



**PALFINGER AG**  
**Bergheim, FN 33393 h**

**Proposed resolutions**  
**of the Executive Board and the Supervisory Board**  
**for the**  
**33rd Annual General Meeting**  
**April 7, 2021**

- 1. Presentation of the financial statements, including the management report and the corporate governance report, the consolidated financial statements, including the consolidated management report, the proposal for the appropriation of profits and the report of the Supervisory Board for the fiscal year 2020**

Because these documents are presented to the Annual General Meeting merely for informational purposes, no resolution will be adopted in respect of this agenda item. The 2020 financial statements have already been approved by the Supervisory Board and have thus been adopted.

- 2. Resolution on the distribution of the net profit for the year**

The Executive Board and the Supervisory Board propose that the net result for the year as reported in the adopted financial statements as at December 31, 2020 in the amount of EUR 364,099,448.93 be used as follows:

- (i) Distribution of a dividend of EUR 0.45 per share entitling its holder to a dividend,  
i.e. dividends in the total amount of EUR 16,916,966.10
- (ii) Carry-forward of the remaining amount of EUR 347,182,482.83 to a new account

The dividend payment date is April 13, 2021.

- 3. Resolution to ratify the actions of the members of the Executive Board in the fiscal year 2020**

The Executive Board and the Supervisory Board propose that the members of the Executive Board holding office in the fiscal year 2020 be released from liability for their management activities during this period.

**4. Resolution to ratify the actions of the members of the Supervisory Board in the fiscal year 2020**

The Executive Board and the Supervisory Board propose that the members of the Supervisory Board holding office in the fiscal year 2020 be released from liability for their management activities during this period.

**5. Selection of the independent auditor for the financial statements and consolidated financial statements for the fiscal year 2021**

The Supervisory Board proposes that PwC Wirtschaftsprüfung GmbH, Vienna, be elected as the auditor of the financial statements and the consolidated financial statements for the fiscal year 2021.

This resolution proposed by the Supervisory Board is based on a recommendation of the Audit Committee to the Supervisory Board to propose PwC Wirtschaftsprüfung GmbH, Vienna, to the Annual General Meeting for the election of the auditor.

**6. Election to fill three seats on the Supervisory Board**

The term of office of Ing. Mag. Hannes Palfinger, Dr. Heinrich Dieter Kiener and Gerhard Rauch as members of the Supervisory Board will expire at the close of the coming regular Annual General Meeting.

Dr. Heinrich Dieter Kiener is not available for re-election.

Under Item 10.1 of the Articles of Association of PALFINGER AG, the Supervisory Board shall consist of four to eight members elected by the Annual General Meeting.

Until now, i.e. since the last election by the Annual General Meeting, the Supervisory Board has consisted of seven members elected by the Annual General Meeting. (This does not include the members delegated in accordance with the Austrian Labor Constitution Act.)

Three people would have to be elected to retain the current number of members.

The Supervisory Board proposes that the three vacancies be filled, so that the Supervisory Board will consist of seven members elected by the Annual General Meeting following the election to be held at the Annual General Meeting on April 7, 2021.

Sec. 86 para. 7 of the Stock Corporation Act (AktG) applies to PALFINGER AG.

Of the currently seven shareholder representatives, there are five men and two women. The employee representatives are three men.

On the part of the capital representatives on the Supervisory Board, the 30 % quota in accordance with Sec. 86 para. 7 of the Stock Corporation Act has already been fulfilled by means of the minimum shareholding requirement.

It is noted that the majority of the shareholder representatives has filed an objection in accordance with Sec. 86 para. 9 of the Stock Corporation Act. Therefore, there must be separate compliance with the minimum quota requirement under Sec. 86 para. 7 of the Stock Corporation Act.

When the Supervisory Board submitted the election proposal, it took into consideration that, if seven shareholder representatives are elected to the Supervisory Board, at least two must be women to meet the minimum quota requirement (30%) in accordance with Sec. 86 para. 7 of the Stock Corporation Act. The Supervisory Board makes the following election nominations based on the requirements of Sec. 87 para. 2a of the Stock Corporation Act and the Corporate Governance Code.

The Supervisory Board nominates Ing. Mag. Hannes Palfinger, born in 1973, Gerhard Rauch, born in 1963, and Prof. Dr. Sita Monica Mazumder, born in 1970, for election to the Supervisory Board, to take effect as of the end of the Annual General Meeting and remain in effect, in accordance with Item 10.2 of the Articles of Association and Sec. 87 para. 7 of the Stock Corporation Act, until the close of the Annual General Meeting that adopts a resolution releasing them from liability for the fiscal year 2025.

In the event of the election of the proposed persons by the Annual General Meeting, the Supervisory Board will again consist of seven members who are capital representatives, of which four are men and three are women. The minimum quota requirement in accordance with Sec. 86 para. 7 of the Stock Corporation Act (30 % quota) is therefore fulfilled.

The Supervisory Board intends to take a separate vote for each of the positions to be filled (three positions) at the coming Annual General Meeting. The vote will be taken in the order mentioned.

