

VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe

---

# Remuneration Policy

---

The following remuneration policy of Vienna Insurance Group AG Wiener Versicherung Gruppe has been prepared by the Supervisory Board Committee for Management Board matters and approved by the Supervisory Board.

The remuneration policy will become effective upon passing of a resolution in the 29<sup>th</sup> Annual General Meeting of Vienna Insurance Group AG Wiener Versicherung Gruppe.

The remuneration policy must be submitted to the General Meeting at least every four financial years as well as in the case of any material changes.

Note:

To the extent an adequate gender neutral terminology is not used, any reference to “employees” or “shareholders” is deemed to include both genders. It goes without saying that this policy addresses female and male individuals equally and without any discrimination.

**PART I MEMBERS OF THE MANAGEMENT BOARD**

- 1. INTRODUCTION..... 5**
  - 1.1 Scope..... 5
  - 1.2 Content and objectives, principles for the remuneration of the Management Board ..... 5
  - 1.3 Validity and publication ..... 6
  - 1.4 Review and update ..... 6
- 2. Remuneration practices ..... 6**
  - 2.1 General principles..... 6
    - 2.1.1 Term of management agreements with the members of the Management Board..... 6
    - 2.1.2 Required modifications ..... 7
    - 2.1.3 Measures to mitigate the risk of conflicts of interest..... 7
    - 2.1.4 Terms applicable to the remuneration of the Company’s employees. .... 7
  - 2.2 Remuneration of members of the Management Board ..... 8
    - 2.2.1 Fixed remuneration ..... 8
    - 2.2.2 Variable remuneration ..... 8
    - 2.2.3 Compensation granted to a member of the Supervisory Board by subsidiaries..... 11
    - 2.2.4 Ancillary benefits which are not success-based ..... 11
    - 2.2.5 Ratios and proportions ..... 12
  - 2.3 Claims in the event of the termination of the management agreement with a member of the Management Board ..... 14
    - 2.3.1 Performance, respectively contribution-based pension guarantees ..... 14
    - 2.3.2 Severance..... 15
    - 2.3.3 Annual leave ..... 16
    - 2.3.4 Claims if a member of the Management Board leaves the Company during the term of office or is notified on short notice that he or she will not be reappointed..... 16
    - 2.3.5 Other payments and benefits in connection with the termination..... 16
    - 2.3.6 Death benefits..... 16
  - 2.4 Deviations from the remuneration policy ..... 17
    - 2.4.1 Occurrence of extraordinary circumstances ..... 17
    - 2.4.2 Proportionality and interference only to the minimum extent possible ..... 17
    - 2.4.3 Competence and transparency ..... 17
- Appendix – legal provisions..... 18**

**PART II MEMBERS OF THE SUPERVISORY BOARD**

- 1. Introduction..... 19**
  - 1.1 Scope..... 19
  - 1.2 Content and objectives, principles of the remuneration policy (Supervisory Board) ..... 19
  - 1.3 Promotion of the business strategy and long-term development of the company ..... 19
  - 1.4 Process..... 19
  - 1.5 Review and update ..... 20
- 2. Remuneration practices ..... 20**
  - 2.1 General principles ..... 20
    - 2.1.1 Term of office..... 20
    - 2.1.2 Conflicts of interest ..... 20
    - 2.1.3 Remuneration and conditions of employment of the company’s employees ..... 20
  - 2.2 Remuneration of members of the Supervisory Board ..... 20
  - 2.3 Deviations from the remuneration policy ..... 21

# Part I MEMBERS OF THE MANAGEMENT BOARD

## 1. INTRODUCTION

---

The long-term success of a company also requires proper incentives to attract and retain entrepreneurial-minded, competent, and experienced members of the management board who act in the interest of the company and its stakeholders.

Stakeholders are in particular customers, employees, shareholders, the competent (supervisory) authorities, and the general public.

On the one hand, the remuneration of the management board must ensure that successful individuals with experience in a competitive market can be attracted and encouraged to stay with the company.

