

**SUITABILITY POLICY IN RELATION TO THE MEMBERS OF THE
MANAGEMENT BOARD AND THE SUPERVISORY BOARD**

AUSTRIACARD HOLDINGS AG

**November
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1. Introduction

- 1.1. The company AUSTRIACARD HOLDINGS AG (the “**Company**”) has adopted this suitability policy in relation to the members of the Management Board and the members of the Supervisory Board (the “**Suitability Policy**”). For the sake of completeness, the Suitability Policy does not apply for direct proposals and/or appointments by a shareholder. The mandatory and applicable provisions of Austrian law are not superseded by the Suitability Policy.
- 1.2. The Suitability Policy has been approved by the Supervisory Board in its meeting held on 8 November 2022 and, upon initiative of the Supervisory Board, also been approved by the General Meeting of 30 November 2022 and forms integral part of the bylaws of the Management Board and the Supervisory Board. The Suitability Policy enters into force upon its approval by the General Meeting and is uploaded to the Company’s website for as long the Company’s shares are listed on a regulated market.

2. Scope

- 2.1. The Suitability Policy sets out:
 - the principles concerning the selection, nomination or replacement or renewal of term of the members of the Management Board and the Supervisory Board;
 - the criteria for the assessment of the (individual and collective) suitability of the (nominated) members of the Management Board and the Supervisory Board during their term;
 - the independence criteria for the (nominated) members of Supervisory Board, including the criteria set out in the Austrian Corporate Governance Code;
 - incompatibilities/prohibitions concerning the (nominated) members of the Management Board and the Supervisory Board, including the incompatibilities/prohibitions set out in the Austrian Stock Corporation Act; and
 - diversity criteria for the selection of the members of the Company’s Management Board and the Supervisory Board.
- 2.2. The purpose of the Suitability Policy is to ensure the effective functioning and performance of the duties of the Management Board and the Supervisory Board, in line with the general business strategy and the long-term business targets of the Company, as well as to minimize operational risks due to selection of any persons that are non-suitable to hold the position of a member of the Company’s Management Board and the Supervisory Board.
- 2.3. The assessment criteria set out in the Suitability Policy apply also to the (proposed) persons to which the Management Board or the Supervisory Board, to the extent permissible, delegates, partially or fully, its functions.

3. Individual and collective suitability

The (nominated) members of the Management Board and the Supervisory Board must be, at all times, individually suitable and collectively able to understand the Company’s activities and main risks, in order to take, or monitor, as the case may be, appropriate decisions considering the business model, risk appetite, strategy and markets in which the Company operates.

4. Individual suitability criteria

4.1 Moral standing and good repute

4.1.1 The (nominated) members of the Management Board and the Supervisory Board shall be persons of moral standing, honesty, integrity and good repute. At least the following factors should be considered in the assessment of moral standing, honesty, integrity and good repute:

- (i) convictions or ongoing prosecutions for a criminal offence, including offences under the laws governing securities, or securities markets or financial or payment instruments, including laws on money laundering, corruption, market manipulation, or insider dealing and usury, or offences of dishonesty, fraud or financial crime, or tax offences and other offences under legislation relating to companies, bankruptcy, insolvency, or consumer protection;
- (ii) declaration of personal bankruptcy or any bankruptcy and winding-up proceedings of entities owned or directed by the (nominated) member of the Management Board or Supervisory Board and whether or not and how the member has contributed to the situation that led to the proceedings; and
- (iii) refusal, revocation, withdrawal or expulsion of any registration, authorisation, membership, or licence to carry out a trade, business, or profession, or disqualification by any relevant competent authority from acting as a member of management body, or any evidence that the person has not been transparent, open, and cooperative in its dealings with competent supervisory authorities, including the competent financial markets authorities.

4.1.2 A (nominated) member is presumed to be of moral standing, honesty, integrity and good repute, in the absence of contrary evidence. To assess the moral standing, honesty, integrity and good repute of a (nominated) member of the Management Board or the Supervisory Board, the Company shall adequately conduct investigations, search public records and, to the extent permitted by the applicable data protection laws, request data and relevant supporting documents concerning any judicial or administrative proceedings against a (nominated) member of the Management Board or the Supervisory Board, as per the above under section 4.1.1. The assessment may consider in particular: (i) the relevance of the offence or action to the (nominated) member's role and/or the seriousness of the offence or of the action; (ii) the surrounding circumstances, including mitigating factors; (iii) the role of the (nominated) member; (iv) the penalty imposed; (v) the phase of the judicial process reached; (vi) the time elapsed since the offence and the (nominated) member's conduct since the infringement or offence; as well as (vii) to the extent applicable, any decision issued by any relevant competent authority disqualifying the (nominated) member from acting as a member of the management board or supervisory board of a regulated entity.