Each of the persons nominated has made a declaration in accordance with Sec. 87 para. 2 of the Stock Corporation Act, which is also available on the Company's website, stating as follows:

1. all circumstances in connection with Sec. 87 para. 2 of the Stock Corporation Act have been disclosed and, in the opinion of the nominee, there are no circumstances that could give rise to concern regarding their bias,
2. no final judgment has been issued convicting the nominee of any criminal offense, particularly any criminal offense that could call their professional reliability into question under Sec. 87 para. 2a sentence 3 of the Stock Corporation Act, and
3. there are no obstacles to their appointment within the meaning of Sec. 86 paras. 2 and 4 of the Stock Corporation Act.

The Supervisory Board's Nomination Committee prepared this proposal and has considered the professional and personal qualifications of the members and the

professionally balanced composition of the Supervisory Board in accordance with Sec. 87 para. 2a of the Stock Corporation Act in submitting the proposal and has given reasonable consideration to the aspect of the diversity Supervisory Board in terms of the representation of both genders and the age structure and internationalism of the members.

The Annual General Meeting is bound by the nominations in the elections in the following manner. Nominations for the election of Supervisory Board members, together with the declarations for each nominee in accordance with Sec. 87 para. 2 of the Stock Corporation Act, must be available on the company's website no later than March 30, 2021. Otherwise, the respective person may not be included in the voting. This also applies to election proposals by shareholders in accordance with Sec. 110 of the Stock Corporation Act, which must be received by the Company in text form no later than **March 26, 2021**.

#### **7. Resolution on the remuneration report**

The Management Board and the Supervisory Board of a listed company shall prepare a clear and comprehensible remuneration report for the remuneration of the members of the Management Board and the members of the Supervisory Board in accordance with Sec. 78c in conjunction with Sec. 98a of the Stock Corporation Act.

This remuneration report is to provide a comprehensive overview of the remuneration paid in the course of the past financial year to current and former members of the Executive Board and Supervisory Board in accordance with the remuneration policy (Sec. 78a in conjunction with Sec. 98a of the Stock Corporation Act), including all benefits in any form.

The remuneration report for the past fiscal year must be submitted to the Annual General Meeting for approval. The vote has the nature of a recommendation. The resolution cannot be contested (Sec. 78d para. 1 of the Stock Corporation Act).

The Executive Board and the Supervisory Board must make a proposal to adopt a resolution on the remuneration report in accordance with Sec. 108 para. 1 of the Stock Corporation Act.

In accordance with Sec. 108 para. 4 no. 4 of the Stock Corporation Act, the proposed resolution of the Executive Board and the Supervisory Board concerning the remuneration report and the remuneration report itself must be made available on the website recorded in the commercial register from the 21st day before the Annual General Meeting.

At their meeting on February 25, 2021, the Executive Board and the Supervisory Board of PALFINGER AG adopted a remuneration report in accordance with Sec. 78c in conjunction with Sec. 98a of the Stock Corporation Act and proposed a resolution pursuant to Sec. 108 para. 1 of the Stock Corporation Act.

The remuneration report will be made available on the PALFINGER AG website recorded in the commercial register, [www.palfinger.ag](http://www.palfinger.ag), no later than March 17, 2021 (the 21st day before the AGM).

The Executive Board and Supervisory Board propose that the remuneration report for fiscal year 2020 available on the website recorded in the commercial register be adopted.

The remuneration report is attached to this proposed resolution as *Annex /1*.

#### **8. Resolution on the authorization of the Executive Board**

- a) to acquire treasury shares in accordance with Sec. 65 para. 1 (8) and para. 1a and para. 1b of the Stock Corporation Act, both on and off the stock exchange, in an amount of up to 10% of the share capital, also excluding the right to sell on a quota basis, which may be associated with such an acquisition (reverse exclusion of subscription rights),**
- b) to provide in accordance with Sec. 65 para. 1b of the Stock Corporation Act, for the sale or use of treasury shares other than selling them on the stock exchange or by public offer, while applying the provisions relating to the exclusion of shareholders' subscription rights,**
- c) to reduce the share capital by retiring these treasury shares without any further resolution by the Annual General Meeting.**

The Executive Board and the Supervisory Board propose that the Annual General Meeting resolve the following with regard to the 8th item on the agenda on April 7, 2021:

- a) In accordance with Sec. 65 para. 1 sentence 8 as well as para. 1a and 1b of the Austrian Stock Corporation Act, the Executive Board is authorized to acquire no-par value shares of the Company representing up to 10% of the share capital of the Company for a period of 30 months starting September 20, 2021, i.e. until March 19, 2024, both on and off the stock exchange, including from individual shareholders or a single shareholder, for a minimum consideration of EUR 10 (ten euros) per share and a maximum consideration of EUR 100 (one hundred euros) per share. Trading in treasury shares is excluded as a purpose for acquiring shares. The authorization may be exercised in whole or in part or in several installments and in pursuit of one or more purposes by the

Company, by a subsidiary (Sec. 189a sentence 7 of the Business Code) or by third parties for the account of the Company.