On the other hand, the remuneration must reflect the performance of the company from the perspective of the various stakeholders, i.e. the remuneration must reward successful management, in particular taking into account sustainable income and/or contributions to the benefit of employees, respectively the common good.

### 1.1 Scope

Part I of this remuneration policy applies to the members of the Company's Management Board.

### 1.2 Content and objectives, principles for the remuneration of the Management Board

This policy sets out the rules for the establishment of a remuneration practice in accordance with the following principles which must be considered by the Supervisory Board, respectively the Supervisory Board Committee for Management Board matters when passing a resolution on the remuneration structure and the scope and weighting of specific targets for the variable remuneration:

- The financial terms and other benefits offered to a member of the Management Board must be sufficiently attractive to ensure that suitable individuals can be identified and retained. The remuneration is an important part of such package.
- The remuneration of members of the Management Board must prioritise the variable component and, thus, must be proportionate to the success of the company.
- The remuneration of the members of the Management Board should emphasise the objective to promote the long-term interests and the sustainability of the company's success – depending on the sustainable development of the company – by deferring payment of a significant portion of the variable remuneration.
- The remuneration should promote the implementation of the group strategy by selecting and identifying targets in connection with the variable remuneration. The corresponding targets in connection with the variable remuneration should promote the management's awareness of the corporate social responsibility of a major company.

### **1.3 Validity and publication**

This remuneration policy has been approved by the Supervisory Board upon recommendation of the Supervisory Board Committee for Management Board matters.

This remuneration policy must be submitted to the General Meeting for the first time in 2020 and thereafter at least every four years as well as in the case of any material changes. The respective applicable version of the remuneration policy must be published on the Company's website.

### **1.4 Review and update**

The Supervisory Board Committee for Management Board matters considers the appropriateness of the Management Board's remuneration on a regular basis, taking into account the

- size and complexity, considering the
- specific management strategy of the Vienna Insurance Group which provides *inter alia* that the Management Board is directly responsible for the management of subsidiaries due to its direct responsibility for the respective country, and the
- general remuneration level of the market and within the company.

The Committee is entitled to instruct (external) advisors at its discretion as and when required.

If this remuneration policy must be amended or adjusted, the Supervisory Board Committee for Management Board matters will provide the Supervisory Board with proposals to be submitted in the General Meeting.

Resolutions of the Supervisory Board and the Supervisory Board Committee for Management Board matters in connection with the remuneration of members of the Management Board must be based on this remuneration policy. For any possible deviations from this policy, see section 2.4.

## **2. REMUNERATION PRACTICES**

---

### **2.1 General principles**

#### **2.1.1 Term of management agreements with the members of the Management Board**

The term of the management agreement with a Management Board member corresponds to the respective term of office and cannot exceed five years. If a member of the Management Board is reappointed, the respective management agreement is extended for the duration of the reappointment.

## 2.1.2 Required modifications

In general, contracts are subject to the principle “*pacta sunt servanda*” (i.e. agreements must be observed). However, since 2016, management agreements with members of the Management Board include the provision that they must be interpreted in compliance with the respective applicable legal and regulatory provisions, in particular the Stock Corporation Act (*AktG*), the regulatory framework under Solvency II, the Austrian Code of Corporate Governance, and all other relevant provisions applicable to the Company, including any internal company guidelines. If required, the management agreements must be amended accordingly. The respective member of the Management Board must consent to any amendments if and to the extent this is required to comply with such provisions.

## 2.1.3 Measures to mitigate the risk of conflicts of interest

This remuneration policy aims to mitigate the risk of potential conflicts of interest of members of the Management Board as follows:

### a) Sustainability:

Sustainability requirements (see section 2.2.2. a) in connection with variable remuneration prevent a work ethic which merely focuses on short-term optimisation.

### b) Targets specified for variable remuneration must be balanced:

The financial targets for a bonus include a revenue component but are predominantly based on profitability and income. This prevents a motivation to only generate revenue without consideration of any negative impact on the income situation.

