted outside of meetings are passed in writing by circular letter.

2.2. COMPOSITION AND WORKING METHODS OF THE MANAGEMENT AND SUPERVISORY BOARD COMMITTEES

The Executive Board has not established any committees. The Supervisory Board has three committees: the Audit Committee, the Nomination Committee and the Remuneration Committee.

THE AUDIT COMMITTEE

Due to the importance and manageable size of the Supervisory Board of S&T AG, the Audit Committee is composed of all five members of the Supervisory Board. The Audit Committee is charged with the examination and preparing for auditing of the annual accounts; and the examination of the consolidated annual accounts, of the proposal for the appropriation of profits, of the management review, of the Group management review, and of the Corporate Governance Report. The Audit Committee also prepares the proposal to the Annual General Meeting for the election of the independent auditor.

THE NOMINATING COMMITTEE

The Nomination Committee was established on May 21, 2019 and, like the Remuneration Committee, is composed of the two independent members of the Supervisory Board, Dr. Erhard F. Grossnigg as Chairman of the Nomination Committee and Mr. Bernhard Chwatal as his deputy, and a third, non-independent member, Mr. Max Lee. The Nomination Committee is responsible for the further development of the management organization. If necessary, it accompanies the search for suitable candidates for the appointment of new members of the Executive Board and Supervisory Board, submits appropriate proposals to the Supervisory Board and prepares contracts with members of the Executive Board. The Nomination Committee has not yet held any meetings in the 2019 financial year.

THE REMUNERATION COMMITTEE

The Remuneration Committee was established on May 21, 2019 and is composed of a majority of independent members of the Supervisory Board: The two independent members of the Supervisory Board, Dr. Erhard F. Grossnigg, as Chairman and Mr. Bernhard Chwatal, as Deputy Chairman, and the third, non-independent member, Mr. Max Lee. The Remuneration Committee is responsible for the ongoing review of the remuneration of the Executive Board and has the right to propose the remuneration of the Supervisory Board to the Supervisory Board or the Annual General Meeting. The committee has not yet held any meetings in the 2019 financial year.

MEETINGS OF THE SUPERVISORY BOARD

BOARD MEMBER	POSITION	26.03.2019	21.05.2019	17.09.2019	12.12.2019
Dr. Erhard F. Grossnigg	Chairman	P	P	P	P
Bernhard Chwatal	Deputy Chairman	P	P	P	P
Hui-Feng Wu	Member	V	V	V	V
Fu-Chuan Chu	Member	P	V	P	V
Yu-Lung Lee	Member	n/a	P	P	P
Hsi-Chung Tsao	Member	V	n/a	n/a	n/a

P > Present in person | V > Video/telephone conference or proxy | n/a > not yet or any more member of the Supervisory Board

MEETINGS OF THE AUDIT COMMITTEE

BOARD MEMBER	POSITION	26.03.2019	12.12.2019
Dr. Erhard F. Grossnigg	Chairman	P	P
Bernhard Chwatal	Deputy Chairman	P	P
Hui-Feng Wu	Member	V	V
Fu-Chuan Chu	Member	P	V
Yu-Lung Lee	Member	n/a	P
Hsi-Chung Tsao	Member	V	n/a

P > Present in person | V > Video/telephone conference or proxy | n/a > not yet or any more member of the Supervisory Board

2.3. CORPORATE GOVERNANCE IN THE S&T GROUP

Within the S&T Group, good corporate governance represents open and transparent corporate communication, respect for shareholders' interests, responsibility in all business decisions, appropriate handling of risks and the promotion of equality and diversity. Compliance with national and international laws, regulations and guidelines as well as the principles of the German Corporate Governance Code are a matter of course for S&T and are part of the management mentality. Responsible, sustainable and value-oriented corporate management is given the highest priority in the S&T Group.

CAPITAL MARKET COMMUNICATION

One of the most important principles of S&T AG's capital market communication is to inform institutional investors, private shareholders, financial analysts, employees and all other interest groups simultaneously and comprehensively about the company's situation through regular, open and up-to-date communication. In doing so, S&T strictly follows the applicable legal regulations and the principle of equal treatment of all shareholders. All of these interest groups have immediate access to all information or presentations in German and English, which are also provided to financial analysts and investors, for example.

A central component of investor relations work at S&T AG is regular discussions and meetings with analysts and investors in the form of conferences, road shows and one-on-one meetings. Telephone conferences (earnings calls) are held in conjunction with the publication of quarterly and annual results, enabling analysts, investors or other interested parties to ask questions directly about the current development of the company. Company presentations are always available to all interest groups on the company's website.