- b) The Executive Board of PALFINGER AG may decide to acquire shares on the stock exchange, but the Supervisory Board must be informed of this decision after it has been taken. Off-market acquisition of shares is subject to the prior approval of the Supervisory Board. In the case of an off-market acquisition of shares, this can also be executed with the exclusion of the right to sell on a pro rata basis (reverse exclusion of subscription rights).
- c) The Executive Board is authorized for a period of five years from the date of the resolution in accordance with Sec. 65 para. 1b of the Stock Corporation Act, with the consent of the Supervisory Board, to provide for the sale or use of treasury shares other than selling them on the stock exchange or by public offer, while applying the provisions relating to the exclusion of shareholders' subscription rights, The authorization may be exercised in whole or in part or in several installments and in pursuit of one or more purposes by the Company, by a subsidiary (Sec. 189a sentence 7 of the Business Code) or by third parties for the account of the Company.
- d) The Executive Board is also authorized, with the consent of the Supervisory Board, to reduce the share capital, if necessary, by retiring these treasury shares without a further resolution by the Annual General Meeting in accordance with Sec. 65 para. 1 line 8 last sentence in conjunction with Sec. 122 of the Stock Corporation Act. The Supervisory Board is authorized to adopt amendments to the Articles of Association resulting from the retirement of shares.

Regarding this agenda item reference is also made to the report of the Executive Board in accordance with Sec. 65 para. 1b of the Stock Corporation Act in conjunction with Sec. 170 para. 2 and Sec. 153 para. 4 sentence 2 of the Stock Corporation Act.

## **9. Resolution on remuneration for members of the Supervisory Board**

The Executive Board and the Supervisory Board propose the following adjustments to the remuneration of the members of the Supervisory Board elected by the Annual General Meeting (the “shareholder representatives”), which was adopted at the Annual General Meeting of March 18, 2020, to compensate them for assuming the mandate and participating in the meetings of the Supervisory Board and its committees during the fiscal year 2021 and thereafter:

The following basic remuneration is established (in EUR):

- for the Chair of the Supervisory Board	60,000.--
- for the Vice-Chair(s)	30,000.--
- for each member of the Supervisory Board	18,000.--
- for the Chair of a permanent committee (with the exception of the Nomination and Remuneration Committee) per chair mandate	20,000.--
- for each committee member per committee mandate	2,500.--

To the extent that members of the Supervisory Board or a committee have not been members of that governing body for the entire fiscal year, the remuneration shall be calculated pro rata (on a monthly basis).

The per-meeting attendance fee for attending meetings is as follows:

- for meetings of the Supervisory Board, EUR 3,000 (for in-person participation in the meeting) or EUR 1,000 (for remote participation in the meeting – by telephone or by Internet or video conferencing);
- for committee meetings, EUR 1,500 per meeting (for in-person participation in the meeting) or EUR 500 (for remote participation in the meeting – by telephone or by Internet or video conferencing).

Should members of the Supervisory Board - outside of meetings - travel or perform representative functions on behalf of the Company in exercising their Supervisory Board function, a daily rate of EUR 1,750 shall be set for these special activities. These activities shall be invoiced on a pro rata basis in half days.

The amounts mentioned above for the attendance fee, basic remuneration and the daily rate for special activities shall be value indexed commencing with the fiscal year 2022 (base figure January 2021) in accordance with the 2020 consumer price index published by Statistik Austria (and, if this is not disclosed, in accordance with any applicable index published after that). The basic remuneration and the attendance fee shall be adjusted for the relevant fiscal year based on the monthly index figure published for January of the fiscal year by Statistik Austria and the base figure for January 2021 or the latest index figure that affected value adjustment.

Annex. /1 Remuneration report

Bergheim bei Salzburg, on February 25, 2021

The Executive Board

*[signed]*

.....  
Andreas Klauser  
Chair

*[signed]*

.....  
Martin Zehnder

*[signed]*

.....  
Felix Strohbichler

Chair of the Supervisory Board

*[signed]*

.....  
Hubert Palfinger

# REMUNERATION REPORT OF PALFINGER AG FOR THE FISCAL YEAR 2020

## I. ECONOMIC DEVELOPMENT AND SIGNIFICANT EVENTS IN THE FISCAL YEAR - FOREWORD BY THE CHAIR OF THE SUPERVISORY BOARD

The COVID-19 crisis presented PALFINGER and the management team with unexpected challenges in 2020. Through its plants in China, PALFINGER had been directly confronted already in January by the effects of COVID-19. The Executive Board and management team reacted quickly: a COVID-19 Task Force was set up at the end of February to develop actions to support proactive management of the situation. This was done in three work packages: Health and Safety, Production and Operations Management, and Liquidity Optimization. The Supervisory Board was informed of the implementation of more than 220 actions for proactive management, including actions to protect the health of employees, such as the development of a COVID-19 health concept, with the procurement of masks and disinfectants, as well as carrying out temperature measurements at the entrance to the sites. In addition, PALFINGER successfully pursued the optimization of short- and medium-term liquidity. As a result, in the crisis year 2020, PALFINGER recorded free cash flow of EUR 173.3 million, the highest in the company's history. Net debt was reduced to EUR 397.1 million, the lowest level since 2013 (following adjusting for the effects of IFRS 16). The equity ratio increased to 39.6 percent.