4.1.3 A person cannot be appointed as member of the Management Board or the Supervisory Board, if it has been found guilty at least in the last 12 months prior to the date of its appointment for loss-making transactions of listed companies or any unlisted joint stock corporation with related parties. Each nominated member of the

Management Board and the Supervisory Board must submit to the Company, prior to its appointment, a solemn declaration concerning the absence of such incompatibility.

- 4.1.4 During their term, the members of the Management Board and the Supervisory Board must notify the Company, without delay, of any final court decision issued against them for loss-making transactions of listed companies or any unlisted joint stock corporation with related parties.

4.2 Adequacy of knowledge, skills and experience

- 4.2.1 The (nominated) members of the Management Board and the Supervisory Board should have a thorough understanding of the business of the Company and its risks, at a level commensurate with their responsibilities. In this respect, the assessment of adequate knowledge, skills and experience should consider: (i) the role and duties of the position and the required capabilities; (ii) the knowledge and skills attained through education, training and practice; (iii) the practical and professional experience gained in previous positions; and (iv) the knowledge and skills acquired and demonstrated by the professional conduct of the member of the (nominated) Management Board or the Supervisory Board.

- 4.2.2 The (nominated) members of the Supervisory Board should be able to constructively challenge the decisions and effectively oversee the activities the Management Board. To that aim, it must possess adequate knowledge, skills and experience for fulfilling its tasks effectively from relevant academic or administrative positions or through the management, supervision or control other firms.

- 4.2.3 The (nominated) members of the Management Board should have gained sufficient practical and professional experience from a managerial position over a sufficiently long period. When assessing the practical and professional experience gained from previous positions, particular consideration should be given to: (i) the nature of the management position held and its hierarchical level; (ii) the length of service; (iii) the nature and complexity of the business; (iv) the scope of competencies, decision-making powers, and responsibilities; and (v) the number of subordinates.

4.3 Conflicts of interest

The Company identifies actual or potential conflicts of interest and has in place a policy for the prevention and management of conflicts of interest, which is incorporated into the Company's Internal Rules of Procedure in order to ensure that possible conflicts of interest are prevented or revealed and appropriately managed, including at the level of the (nominated) members of the Management Board and the persons proposed for the Supervisory Board.

4.4 Independence of mind

- 4.4.1 The Company must ensure that the (nominated) members of the Management Board and the Supervisory Board shall act with independence of mind when participating in the discussions and the decision-making processes of the Management Board and the Supervisory Board respectively and make their own sound, objective and independent decisions when performing their duties.

- 4.4.2 When assessing the independence of mind of a (nominated) member of the Management Board or the Supervisory Board, it should be considered whether such member has the necessary behavioural skills, including:
- (i) the courage, conviction and strength to be able effectively to assess and challenge the proposals or opinions expressed by other members, as well as clear feeling of the delicate balance between the shareholders' interests and the interests of other stakeholders and not promote a particular group of interests;
 - (ii) the ability to pose constructive questions to other members with a view to reaching better decisions; and
 - (iii) the ability to resist 'group-thinking'.

4.5 Sufficient Time Commitment

- 4.5.1 Each (nominated) member of the Management Board and the Supervisory Board should be made aware of the expected time commitment required to perform its duties, including participation in the meetings of the Supervisory Board or the Management Board, as the case may be, or participation in any committees to which it may be a member.
- 4.5.2 The members of the Management Board and the persons proposed for the Supervisory Board shall commit the time required to perform their duties depending on their position, role and duties.
- 4.5.3 In the assessment of sufficient time commitment, the Company takes into account the following: (a) the member's or the proposed person's role and capacity; (b) the number of directorships the member or proposed person holds in other boards; and (c) the roles and capacities the member or proposed person is holding concurrently, as well as other professional or personal commitments and circumstances.

4.6 Independence criteria

- 4.6.1 The majority of the persons proposed for the Supervisory Board shall be independent. Apart from the independence criteria set forth in the Austrian Corporate Governance Code, a (nominated) member of the Supervisory Board is considered to be independent, if at the time of its appointment and during his term, does not hold directly or indirectly a percentage of votes higher than zero point five per cent (0,5%) in the Company and he is free of any financial, business, family or any other kind of relationship of dependency that might affect its decisions and independent and objective judgment.
- 4.6.2 A relationship of dependency exists, inter alia, in the following situations:
- (i) When a (nominated) member of the Supervisory Board receives significant fees or benefits from the Company or a person related to the Company (pursuant to IAS 24) or participates in a stock option plan or any other scheme of fees or benefits linked to performance, other than fees paid in relation to its prospective participation in the Supervisory Board or the committees thereof as well as the fixed benefits under pension schemes including deferred benefits for the provision of services to the company in the past. The criteria for the determination of notion of "significant fees or benefits" are set out in section 4.3 of the Company's Remuneration Policy.

