



PALFINGER AG
Bergheim, FN 33393 h

**Proposed resolutions of the Executive Board and the Supervisory Board
for the
34th Annual General Meeting**
March 24, 2022

- 1. Presentation of the financial statements, including the management report and the corporate governance report, the consolidated financial statements, including the Group management report, the proposal for the distribution of profits and the report of the Supervisory Board for the 2021 fiscal year**

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 2021 financial statements have already been approved by the Supervisory Board and have thus been adopted.

- 2. Resolution on the distribution of the net result 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, 2021 in the amount of EUR 249,883,328.64 be used as follows:

- (i) Distribution of a dividend of EUR 0.77 per share entitling its holder to a dividend,
i.e. dividends in the total amount of EUR 28,946,808.66
- (ii) Carry-forward of the remaining amount of EUR 220,936,519.98
to a new account

The dividend payment date is March 30, 2022.

3. Resolution on release of the members of the Executive Board from liability for their management activities in the fiscal year 2021

The Executive Board and the Supervisory Board propose that the members of the Executive Board holding office in the fiscal year 2021 be released from liability for their management activities during this period.

4. Resolution on release of the members of the Supervisory Board from liability for their supervisory activities in the fiscal year 2021

The Executive Board and the Supervisory Board propose that the members of the Supervisory Board holding office in the fiscal year 2021 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 2022 fiscal year

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 2022.

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 the Supervisory Board

The term of office of Hannes Bogner as member of the Supervisory Board will expire at the close of the coming regular Annual General Meeting.

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.)

One person would have to be elected to the Supervisory Board to retain the current number of members.

The Supervisory Board proposes that the vacancy 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 March 24, 2022. Sec. 86 para. 7 of the Stock Corporation Act (AktG) applies to PALFINGER AG.

Of the current seven shareholder representatives, there are four men and three women. The employee representatives are three men.

On the part of the shareholder 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 again Hannes Bogner, born 1959, 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 respectively, until the close of the Annual General Meeting that adopts a resolution releasing from liability for the fiscal year 2026.

In the event of the election of the proposed person by the Annual General Meeting, the Supervisory Board will again consist of seven members who are shareholder 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.

Hannes Bogner 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 17, 2022**. 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 15, 2022**.

7. Resolution on the remuneration report

The Executive 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 fiscal 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.

At their meeting on February 23, 2022, 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 Executive Board and Supervisory Board propose that the remuneration report for fiscal year 2021 available on the website recorded in the commercial register be adopted.

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

Annex /1 Remuneration report

Bergheim bei Salzburg, February 23, 2022

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 2021

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

Rapid economic recovery took hold at the beginning of the 2021 fiscal year after COVID-19 had halted a period of booming economies worldwide. For PALFINGER's management team, this was accompanied by a number of challenges, some of which were unexpected.

In January, when the capacities of PALFINGER's plants were fully utilized due to the excellent order situation, PALFINGER was the target of a cyberattack. Within two weeks, complete control of the affected systems was regained. Due to the efficient use of existing potential in the production plants and the high level of commitment of the workforce - who also worked special shifts - PALFINGER was able to quickly catch up with the backlog. The company therefore successfully maintained its outstanding delivery reliability to customers and partners.

Even though PALFINGER was able to contain the immediate consequences of the COVID-19 pandemic due to consistent actions to safeguard the health of all employees, Corona was also a constant uncertainty factor in 2021. The PALFINGER management team, in cooperation with regional administrations, were soon able to offer vaccinations to employees who travel frequently. Moreover, the company also provided vaccination services for the entire workforce at an early stage. In the following months, PALFINGER also secured the second vaccination and the booster jab for all its employees.

As a result of the increasing demand for raw materials and energy worldwide at the same time as limited logistics capacities - especially on the world's oceans - disruptions to global supply chains became a topic affecting the economy from March 2021 onwards. Not only were large industries no longer able to fulfill their orders to the full extent due to material shortages, the costs for raw materials, energy and transportation also increased massively.