## 2.1.4 Terms applicable to the remuneration of the Company's employees.

In the course of the development of the remuneration policy, the following standard terms offered to employees by the Company have been taken into account, in particular:

- The remuneration of approximately 70% of the Company's employees is based on a combination of fixed and variable remuneration.
- The variable remuneration of Board minus 1 executive employees is subject to a sustainability-oriented deferral rule. This sustainability requirement also applies to members of the Management Board (see section 2.2.2. a).
- Subject to applicable law, respectively applicable collective bargaining agreements the Company's employees are entitled to a severance payment in accordance with section 2.3.2.
- The Company's employees are entitled to paid annual leave as well as paid sick leave. In addition, they are entitled to social benefit payments (*betriebsfürsorgerische Leistungen*) in accordance with applicable law, respectively collective bargaining agreements.

- Subject to the applicable company-internal provisions, the company's employees are entitled to an anniversary bonus after 25, 35, and 45 years of service.

## **2.2 Remuneration of members of the Management Board**

The remuneration of members of the Management Board consists of the following components:

### **2.2.1 Fixed remuneration**

The fixed remuneration is a specific amount owed to a member of the Management Board and is specified in the respective management agreement. This amount is the annual gross salary and is paid in instalments. The fixed remuneration must be of a sufficient amount to prevent that a member of the Management Board predominantly depends on the variable remuneration. The fixed remuneration of the members of the Management Board who are active on 31 December 2019 will be adjusted on an annual basis in proportion to the salary of the other employees of the Company. The remuneration of the members of the Management Board appointed as of 1 January 2020 is not subject to such automatic adjustment.

### **2.2.2 Variable remuneration**

#### **a) Contractually agreed bonus if targets are achieved**

##### **Nature**

The contractually agreed bonus is an amount specified in the management agreement and owed to a member of the Management Board if certain annual performance, respectively success criteria are achieved, which have been specified in advance.

##### **Basic requirements and repayment claim (claw back)**

The terms of the management agreement relating to the payment of a bonus to members of the Management Board are subject to mandatory domestic law, international law, or administrative provisions, as well as the Austrian Code of Corporate Governance. If a bonus or a part thereof is paid and it subsequently becomes apparent that the underlying data were incorrect, the respective member of the Management Board must refund the bonus, respectively the affected part of the bonus upon request.

##### **Minimum requirements (thresholds)**

A bonus is only paid in connection with specific target areas if the minimum requirements specified in advance have been satisfied. If the minimum requirements specified for a specific target area are not satisfied, a member of the Management Board is not entitled to the respective performance-based remuneration unless the Supervisory Board Committee for Management Board matters confirms that the plan specified by the supervisory board could not have been achieved due to material circumstances beyond reasonable control.

### **Caps (see also section 2.2.5. a)**

The bonus is capped irrespective of a target achievement of more than 100% (see lit b) either by agreeing or promising a maximum amount or by limiting the amount in any other way, for example by a specific percentage of the fixed remuneration, etc.

### **Targets**

The targets for the Management Board must be challenging and transparent.

In general, the mandatory KPIs for the target achievement are specified together with Group Planning annually in advance for each year.

The contractually agreed bonus is subject to financial and non-financial targets. Financial targets take into account at least the Group's profit and loss, its profitability, and development of sales. For example, the following items can be used as KPIs in connection with the target achievement:

- earnings before taxes,
- combined ratio: put simply, the combined ratio shows whether – irrespective of the tax assessment – the technical part of the property/casualty business generates a surplus,
- development of the insurance premiums;
- non-financial targets regularly take into account a factor relating to the awareness of corporate social responsibility.

At least one of the targets for a contractually agreed bonus must be independent, respectively must be a target that can be assessed independently from other targets.

If a material change of the economic conditions, company law, or legal framework results in the provisions relating to bonuses being obviously unfair, they will be amended accordingly.

As targets are specified annually, the specific criteria for the achievement of a target for a specific financial year and their weighting will be explained in detail in the course of the preparation of the remuneration report within the meaning of section 78c Stock Corporation Act (*AktG*).