- (ii) When a (nominated) member of the Supervisory Board or a person closely associated to a member has or had during the past three (3) financial years prior to his appointment a business relationship with: (a) the Company or (b) a person related to the Company (pursuant to IAS 24) or (c) a shareholder that directly or indirectly has a holdings equal or higher than ten percent (10%) in the capital of the Company during the past three (3) financial years, provided that such relationship affects or might affect the business activity of either the Company or the persons mentioned above. Such a relationship exists, inter alia, when the person is a significant supplier or an important client of the Company. This shall also apply to relationships with companies in which a person proposed for the Supervisory Board has a considerable economic interest, but not for exercising functions in the bodies of the group.
- (iii) When a (nominated) member of the Supervisory Board or a person closely associated with such member pursuant to Article 3(1)(26) of the Regulation (EU) 596/2014: (a) has been a member of the Management Board or has served as a management-level staff of the Company or one of its subsidiaries in the past five years; (b) has been a member of the Supervisory Board of the Company or a person related to the Company (pursuant to IAS 24) for more than nine (9) fiscal years cumulatively at the time of his election; (c) has been a senior officer or has entered into an employment contract or contract of works or contract for the provision of services or has been an in-house professional at the Company or a person related to the Company during the past three (3) financial years prior to his appointment; (d) is second degree relative by blood or marriage, or is a spouse or the partner considered to be equivalent to a spouse of a member of the Supervisory Board or the Management Board or a senior officer or a shareholder who has a holding equal or higher than ten percent (10%) in the capital of the company or any person related thereto; (e) has been directly appointed by a Company's shareholder; (f) represents during his term shareholders who directly or indirectly have voting rights equal or higher than five per cent (5%) in the Company's General Meeting, without written instructions; (g) has conducted a statutory audit in relation to the Company or a person related to the company (pursuant to IAS 24), either through a company or itself, or a second degree relative by blood or marriage or its spouse has conducted such statutory audit during the past three (3) years prior to his appointment; (h) is a member of the management board (or executive member of the board of directors) of another company and a member of the Management Board of the Company holds a position of a member of the supervisory board (or nonexecutive member of the board of directors) of such other company.

4.6.3 The Supervisory Board examines on an annual basis the fulfilment of the independence criteria mentioned above and in any case prior to the publication of the annual financial report which must include the relevant statement as to the fulfilment of the criteria of independence. In case that during the review of the fulfilment of the requirements of independence or in case that at any time it is ascertained that the requirements of independence are not fulfilled any more as to a member of the Supervisory Board, the Supervisory Board proceeds with all actions required for its replacement.

5. Collective suitability criteria

- 5.1. The composition of the Management Board and the Supervisory Board shall reflect the knowledge, skills and experience required to perform their duties. The (nominated) members of the Management Board and the Supervisory Board shall be able collectively to make appropriate decisions by taking into consideration the business model, the risk appetite, the strategy and the markets the Company is operating in.
- 5.2. The members of the Management Board shall collectively have all required skills for the effective management the Company, with regard to: (i) its business activity and the basic risks associated with it; (ii) strategic planning; (iii) financial reports; (iv) compliance with the statutory and regulatory framework; (v) understanding of corporate governance issues; (vi) ability to identify and manage risks; and (vii) the impact of technology on the Company's activity.
- 5.3. The members of the Management Board should collectively be able to effectively challenge and monitor decisions made by the Management Board.

6. Succession planning

The Company adopts a plan for orderly succession of the members of the Management Board to ensure the continuity of the management of the Company's affairs and progressive refreshing of the Management Board.

7. Diversity Criteria

- 7.1. The Company applies diversity criteria for the members of the Management Board and the Supervisory Board with a view to promoting an appropriate level of diversification of skills and qualification when selecting members of the Management Board and the Supervisory Board, so that diversity of views and experiences, as well as constructive challenge of the decision-making is encouraged.
- 7.2. No person shall be excluded from nomination and/or appointment in the Management Board and the Supervisory Board and/or from training because of gender, race, colour, ethnic or social origin, religion or belief, property, birth, disability, age or sexual orientation.
- 7.3. The Nomination and Remuneration Committee takes into account the diversity criteria when submitting proposals for the appointment of Members of the Management Board and the Supervisory Board in accordance section 8 hereof.