In addition to the health of the employees and short-term liquidity, the long-term retention of as many jobs as possible was always the focus of the Executive Board and the management team. At the same time, switching to remote working, including immediately providing all necessary IT and work equipment, had to be managed and a variety of actions, from the introduction of different work models (e.g. short-time work) to smart sizing and the creation of flexible working conditions, such as working from home, had to be implemented.

A more detailed analysis of the financial figures shows that PALFINGER was hit by the effects of the 2020 health and economic crisis primarily in the first half of 2020. From the third quarter of 2020, the general economic upturn had a positive effect on PALFINGER's business operations, and revenue reached EUR 1,533.9 million. Compared to revenue in 2019, which amounted to EUR 1,753.8 million, this represents a fall of 12.5 percent.

The COVID-19 crisis led to a reduction in the profitability of PALFINGER's operations in the reporting year compared to 2019. EBITDA went down by 15.6 percent from EUR 223.6 million to EUR 188.7 million, and the EBITDA margin was 12.3 percent, compared to 12.8 percent in financial year 2019.

Business volume declined in every region except Marine. Following a slump at the start of the COVID-19 crisis, order intake was successfully stabilized in the second half of 2020.

The decrease in revenue in 2020 led to a fall in the cost of sales from EUR 1,321.2 million to EUR 1,155.0 million, with the relative cost of materials below the previous year's level. Personnel costs decreased by 15.1 percent to EUR 159.6 million, remaining at approximately the same level in relation to revenue year-on-year. Gross profit rose in comparison with the same period of the previous year from EUR 432.6 million to EUR 378.9 million. The gross profit margin remained unchanged at 24.7 percent as at the reporting date.

Structural costs, which include research and development, distribution and administration, decreased from EUR 304.4 million to EUR 288.2 million.

In addition to short-time work in Austria, Germany and other countries, as well as smart sizing and hiring freezes, the main factors contributing to the reduction in structural costs in 2020 were project stops in the second quarter of 2020 and, subsequently, the complete re-evaluation of all ongoing projects by a specially appointed project panel. Travel expenses also fell in consequence, by EUR 11.9 million. In the interests of attaining the mid- and long-term targets, the forward-looking PALFINGER Process Excellence and P21st group-wide initiatives were continued. Compared to the same period of the previous year, structural costs as a percentage of revenue increased from 30.5 percent to 31.9 percent.

The results of the 2020 financial year, which were achieved in an extremely difficult environment overall, demonstrate the strong performance of the Executive Board, the management team and all employees at PALFINGER. Their commitment, drive and creativity in overcoming the crisis deserve a high level of respect and recognition. As a result, the company has been steadily guided through the historic health and economic crisis and is very well positioned for the future, in which normalization with a corresponding economic upswing is expected.

In the opinion of the Remuneration Committee of PALFINGER AG's Supervisory Board, the remuneration of the members of the Executive Board for the crisis year 2020 is designed to reward the performance of these executives in line with the market and to retain them and ensure a successful future for the company.

Hubert Palfinger, Chair of the Supervisory Board

## II. BASIC PRINCIPLES OF THE REMUNERATION POLICY FOR THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD

### II.1. THE REMUNERATION POLICY

PALFINGER AG's remuneration policy formulates the principles utilized in setting the remuneration of the Executive Board and the Supervisory Board of PALFINGER AG. The remuneration system implements the statutory provisions of the Austrian Stock Corporation Act (Aktiengesetz (AktG)) (Secs. 78 et seq. of the Stock Corporation Act) and the recommendations of the Austrian Corporate Governance Code (ÖCGK). The remuneration policy pursues the overall goal of fostering sustainable, long-term corporate development.

PALFINGER AG's remuneration policy was approved at the Annual General Meeting held on August 5, 2020 with the consent of 87.16 percent of the 79.58 percent share capital present, i.e. 69.36 percent of the total share capital. The remuneration policy is openly available on the company website ([www.palfinger.ag/en/investors/corporate-governance](http://www.palfinger.ag/en/investors/corporate-governance)).

### II.2. EXECUTIVE BOARD

The monetary remuneration of the Executive Board has several different components. In addition to fixed remuneration (base salary), there is a short-term variable performance bonus (Short-Term Incentive; STI) and a long-term variable performance bonus (Long-Term Incentive; LTI).

#### a. Base salary

The base salary is an annual fixed amount, which is paid out in 14 equal installments. The base salary includes payment for all overtime, trips, and travel time. The base salary also covers the assumption of governing body functions in the Group. The base salary is a competitive fixed amount, which covers general assumption of the Executive Board mandate and the related overall responsibility of the individual Executive Board members and provides an incentive for Executive Board members to always act for the benefit of the company and take the interests of shareholders, employees, and the public into account.