Thanks to the management team's strategy of multiple sourcing, active inventory management, long-term supply contracts at fixed prices and strategic partnerships, such as with steel producer Voestalpine, PALFINGER was able to minimize the impact on production by autumn. Nevertheless, the company had to pass on the rising costs to its customers, although the excellent order situation remained unaffected. In addition, the supply chain task force set up specifically takes all the actions necessary to make the best use of production capacities in this situation and to ensure PALFINGER's high delivery reliability.

These successes are measurable: In fiscal year 2021, PALFINGER achieved the highest revenue in its 90-year history at EUR 1.84 billion, while the EBIT rose from EUR 100.3 million in 2020 to EUR 155.0 million (previous record year 2019: EUR 149.9 million). The EBIT margin increased from 6.5 percent in 2020 to 8.4 percent in 2021 (2019: 8.5 percent). The consolidated net result for 2021 increased by 73.9 percent year-on-year to EUR 86.6 million (2020: EUR 49.8 million, 2019: EUR 80.0 million).

While the management team still followed the strategy of reducing costs in 2020 in view of the pandemic, the position changed in 2021. With a volume of around EUR 120 million, the management team put together the largest investment program in the company's history. With the expansion of research and development centers such as the one in Köstendorf, the substantial extension of the PALFINGER campus in Lengau and the modernization of production at other sites, PALFINGER is laying the foundation for further successful development as an innovative technology company. Targeted investments in the Group's forward-looking structures will be continued over the next few years.

This is how PALFINGER is creating the conditions to successfully implement the newly formulated "Vision & Strategy 2030". It defines the challenges that PALFINGER is meeting as part of the megatrends of digitization, sustainability and demographics. The strategic pillar "Go Digital" is driving the digitization of the entire production and value chain and the development of new digital business segments. With the strategic pillar "Go for Solutions" the company is broadening its perspective and no longer only sees just the product, but the vehicle and its environment as an interrelated ecosystem. In addition, the management team has formulated a new sustainability strategy, which is governed by a specially set up Sustainability Council and is based on ESG principles. Based on all these initiatives, the PALFINGER AG management team is aiming for annual revenue of EUR 3.0 billion by 2030.

In the opinion of the Remuneration Committee of PALFINGER AG's Supervisory Board, the remuneration of the members of the Executive Board for the year 2021 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 (Secs. 78 et seq. of the Stock Corporation Act - AktG) 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/de/investoren/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 ("shareholder 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 fiscal 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 (paid 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 fiscal year 2020, the remuneration of the members of the Supervisory Board was calculated on this basis and accrued in the fiscal year 2020. This was then paid out in the fiscal year 2021.

c. Basis for remuneration in fiscal year 2021 (to be paid out in 2022)

In the Annual General Meeting on April 7, 2021, remuneration of the Supervisory Board for fiscal year 2021 and the following years was revised as follows.

The following basic remuneration is as follows:

- EUR 60,000 for the Chair of the Supervisory Board
- EUR 30,000 for the Vice-Chair
- EUR 18,000 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

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 was 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.

For the year 2021, remuneration for the Supervisory Board will be paid on this basis in 2022.

III. PRESENTATION OF OVERALL REMUNERATION

III.1. EXECUTIVE BOARD

(Values in EUR thousand, unless stated otherwise)	Andreas Klausner		Martin Zehnder		Felix Strohbichler	
	2020	2021	2020	2021	2020	2021
Fixed remuneration						
Base salary ¹	590	653	451	498	402	445
Remuneration in kind ²	32	32	27	27	25	25
Subtotal	622	685	478	525	427	470
Variable remuneration						
Annual bonus (STI) ³	308	470	279	424	230	351
Special annual bonus ⁴	0	200	0	0	0	0
Performance-based Long-Term Incentive (LTI) ⁵	1067	743	876	528	748	594
Subtotal	1375	1413	1155	952	978	945
Total	1997	2098	1633	1477	1405	1415
Payment of previous year's bonus	454	308	414	279	339	230
Relative proportion of fixed components (in %)	31	33	29	36	30	33
Relative proportion of variable components (in %)	69	67	71	64	70	67
Total 2020/2021			5,035/4,990			

¹⁾ **Base salary:** The base salary is indexed to the CPI. In 2020, the Executive Board issued a voluntary conditional salary waiver of 20% of the monthly salary for the months of April to June 2020. This salary waiver was subject to an agreement of improvement. Since there was an improvement in 2021, the waiver amount withheld was paid out in 2021.

