

## **REMUNERATION POLICY FOR MEMBERS OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD OF WOLFORD AG**

### **1. THE MANAGEMENT BOARD**

The following principles for the remuneration (remuneration policy) of the members of the Management Board of WOLFORD AG were established by resolution of the Supervisory Board at the proposal of the Remuneration Committee in accordance with C-Rule 43 of the Austrian Corporate Governance Code (ÖCGK) and shall be applied after submission to the Annual General Meeting of WOLFORD AG.

In accordance with Section 78b (1) AktG, the remuneration policy must be submitted to the General Meeting for voting at least every fourth financial year.

#### **1.1. Objective**

According to Section 78a of the German Stock Corporation Act (AktG), the Supervisory Board has to establish principles for the remuneration of the members of the Executive Board (remuneration policy), which promote the business strategy and the long-term development of the Company and explain in which way they do so.

This includes a description of the various fixed and variable remuneration components that may be granted to members of the Board of Management, including all bonuses and other benefits in any form, stating their respective relative proportions. The Company pursues a sustainable and profitable growth strategy based on product development, market development and diversification.

The variable remuneration, which consists of quantitative and qualitative components, is performance-oriented and takes into account these components as well as any other corporate objectives of importance to the Company. The interests of the shareholders are safeguarded by intensifying Executive Board members for financial and non-financial performance in the form of variable compensation.

The variable remuneration is reduced or cancelled in the event of deviations from the expected results. The long-term orientation of the Board of Management is ensured by ambitiously defined targets, growth factors oriented towards sustainability and the overall capping of variable remuneration at 150% of annual gross basic salary (excluding special bonuses).

#### **1.2. Components of remuneration**

The members of the Executive Board receive the following remuneration components based on the remuneration policy:

- Fixed remuneration components, these are not performance-related

- Variable compensation components based on the fulfillment of financial and non-financial performance criteria, whereby the performance criteria are determined annually by the Supervisory Board

### **1.2.1. Fixed remuneration components**

The fixed remuneration components comprise the basic salary, benefits in kind and fringe benefits as well as pension expenses.

#### (i) Basic salary

The fixed basic remuneration of the members of the Management Board is paid out as a salary with 14 monthly payments per year. Various factors must be taken into account when determining the basic salary: The level of the basic salary takes into account the responsibilities and tasks of the individual members of the Executive Board as well as the overall structural situation of WOLFORD AG. Remuneration is paid at a competitive level in order to attract and retain qualified members of the Executive Board.

#### (ii) Remuneration in kind and fringe benefits

D&O-Insurance: The members of the Board of Management are promised inclusion in a D&O insurance policy (manager liability insurance) with risk-adequate coverage. The premiums for this are to be paid by the company.

Utility Expenses: Employment relationships fall within the scope of the Company Employee and Self-Employment Pension Act ("BMSVG"). In accordance with Section 9 of the BMSVG, the Company has selected VBV-Pensionskasse AG as its company pension fund and makes the legally required contributions to it. No entitlements to a statutory severance payment from the Company are acquired.

Managerial Legal Expenses and Collective Accident Insurance: The Company takes out managerial legal expenses and collective accident insurance for the benefit of the members of the Executive Board. The premiums for this are to be paid by the Company.

Company car: During the term of the employment contract, the Company may provide a member of the Management Board with an upper-middle class passenger car, which may also be used privately.

### **1.2.2. Variable compensation components**

The members of the Executive Board are entitled to variable compensation. This depends on the economic development of WOLFORD AG and on the achievement of individually agreed targets. The performance criteria must be aligned with the company's sustainable growth strategy, ensure performance-related compensation and promote a responsible management culture. Fairness is ensured by payment in the following year and on the basis of audited and proven criteria. The performance criteria ensure a balance of financial, efficiency and sustainability indicators and thus reflect the company's sustainable growth strategy. The performance criteria for the variable compensation are set out in more detail below. In addition to quantitative criteria, there are also

qualitative criteria, such as those relating to product innovation and market development or strategic corporate development. The variable compensation is limited to 150 % of the respective gross basic salary (excluding special bonuses).

(i) Performance criteria

The quantitative targets (financial performance criteria) include net sales, EBIT and operating cash flow. The quantitative targets are essentially weighted accordingly and are multiplied by a growth factor. The audited consolidated financial statements for the year under review are used as the basis for assessing the achievement of the quantitative targets.

The qualitative objectives (non-financial performance criteria) are set annually. A fixed amount can be agreed for the achievement of the qualitative objectives, which is paid out when the objectives are achieved, or gradual amounts can be agreed in accordance with the degree to which the objectives are achieved.

Taking into account these performance criteria, the variable compensation must be at a competitive level in order to ensure the motivation and availability of qualified executives for the position of a member of the Executive Board.

(ii) Payment of variable remuneration components

The variable remuneration is paid in full in the following year on the basis of an assessment of the achievement of objectives, whereby the audited consolidated financial statements for the year under review are to be used for the quantitative objectives. Fairness is ensured by payment in the following year and on the basis of audited and reported criteria.

(iii) Possibility of reclaiming variable remuneration components

Provision may be made for the recovery of variable remuneration components from the members of the Executive Board.

### **1.3. Conditions of remuneration and employment of employees**

The remuneration models of the employees are designed in such a way that they comply with the respective national remuneration regulations. The terms and conditions of employment aim to create an environment in which employees can perform, develop and engage. The compensation terms and conditions provide a reward that enables the company to recruit and retain competent and high-performing employees. The basic monthly salary of a member of the Management Board is commensurate, calculated on a full-time basis, with the remuneration and employment conditions of the Company's employees. A variable compensation is provided for employees in management positions. The variable remuneration is performance-related and subject to comparable financial performance criteria at the Executive Board level.