#### **b. Short-Term Incentive (STI)**

The STI is based on the company's success in the recently ended fiscal year and depends on the Group's EBT as a financial target amount and on non-financial criteria. The weighting between the financial criterion and the non-financial criteria for the STI is in a ratio of 2:1. At the start of the fiscal year, the Remuneration Committee of the Supervisory Board sets a target value and a lower limit for the financial performance criterion for the current fiscal year as the evaluation period, which applies uniformly to all Executive Board members. If the target value is reached or exceeded, a target achievement level of 100 percent applies. The target achievement levels in the in-between areas are distributed along a straight line (linear interpolation). Thus, the STI is limited to 100 percent of the bonus for reaching the target value (both with respect to the financial component and overall). The claim to a bonus, which results from meeting the financial performance criterion, is supplemented by the discretionary component, which is not restricted to financial criteria. Discretionary performance is evaluated based on the collective performance of the entire Executive Board as well as the individual performance of the particular Executive Board member. With respect to individual performance, incentives can be set for the specific range of duties and departments of the individual Executive Board members, and sustainable, non-financial performance criteria can also be included in variable remuneration.

#### **c. Long-Term Incentive (LTI)**

The LTI is performance-based remuneration over a period of several years, which is aimed at providing a long-term incentive. In general, the LTI contract period is five years but can be longer or shorter. The LTI is granted based on target achievement as of the end of the LTI contract period. A financial performance criterion is used exclusively, i.e. Group ROCE. At the start of the LTI contract period, the Remuneration Committee of the Supervisory Board sets an LTI target value as well as upper and lower limits for the LTI financial performance criterion for each individual year of the evaluation period. In general, the evaluation period covers the entire LTI contract period, but it can be a shorter period within the LTI contract period. The LTI follows a savings model [Ansparmodell]. Therefore, an individual target achievement determination is made for each year of the evaluation period. A target achievement level is estimated for each year of the evaluation period, in which the target value is reached or exceeded. If the ROCE in the respective fiscal year is below the lower limit, the target achievement level is 0 percent. If the target value is reached, a target achievement level of 100 percent applies. If the target value is exceeded, a target achievement level of up to 200 percent is applied until the upper limit is reached. The target achievement levels in the in-between areas are distributed along a straight line (linear interpolation). The average of the target achievement levels for the individual years of the evaluation period is determined at the close of the last year of the LTI contract period. The LTI is paid out to Executive Board members in proportion to this average target achievement level. The target achievement level determined in this manner is capped at 100 percent. There is no overall lower limit. The prerequisite for payment of the LTI is Executive Board membership during a reasonable minimum period of years within the LTI contract period. This is a strong incentive for the long-term loyalty and stability of the Executive Board. The retention effect is further increased by savings over several years.

### **II.3. SUPERVISORY BOARD**

The Supervisory Board's remuneration consists of base remuneration for Supervisory Board activities and additional remuneration for Committee membership and an attendance fee for participation in Supervisory Board and Committee meetings.

Due to their more extensive range of duties and greater responsibility, the Chair of the Supervisory Board, the Vice-Chair of the Supervisory Board, the Committee Chairs, certain Committee members, and the financial expert can be granted higher base remuneration than regular Supervisory Board members.

#### **a. Basis for remuneration in fiscal year 2019 (paid in 2020)**

The members of the Supervisory Board have been entitled to the following remuneration since the resolution of the Annual General Meeting on March 9, 2016:

The members of the Supervisory Board elected by the Annual General Meeting ("capital representatives") receive EUR 2,500 per meeting for their physical participation in the meetings of the Supervisory Board. In addition, they receive an annual fee for the fiscal year 2016 and subsequent years - unless a future Annual General Meeting resolves otherwise. This fee was set as follows:

- EUR 45,000 for the Chair of the Supervisory Board

- EUR 20,000 for the Vice-Chair
- EUR 7,000 for each member of the Supervisory Board
- EUR 2,000 for each additional committee member per committee mandate

To the extent that members of the Supervisory Board or a committee have not been members of that governing body for the entire fiscal year, the remuneration shall be paid out pro rata (calculated on a monthly basis). The above mentioned amounts for the attendance fee and the fixed remuneration shall be value indexed commencing with the fiscal year 2021 (base figure January 2016) in accordance with the 2010 consumer price index published by Statistik Austria.

At the Annual General Meeting of March 7, 2018, it was also resolved that the Chair of the Audit Committee would receive annual remuneration in the amount of EUR 15,000. Starting with the fiscal year 2018 (base figure January 2018), this is also value-indexed according to the 2010 consumer price index published by Statistik Austria. If membership of the Audit Committee is not given for the entire financial year, the remuneration is paid monthly on a pro rata basis.

For the fiscal year 2019, the remuneration of the members of the Supervisory Board was calculated on this basis and accrued in the fiscal year 2019. This was then paid out in the fiscal year 2020.

#### **b. Basis for remuneration in fiscal year 2020 (to be paid out in 2021)**

In the Annual General Meeting on August 5, 2020, remuneration of the Supervisory Board in fiscal year 2020 and the ensuing years was revised.