8. Selection procedure

- 8.1. The Nomination and Remuneration Committee identifies and recommends to Supervisory Board suitable candidates for any vacant position in the Management and/or Supervisory Board.
- 8.2. For each nominated member of the Management Board and the Supervisory Board, the Nomination and Remuneration Committee collects CVs, supported by the necessary supporting documents, and prepares an evaluation report which substantiates that each proposed member of the Management Board or the Supervisory Board, as the case may be, fulfils the individual suitability criteria of the Suitability Policy and

contributes to the collective suitability of the Management Board, or the Supervisory Board, as the case may be.

- 8.3. The suitability assessment by the Nomination and Remuneration Committee takes place before the nomination of the proposed person as member of the Supervisory Board or Management Board, as the case may be.
- 8.4. For the election of the Members of the Supervisory Board, the Company, following its listing on a regulated market, uploads to its website no later than twenty-one (21) days before convening of the General Meeting, the following information concerning each nominated member of the Supervisory Board:
 - (i) a statement by the Supervisory Board concerning the justification of the nomination of a person as member of the Supervisory Board, including reference to the fulfilment of the suitability criteria set out in the Suitability Policy, and if such person is nominated as independent member of the Supervisory Board, to the independence criteria set out in the Suitability Policy; and
 - (ii) detailed CVs of any nominated member of the Supervisory Board, which includes among others information about their current or previous professional roles, as well as any managerial positions or membership in the management board or supervisory board and/or committees of other legal entities.

9. Evaluation

- 9.1. The Nomination and Remuneration Committee, assisted by the Internal Audit Function, evaluates at least once a year:
 - the structure, size, composition of the Management Board and the Supervisory Board and submits recommendations concerning any required amendments;
 - the knowledge, skills and experience of each Member of the Management Board and the Supervisory Board, individually and collectively, and examines whether any conflicts of interest may affect their ability to exercise their duties independently and objectively; and
 - whether the composition of the Management Board and the Supervisory Board meets the requirements of the law, the Company's Articles of Association, the Austrian Corporate Governance Code and the Suitability Policy, which is adopted by the Company,and submits its annual evaluation report to the Supervisory Board.

The annual evaluation report includes a brief description of the evaluation process as well as any weaknesses identified in relation to the individual and collective suitability criteria and proposed measures to remedy such weaknesses. Following discussion on any weaknesses identified in the evaluation report, the Supervisory Board, may determine any actions deemed appropriate and prepare a relevant action plan, if required.
- 9.2. Besides the annual evaluation, the Nomination and Remuneration Committee, assisted by the Internal Audit Function, monitors on an ongoing basis the suitability of the members of the Management Board and the Supervisory Board. In particular, an *ad hoc* re-evaluation of suitability of the members of the Supervisory Board or Management Board is carried out when doubts arise regarding the individual suitability of the members of the Management Board and the Supervisory Board, or their collective

suitability of the Management Board and the Supervisory Board, including cases in where a member of the Supervisory Board or Management Board does not comply with the Company's conflicts of interest policy.

- 9.3. If one or more of the suitability criteria set out in the Suitability Policy cease to be met with respect to a member of the Management Board or the Supervisory Board, due to any event that could not have been prevented even if the member had exercised the utmost reasonable care, with regard to the members of the Management Board, the Supervisory Board revokes such member without delay and proceeds with its replacement within three (3) months, provided the relevant issue qualifies as a cause within the meaning of Article 75 para 4 of the Austrian Stock Corporation Act (*Aktiengesetz*). Members of the Supervisory Board delegated by the General Meeting, (i) may be revoked by the General Meeting at any time by means of a resolution and (ii) in case of good cause by the Austrian court upon request by a shareholder minority whose shares together amount to ten percent of the share capital.
- 9.4. The corporate governance statement, which is prepared pursuant to Article 243c of the Austrian Company Act (*Unternehmensgesetzbuch*), includes, among others, reference to the Suitability Policy, the activities of the Nomination and Remuneration Committee and the Audit Committee, detailed CVs of the members of the Management Board and the Supervisory Board and any senior managers, information concerning the participation of the members in the meetings of the Management Board and the Supervisory Board, the Nomination and Remuneration Committee and the Audit Committee, as well as information concerning the number of shares in the Company held by each member of the Management Board and the Supervisory Board and any senior managers.

10. Notification of the Suitability Policy

- 10.1. Following its nomination, each nominated member of the Management Board or the Supervisory Board shall be notified of the Company's Suitability Policy in writing.
- 10.2. Each (nominated) member of the Management Board or the Supervisory Board undertakes in writing the obligation to notify the Company without delay, if it ceases to meet the suitability criteria set out in the Suitability Policy.

11. Amendments to the Suitability Policy

Any amendments of this Suitability Policy shall be approved by the Supervisory Board, which submits the Suitability Policy to vote by the General Meeting.