²⁾ **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 (2020/2021: 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 (2020/2021: EUR 2 thousand/EUR 2 thousand), which is based on a commitment made in 2008.

³⁾ **Annual bonus (STI):** the target financial performance criterion for the STI in 2021 was set by the Remuneration Committee in February 2021 as follows:

	Lower limit	Target
EBT margin	5.00%	7.00%
Target achievement level	0%	100%

According to the 2021 financial statements, the EBT margin is 7.8 percent. The target value for the financial performance criterion of STI (66.67 percent of STI) for 2021 was therefore exceeded and a percentage with the maximum value of 100 percent was therefore to be assigned.

At the beginning of the fiscal year, the Remuneration Committee determined that non-financial criteria from the area of sustainability should also be used to determine the **discretionary component** in 2021. Five key areas were defined: responsible employer, eco-efficient production, sustainable products and business models, fair business, and the company's sustainability orientation, especially with regard to stability, future investments and digitization.

In-line with these priorities, the Executive Board has set numerous significant initiatives in 2021:

- With a Covid task force, the protection of employees and locations was implemented efficiently. A unique global Corona bonus for PALFINGER employees was launched in recognition of their achievements during the pandemic and as a measure for retaining employees.
- The successful agreement to reverse the cross-holding with Sany leads to a reduction in complexity while at the same time concentrating on the core business. This significantly increases PALFINGER's scope of action for possible acquisitions and investments in the future, and ensures further growth.
- Digital business models, for example Struinspect, have been further developed. With R&D expenditure of EUR 72.1 million, an R&D ratio of 3.9% was achieved. Significant sums are spent on future technologies and initiatives, for example in the context of PALFINGER 21st and the product development program ACES ("Autonomous, Efficient, Connected & Eco-Efficient Solutions").
- A new Code of Conduct was published and rolled out within the company as well as among customers and suppliers. The sustainability strategy was newly developed and a sustainability council was established. A stakeholder analysis and a materiality analysis were carried out. The sustainability report has been reformulated.

In view of this level of performance, in combination with the excellent performance of the company in 2021, the Remuneration Committee has assigned the discretionary component at 100 percent.

In total, 100 percent (being 100 percent of the financial component and 100 percent of the discretionary component) of the STI will be allocated for 2021. The STI will be paid out in 2021:

(Values in EUR thousand, unless stated otherwise)	Target bonus	Target 2021	STI 2021
Andreas Klauser	470	100%	470
Martin Zehnder	424	100%	424
Felix Strohbichler	351	100%	351

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

⁴⁾ **Special annual bonus:** In 2021, Mr. Klauser launched an initiative for the professional development of the Palfinger dealer network as a significant contribution to the company's planned growth. Its implementation was carried out with comparatively low external costs (approx. only a quarter of what would normally be incurred by such external costs). In view of the planned additional revenue potential, the long-term business relevance and the efficient and cost-effective implementation of this initiative, the Remuneration Committee considered as justified a one-off special bonus for Mr. Klauser's special contribution.

⁵⁾ **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 2021 financial statements, the ROCE for the fiscal year is 11.2 percent. This means that the ROCE exceeds the target achievement level and reaches 82% of the overachievement corridor between Target and Upper limit. Accordingly the target achievement level for the LTI for 2021 is 182 percent.

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	2021
ROCE	8.50%	9.86%	6.86%	11.2%
Target achievement level	74%	128.40%	66.67% ¹⁾	182.0%

¹⁾ 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. The allocation of the provision is based on a forecast calculation relating to the increase in basic remuneration and non-wage costs. The forecast has now been made more precise in the year based on actual values. The allocation in 2021 was therefore lower than in the years 2018 to 2021.