The following basic remuneration is as follows:

- EUR 50,000 for the Chair of the Supervisory Board
- EUR 25,000 for the Vice-Chair
- EUR 15,000 for each member of the Supervisory Board
- EUR 20,000 for the Chair of a permanently established committee (with the exception of the Nomination Committee and the Remuneration Committee) for each mandate
- EUR 2,500 for each committee member per committee mandate

To the extent that members of the Supervisory Board or a committee have not been members of that governing body for the entire fiscal year, the remuneration shall be calculated pro rata (on a monthly basis).

The per-meeting attendance fee for attending meetings is as follows:

- EUR 3,000 (for physical participation in the meeting) or EUR 1,000 (for remote participation in the meeting – by telephone or by Internet or video conferencing) for Supervisory Board meetings
- EUR 1,500 (for physical participation in the meeting) or EUR 500 (for remote participation in the meeting – by telephone or by Internet or video conferencing) for committee meetings

The amounts mentioned above for the attendance fee and the basic remuneration shall be value indexed commencing with the fiscal year 2021 (base figure January 2020) in accordance with the 2015 consumer price index published by Statistik Austria (and, if this is not disclosed, in accordance with any applicable index published after that). The basic remuneration and the attendance fee shall be adjusted for the relevant fiscal year based on the monthly index figure published for January of the fiscal year by Statistik Austria and the base figure for January 2020 or the latest index figure that affected value adjustment. For the year 2020, remuneration for the Supervisory Board will be paid on this basis in 2021.

### III. PRESENTATION OF OVERALL REMUNERATION

#### III.1. EXECUTIVE BOARD

(Values in EUR thousand, unless stated otherwise)	Andreas Klausner		Martin Zehnder		Felix Strohbichler	
	2019	2020	2019	2020	2019	2020
<b>Fixed remuneration</b>						
Base salary <sup>1</sup>	606	590	466	451	414	402
Remuneration in kind <sup>2</sup>	32	32	27	27	25	25
<b>Subtotal</b>	<b>638</b>	<b>622</b>	<b>493</b>	<b>478</b>	<b>439</b>	<b>427</b>
<b>Variable remuneration</b>						
Annual bonus (STI) <sup>3</sup>	454	308	415	279	340	230
Performance-based Long-Term Incentive (LTI) <sup>4</sup>	1067	1067	876	876	748	748
<b>Subtotal</b>	<b>1521</b>	<b>1375</b>	<b>1293</b>	<b>1155</b>	<b>1089</b>	<b>978</b>
<b>Total</b>	<b>2159</b>	<b>1997</b>	<b>1781</b>	<b>1633</b>	<b>1525</b>	<b>1405</b>
Payment of previous year's bonus	450	454	400	414	331	339
Relative proportion of fixed components (in %)	30	31	28	29	29	30
Relative proportion of variable components (in %)	70	69	72	71	71	70
<b>Total 2019/2020</b>	<b>5,465/5,035</b>					

<sup>1)</sup> **Base salary:** The base salary is indexed to the CPI. The fact that the base salaries in 2020 are lower than the 2019 figure is due to the fact that the Executive Board has given a voluntary conditional salary waiver of 20% of monthly salary for the months of April to June 2020.

<sup>2)</sup> **Remuneration in kind:** The non-cash benefits shown relate to the company cars of the members of the Executive Board. These are made available to each member of the Executive Board irrespective of performance and can also be used privately. The values shown are based on a calculation which combines the leasing installments, the fully comprehensive motor vehicle insurance and the running costs for an underlying mileage to form a total cost rate. Furthermore, the costs of accident insurance (2020/2019: EUR 300/300) are included in the remuneration in kind of the Executive Board members. Martin Zehnder's remuneration in kind also includes the cost of a supplementary health insurance policy (2020/2019: EUR 2 thousand/EUR 2 thousand), which is based on a commitment made in 2008.

<sup>3)</sup> **Annual bonus (STI):** the target financial performance criterion for the STI in 2020 was set by the Remuneration Committee in February 2020 as follows:

	Lower limit	Target
EBT margin	5.80%	7.80%
Target achievement level	0%	100%

According to the 2020 financial statements, the EBT margin is 5.5 percent. This meant that the financial performance criterion for the STI (66.67 percent of the STI) for 2020 initially had to be assigned a percentage of 0 percent.

The company's financial performance in the crisis year 2020 was particularly impacted by the effects of the global economic and health crisis. Given the difficult situation from the start, the company was guided through the year in a stable manner under the

coordinated governance of the Executive Board. With a view to ensuring that the remuneration of the Executive Board is in line with the market and to the company retaining the managers, the Remuneration Committee has decided to grant a special bonus in accordance with point I.7 of the Remuneration Policy.

Accordingly, as part of a special bonus (see also the comments on the LTI), the Executive Board is awarded an allocation of the STI in the amount of 50 percent of the financial component of the STI.

The Supervisory Board Remuneration Committee considers the discretionary component (33.33 percent of STI) to be met 100 percent, given the strong individual performance and decisive governance of each Executive Board member in the crisis year 2020. This means that despite the difficult situation, important parameters for sustainable corporate development were achieved: equity was strengthened, net debt was reduced, the number of employees was largely maintained, and the health and safety of employees were protected in the best possible way thanks to the implementation of effective actions and support concepts. Investments in digitalization and product development were increased to position the company for the future.