S&T AG's corporate website <https://www.snt.at/> serves as a central platform for providing up-to-date information about the company and its progress. The S&T AG investor relations website <https://ir.snt.at> also provides access to financial reports (annual reports, interim reports and announcements), current presentations from analyst and investor conferences, as well as press releases and ad-hoc announcements from the company. The dates of the main recurring publications and events (Annual General Meetings, press and analysts' conferences) are published in the corporate financial calendar at the beginning of each year and updated on an ongoing basis.

FOSTERING OF THE ADVANCEMENT OF WOMEN (§ 243C PARAGRAPH 2 N 2 UGB)

The Supervisory Board of S&T AG currently consists of a total of five, exclusively male members. The Executive Board and the Nomination Committee intend to submit exclusively female candidates to the Annual General Meeting as nominations, and appoint a woman. In view of the international orientation, the Supervisory Board also considers at least two members of the Supervisory Board who are not Austrian or have special international experience to be an appropriate proportion in terms of diversity.

S&T AG has adapted to changes in the world of life and work in the area of women's advancement. S&T AG also intends to continuously increase the proportion of women in management positions in order to achieve equal participation in responsibility and decision-making.

INDEPENDENCE

The Supervisory Board considers a number of at least two independent members to be appropriate. A member of the Supervisory Board shall be considered independent if he or she has no personal or business relationship with the S&T Group, the management, a controlling shareholder or an affiliated company. Two of the current five members of the Supervisory Board are to be classified as independent. Conflicts of interest, especially those arising from commitments with competitors, should be avoided. However, it should be noted that conflicts of interest cannot be excluded in principle in individual cases. Furthermore, it should be mentioned that the independent chairman of the Supervisory Board, or, if he is prevented from doing so, his equally independent deputy, is entitled to the right of diminution in the event of a tie. Possible conflicts of interest must be reported directly to the Chairman of the Supervisory Board and will be eliminated immediately through appropriate measures. There are currently no conflicts of interest.

AVOIDANCE OF CONFLICTS OF INTEREST

The Executive Board and the Supervisory Board are obliged to refrain from actions that could lead to conflicts of interest with their activities at S&T AG. Any activities of the Executive Board must be disclosed immediately to the Supervisory Board and require its approval. The Supervisory Board must inform the Annual General Meeting of any conflicts of interest that arise and how they are handled. No conflicts of interest arose in the Supervisory Board in the 2019 financial year.

SUFFICIENT TIME AVAILABILITY

The members of the Supervisory Board of S&T AG must ensure that they have sufficient time to properly fulfill their duties on the Supervisory Board. This includes attending at least four ordinary Supervisory Board meetings per year, including an appropriate amount of preparation time. Furthermore, the members of the Supervisory Board should be able to devote sufficient time to attend extraordinary Supervisory Board meetings and the Annual General Meeting as required, to audit the annual financial statements and the consolidated financial statements and to perform their duties in the committees of the Supervisory Board.

SHARES OWNED BY MEMBERS OF CORPORATE INSTITUTIONS

As of December 31, 2019, the members of the Executive and Supervisory Board held the following amounts of shares and stock options, which makes in total 2,97% in the company:

BOARD MEMBER	POSITION	NUMBERS OF SHARES	NUMBER OF STOCK OPTIONS
Dr. Erhard F. Grossnigg	Chairman of the Supervisory Board	23,499	0
Bernhard Chwatal	Deputy Chairman	0	0
Hui-Feng Wu	Member of the Supervisory Board	0	0
Fu-Chuan Chu	Member of the Supervisory Board	0	0
Hsi-Chung Tsao*	Member of the Supervisory Board	0	0
Yu-Lung Lee**	Member of the Supervisory Board	0	0
Hannes Niederhauser	CEO	1,162,538	175,000
Richard Neuwirth	CFO	41,039	175,000
Michael Jeske	COO	30,000	140,000
Dr. Peter Sturz	COO	8,833	170,000
Carlos Queiroz	COO	0	70,000

* until the Annual General Meeting on May 21, 2019

** from the Annual General Meeting on May 21, 2019

Linz, March 2020

The Executive Board of S&T AG



Dipl. Ing. Hannes Niederhauser



Michael Jeske



Dr. Peter Sturz



MMag. Richard Neuwirth



Carlos Manuel Nogueira Queiroz