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)	Accumulated allocation LTI (2018 to 2021)
Andreas Klauser	3,557	4,301
Martin Zehnder	2,559	3,087
Felix Strohbichler	2,739	3,333

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 during the period January to July of 2021 from an employment relationship with the company totaling EUR 3 thousand (2020: EUR 5 thousand). The employment relationship was terminated at the end of July 2021. On the basis of a pension commitment from 1989, Mr. Pilz was paid a one-off capital contribution of EUR 331 thousand in 2021.

Manfred Kreibich (member of the Executive Board from 1988 to 1997) received a company pension of EUR 15 thousand in 2021 (2020: EUR 15 thousand). This is based on a pension commitment from 1997.

III.2. SUPERVISORY BOARD

2019 ¹⁾ (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		
Total			186					

2020 ²⁾ (Value in EUR thousand)	Hubert Palfinger ³⁾	Hannes Palfinger ⁴⁾	Gerhard Rauch ⁵⁾	Hannes Bogner ⁶⁾	Isabel Diaz Rohr	Heinrich Dieter Kiener	Ellyn Shenglin Cai ⁷⁾	
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	
Total			265					

2021 ³⁾ (Value in EUR thousand)	Hubert Palfinger ⁴⁾	Hannes Palfinger ⁵⁾	Gerhard Rauch ⁶⁾	Hannes Bogner ⁷⁾	Isabel Diaz Rohr	Heinrich Dieter Kiener	Ellyn Shenglin Cai ⁸⁾	Sita Mazumder ⁹⁾
Basic remuneration (incl. committees)	88	43	38	38	23	5	0	29
Attendance fee (incl. committees)	28	29	8	13	11	1	0	9
Total remuneration	116	72	46	51	34	6	0	38
Total			362					

¹⁾ Remuneration for fiscal year 2019 was paid in 2020.

²⁾ Remuneration for fiscal year 2020 was paid in 2021.

³⁾ Remuneration for fiscal year 2021 will be paid in 2022.

⁴⁾ Hubert Palfinger is Chair of the Supervisory Board, Chair of the Project Committee, Chair of the Remuneration Committee and Chair of the Nomination Committee.

⁴⁾ Hannes Palfinger is 2nd Vice-Chair of the Supervisory Board.

⁵⁾ Gerhard Rauch is 1st Vice-Chair of the Supervisory Board.

⁶⁾ Hannes Bogner is Chair of the Audit Committee.

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

⁹⁾ Sita Mazumder is Chair of the Digital Committee. She was elected to the Supervisory Board at the Annual General Meeting in April 2021.

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 (2020: 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		2021 compared to 2020	
	with LTI	without LTI	with LTI	without LTI
Remuneration of the Executive Board¹⁾				
Andreas Klauser	-7.5%	-15.3%	5.06%	45.70%
Felix Strohbichler	-7.9%	-15.6%	-5.82%	25.36%
Martin Zehnder	-8.3%	-16.6%	-3.63%	24.96%
Total	-7.9%	-15.8%	-0.89%	33.32%
Company success²⁾				
EBT		-36.1%		54.60%
ROCE		-30.4%		76.80%
Average remuneration full-time equivalent³⁾				
Employees of the PALFINGER Group, worldwide		-11.9%		18.20%
Employees of the PALFINGER Group, in Austria (taking into account the short-time work allowance)		-16.2% (-7.5%)		29.85% (17.55%)

¹⁾ 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.

²⁾ 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).

³⁾ The average remuneration relates to full-time employees in the PALFINGER Group worldwide (2019/2020/2021: approx. 10,800/10,800/11,100 people) and in Austria (2019/2020/2021: approx. 1,900/2,000/2100 people), each without a board of directors. This is based on an average number of employees over the annual period. Short-time work (especially in Austria) had an effect in 2020, 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. For comparison purposes, the figure adjusted for short-time work allowance is also presented separately in 2021.

Bergheim, February 23, 2022

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 and Chief Technology
Officer

[signed]

Felix Strohbichler
Chief Financial Officer