In total, 66.67 percent (being 50 percent of the financial component as a special bonus and 100 percent of the discretionary component) of the STI will be allocated for 2020. The STI will be paid out in 2021:

(Values in EUR thousand, unless stated otherwise)	Target bonus	Target 2020	STI 2020
Andreas Klauser	462	66.67%	308
Martin Zehnder	419	66.67%	279
Felix Strohbichler	345	66.67%	230

The annual STI target bonus is value adjusted in line with the CPI.

<sup>4)</sup> **Long-Term Incentive (LTI):** The LTI contract period runs from 2018 to 2022. The following LTI targets were set (for 2018, 2019, 2020, 2021 and 2022):

	Lower limit	Target	Upper limit
ROCE	6.65%	9.15%	11.65%
Target achievement level	0%	100%	200%

According to the 2020 financial statements, the ROCE for the fiscal year is 6.86 percent. This would mean that the LTI target achievement level for 2020 would initially be 8.4 percent.

Similar to the considerations for the STI, the Remuneration Committee has decided to make an allocation to the LTI for 2020, as part of a special bonus in accordance with point I.7 of the Remuneration Policy, equal to the percentage of the STI in 2020 (which is 66.67%).

In order to maximize the retention effect of this special bonus in the interests of the company, this special bonus will be implemented in part as an allocation to the LTI for 2020. Since the LTI is not paid out until the end of the LTI contract period and the allocation therefore only becomes fully effective for the members of the Executive Board at that time, the Remuneration Committee believes that this provides a further incentive for the members of the Executive Board to fulfill their contract period in full and with the greatest commitment and to successfully shape the company's future.

This results in the following target achievement levels for the members of the Executive Board for the years of the LTI contract period so far:

	2018	2019	2020
ROCE	8.50%	9.86%	6.86%
Target achievement level	74%	128.40%	66.67% <sup>1)</sup>

<sup>1)</sup> partly as a special bonus

The target amount of the total payout under the LTI 2020 was set at five times the annual remuneration for each individual Executive Board member. "Annual remuneration" means the annual fixed salary plus bonus (STI - Short Time Incentive), but excluding other remuneration components (e.g. company car or other remuneration in kind), where the average of the years 2020 to 2022 is to be used.

The local gross annual remuneration is used for the calculation based on the individual employment contracts. For the purposes of the calculation, a notional target achievement of 100 percent of the bonus (STI - Short Time Incentive) is assumed.

The actual payout amount is fixed at the end of the LTI contract period, so the amounts shown here are only an approximation. For the purposes of this presentation, IFRS provision logic is applied. The provision is based on the assumption of an average target achievement level of 100 percent (at the end of the LTI contract period). This is because over-achievement is possible in individual years (achievement level of up to 200 percent of target), and under-achievement (such as in 2018 and 2020) can thus be compensated for in subsequent years.

Based on these assumptions, the accumulated allocation for the LTI contract period for the Executive Board members so far is as follows:

(Value in EUR thousand)	Accumulated allocation LTI (2018 to 2020)
Andreas Klauser	3557
Martin Zehnder	2559
Felix Strohbichler	2739

The accumulated allocation for Andreas Klauser takes into account an agreement according to which, in view of his appointment to the Executive Board during the year, he is entitled to a pro rata amount of 7/12 of the LTI for the 2018 financial year in the first year of the LTI agreement period (starting June 1, 2018).

The accumulated allocation for Martin Zehnder takes into account an agreement that he will not receive a quota-based LTI for 2018 because Martin Zehnder (who has been a member of the Board since 2008) received a payout for 2018 from a previous program. Consequently, there is no allocation for 2018.

## Insurance

The Executive Board members have health, accident, and retirement insurance under the Austrian social security system. The social security contributions are divided between the Executive Board members and the company in accordance with the applicable statutory key, and the company pays its statutory contribution to an employee pension fund.

In addition to the insurance policies reported under remuneration in kind, the members of PALFINGER AG's Executive Board are also covered by a Group-wide "Directors & Officers" (D&O) insurance policy taken out for a group of executives and managers.

### Termination of contract and severance pay

The requirements set out in C Rule 27a of the Austrian Corporate Governance Code (ÖCGK) in the event of premature termination of the contract have been taken into account.

If an Executive Board member is removed by the Supervisory Board early in accordance with Sec. 75 of the Stock Corporation Act and there is no ground for dismissal under Sec. 27 of the Austrian Salaried Employee Act (AngG), the company can dissolve the employment contract in compliance with a termination notice period. The termination notice period shall be 24 months (unless the employment contract expires sooner). In this case, the member of the Executive Board shall also be entitled to terminate the contract. Notice periods ranging between 6 and 24 months must be observed.

### Former members of the Executive Board

Wolfgang Pilz (member of the Executive Board from 1996 to 2016) received a salary from employment with the company totaling EUR 5 thousand in 2020 (2019: EUR 5 thousand).

Manfred Kreibich (member of the Executive Board from 1988 to 1997) received a company pension of EUR 15 thousand in 2020 (2019: EUR 15 thousand). This is based on a pension commitment from 1997.