#### **1.4. Term and termination of contracts with members of the Management Board**

The employment contracts of the members of the Board of Management are limited in time, whereby the terms of the employment contracts are generally to be determined in accordance with the maximum periods stipulated in the German Stock Corporation Act. The employment contracts are not subject to any ordinary right of termination and therefore end by expiration of time or by premature termination for cause.

Upon termination of the Management Board contract, the departing Management Board member is entitled to compensation in analogous application of the provisions of the Austrian Employee Act. There are no pension fund regulations or defined benefit plans for active members of the Executive Board of Wolford AG.

#### **1.5. Procedure regarding the remuneration policy**

This remuneration policy was established by resolution of the Supervisory Board and will be submitted to the Annual General Meeting of WOLFORD AG for approval. The Board of Directors reports annually - if necessary, with the involvement of informants - on the subject of remuneration to the Remuneration Committee, which can initiate a revision of the remuneration policy if necessary. The committee consists exclusively of members of the Supervisory Board. They must report any conflict of interest of their own accord and abstain from voting if necessary. At least every fourth financial year, the Remuneration Committee shall review the remuneration policy, if necessary with the assistance of internal and external experts, and evaluate whether a revision is necessary. The remuneration committee shall then adopt the remuneration policy. The same shall apply in the event of any premature substantial change in the remuneration policy. Subsequently, the remuneration policy is submitted to the Annual General Meeting for a vote.

#### **1.6. Deviations from the remuneration policy in exceptional circumstances**

The Supervisory Board of WOLFORD is entitled to deviate from this remuneration policy if exceptional circumstances make this necessary.

In case of a deviation from the remuneration policy, a new remuneration policy must be presented at the next annual general meeting. At the same time, the remuneration committee of the board of directors must determine the existence of exceptional circumstances in which the deviation from the remuneration policy is necessary for the long-term development of the company or to ensure its viability.

#### **1.7. Significant changes in the remuneration policy**

As this remuneration policy was adopted for the first time, the information on this point is omitted.

## **2. THE SUPERVISORY BOARD**

The following principles of remuneration (remuneration policy) for the members of the Supervisory Board elected by the Annual General Meeting and members of the Supervisory Board of WOLFORD AG delegated in accordance with the Articles of Association of WOLFORD AG were established by resolution of the Supervisory Board and shall be applied after submission to the Annual General Meeting of WOLFORD AG. The remuneration policy is to be submitted to the General Meeting for approval at least every fourth fiscal year in accordance with Section 98a in conjunction with Section 78b (1) of the German Stock Corporation Act (AktG).

### **2.1. Objective**

The remuneration policy shall ensure that the members of the Supervisory Board are remunerated for their activities in a manner commensurate with their tasks, their responsibilities and the situation of the company. It is intended to promote the business strategy and long-term development of WOLFORD AG while at the same time ensuring the objectivity and independence of the Supervisory Board.

The remuneration of the Supervisory Board must be in line with market conditions and sufficiently attractive to attract suitably qualified persons to work for an internationally active listed company. It should promote the long-term development of the company and the implementation of its sustainable growth strategy. In addition, it must allow for a professionally and personally balanced composition of the Supervisory Board, with particular attention being paid to diversity in terms of representation of both genders, a balanced age structure and the professional background of the members.

### **2.2. Components of remuneration**

The remuneration is resolved by the Annual General Meeting. If the members of the Supervisory Board did not belong to the body for the entire fiscal year, the remuneration is paid on a pro rata basis (calculated on a monthly basis). The annual fixed remuneration and the attendance fees are paid in full after the Annual General Meeting. The total remuneration consists of the following remuneration components; no performance-related remuneration or share-based remuneration is granted.

- (i) Annual fixed basic remuneration

The respective amount of the fixed basic remuneration for supervisory activities as well as preparation for and participation in the four regular Supervisory Board meetings per fiscal year varies, in particular according to function (Chairman, member of the Supervisory Board).

- (ii) Committee compensation

Committee meetings are remunerated separately according to the scope and responsibility of the respective committee.

In particular, the amount of committee remuneration varies according to function (chair, member of the Supervisory Board) and type of meeting (regular or special meeting).

(iii) D&O-Insurance

The members of the Supervisory Board are promised inclusion in a D&O insurance policy with adequate coverage for the risks involved. The premiums for this are to be paid by the company.

**2.3. Promoting development and long-term business strategy**

The remuneration policy promotes a balanced and broadly qualified composition of the Supervisory Board, which also supports sustainable corporate development.

**2.4. Terms of office of the supervisory board members**

New Supervisory Board members are elected for the maximum term of office in accordance with Section 87 (7) of the German Stock Corporation Act (AktG), unless otherwise resolved by the General Meeting. Apart from the appointment resolutions of the General Meeting, there are no contractual relationships under labor law between WOLFORD AG and the members of the Supervisory Board.

**2.1. Deviations from the remuneration policy in exceptional circumstances**

In exceptional circumstances, the Company may temporarily adjust the amount of the basic remuneration and the attendance fees to the situation of the Company if this is necessary for the long-term development of the Company or to ensure its profitability.

**2.2. Procedures concerning the remuneration policy**

At least every fourth financial year, as well as in the case of any significant intended change in its remuneration policy, the remuneration committee shall adopt a resolution on the remuneration policy and submit a corresponding proposal for a resolution to the general meeting. The remuneration policy shall then be put to the vote of the general meeting. The general meeting shall take a binding decision on the entitlement of the members of the Supervisory Board to remuneration, thereby avoiding conflicts of interest of the members of the Supervisory Board in relation to the remuneration policy.

**2.3. Significant changes in the remuneration policy**

As this remuneration policy was adopted for the first time, the information on this point is omitted.