## III.2. SUPERVISORY BOARD

2019 <sup>1)</sup> (Value in EUR thousand)	Hubert Palfinger	Hannes Palfinger	Gerhard Rauch	Hannes Bogner	Heinrich Dieter Kiener	Ellyn Shenglin Cai
Basic remuneration (incl. committees)	53	27	27	22	7	0
Attendance fee (incl. committees)	11	11	11	11	6	0
Total remuneration	64	38	38	33	13	0
<b>Total</b>			<b>186</b>			

2020 <sup>2)</sup> (Value in EUR thousand)	Hubert Palfinger <sup>3)</sup>	Hannes Palfinger <sup>4)</sup>	Gerhard Rauch <sup>5)</sup>	Hannes Bogner <sup>6)</sup>	Isabel Diaz Rohr	Heinrich Dieter Kiener	Ellyn Shenglin Cai <sup>7)</sup>
Basic remuneration (incl. committees)	58	33	33	35	6	15	0
Attendance fee (incl. committees)	21	21	16	16	4	7	0
Total remuneration	79	54	49	51	10	22	0
<b>Total</b>				<b>265</b>			

<sup>1)</sup> Remuneration for fiscal year 2019 was paid in 2020.

<sup>2)</sup> Remuneration for fiscal year 2020 will be paid in 2021.

<sup>3)</sup> Hubert Palfinger is Chair of the Supervisory Board, Chair of the Remuneration Committee and Chair of the Nomination Committee.

<sup>4)</sup> Hannes Palfinger is 2nd Vice-Chair of the Supervisory Board.

<sup>5)</sup> Gerhard Rauch is 1st Vice-Chair of the Supervisory Board.

<sup>6)</sup> Hannes Bogner is Chair of the Audit Committee.

<sup>7)</sup> Ellyn Shenglin Cai has not charged any remuneration to date for her participation on the Supervisory Board.

## Insurance

The members of PALFINGER AG's Supervisory Board are also covered by a Group-wide "Directors & Officers" (D&O) insurance policy taken out for a group of executives and managers.

## Former members of the Supervisory Board

Alexander Exner (member of the Supervisory Board from 1996 to 2010) receives a company pension of EUR 57 thousand (2019: EUR 57 thousand) per year. This is based on a pension commitment from 1997.

# IV. INFORMATION ON SHARE-BASED REMUNERATION

No share-based remuneration is applied.

# V. OTHER INFORMATION AND NOTES

The annual change in total remuneration, the company's economic performance and the average remuneration of the company's other employees are as follows:

Annual change in %	2020 compared to 2019	
	with LTI	without LTI
<b>Remuneration of the Executive Board<sup>1)</sup></b>		
Andreas Klausner	-7.5%	-15.3%
Felix Strohbichler	-7.9%	-15.6%
Martin Zehnder	-8.3%	-16.6%
<b>Total</b>	<b>-7.9%</b>	<b>-15.8%</b>
<b>Company success<sup>2)</sup></b>		
EBT		-36.1%
ROCE		-30.4%
<b>Average remuneration full-time equivalent<sup>3)</sup></b>		
Employees of the PALFINGER Group, worldwide		-11.9%
Employees of the PALFINGER Group, in Austria (taking into account the short-time work allowance)		-16.2% (-7.5%)

<sup>1)</sup> The actual LTI payout amount is determined at the end of the LTI contract period. This presentation of the LTI is based on the assumption of an average target achievement level of 100 percent at the end of the LTI contractual period. Fluctuations in the LTI target achievement level during individual years are smoothed out in this method of presentation. Alternatively, applying the actual LTI allocation, with annual over-achievements and under-achievements, would lead to the presentation of disproportionate fluctuations, which may not materialize at the end of the LTI contract period because of the overall cap of 100 percent. In order to ensure a better comparison and to adjust the presentation for the smoothing effect of the LTI component, the change without inclusion of the LTI is also shown as an alternative.

<sup>2)</sup> For the purposes of this remuneration report, economic performance is reported on the basis of Group EBT (Earnings Before Tax) and Group ROCE (Return on Capital Employed). These are also the financial indicators that apply in the context of the variable components of Executive Board remuneration (i.e. STI and LTI).

<sup>3)</sup> Average remuneration refers to full-time employees in the PALFINGER Group worldwide (2020 and 2019: both approx. 10,800 persons) and in Austria (2020/2019: approx. 2,000/1,900 persons), excluding the Executive Board. This is based on an average number of employees over the annual period. Short-time work (especially in Austria) has an affect here, in the form of a subsidy paid to the company to reduce personnel expenses and in turn the average values used as a basis; although, the wages and salaries paid to employees were higher.

Bergheim, Thursday, February 25, 2021

For the Supervisory Board

*[signed]*

Hubert Palfinger  
Chair of the Supervisory Board

The Executive Board

*[signed]*

Andreas Klauser  
Chief Executive Officer

*[signed]*

Martin Zehnder  
Chief Operating Officer

*[signed]*

Felix Strohbichler  
Chief Financial Officer