### **Determination of target achievement**

The Supervisory Board Committee for Management Board matters evaluates upon approval of the annual financial statements whether targets have been achieved. Consequently, all relevant data necessary to determine whether targets have been achieved and which must be extracted from the annual financial statements are already available and approved. Furthermore, the chairman/chairwoman of the Committee will discuss the target achievement with the members of the Management Board, in particular the chairman/chairwoman of the Management Board prior to the Committee meeting.

**Sustainability**

**1. Technical provision for outstanding claims (claims reserve):**

The payment of a bonus is subject to the condition that an adequate technical provision for outstanding claims has been created for the financial year to which the performance-based remuneration relates.

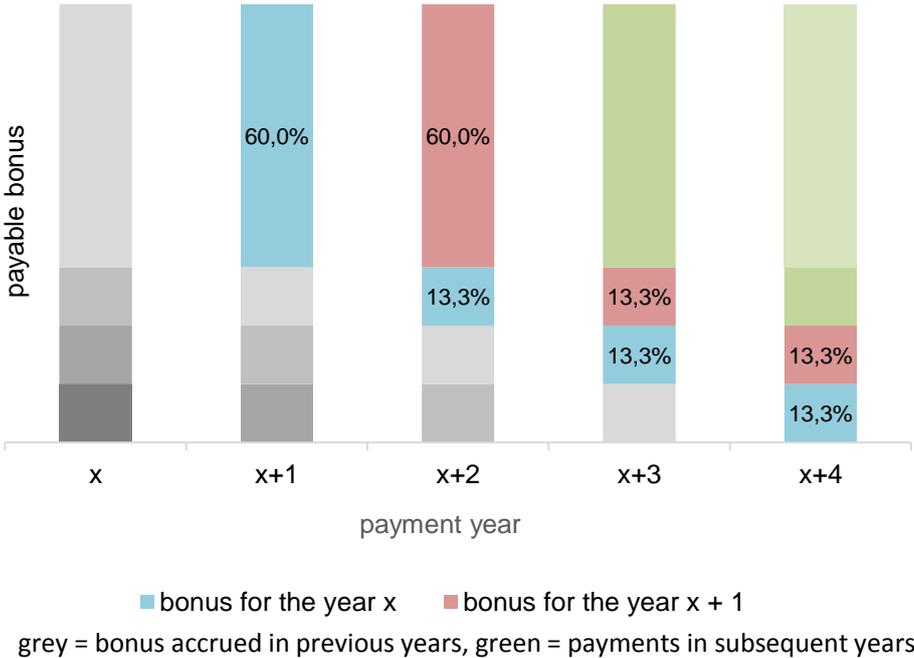
**2. Sustainability-oriented deferral rule:**

The following deferral rule based on sustainability requirements must be satisfied in connection with the accounting for, respectively payment of a bonus:

Following the approval of the annual financial statements and the consolidated financial statements of the financial year x, the supervisory board committee for management board matters passes a resolution relating to the target achievement in connection with the financial year x as well as any bonus payments deferred from previous financial years.

60% of the bonus for the financial year x will be paid in the financial year x+1.

40% of the bonus for the financial year x are subject to a sustainability-oriented deferral rule. The part of the bonus subject to sustainability requirements will be distributed in equal shares to the three following financial years and approved by the supervisory board committee for management board matters in the financial years x +2, x + 3, and x +4 subject to a sustainable development of the company. This requires at least a 50% income target achievement in the financial year prior to the respective part becoming due and payable.



#### **b) Specific remuneration for specific targets**

In the course of the determination of the targets and other criteria for the payment of a bonus, the Supervisory Board Committee for Management Board matters can also announce specific targets and a corresponding extraordinary remuneration, respectively payments for all or individual members of the Management Board in advance (for example, for the overall achievement of targets, country-specific targets, or in connection with a specific strategic orientation). Specific remuneration based on the satisfaction of criteria specified in advance is also subject to sustainability requirements.

#### **c) Monetary awards**

In exceptional cases, the Supervisory Board Committee for Management Board matters can also grant monetary awards for extraordinary performance of the Management Board or its individual members with retrospective effect to the extent such performance is not subject to a bonus (lit. a) or a specific remuneration (lit b). Any monetary awards will be specifically disclosed in the remuneration report.

#### **d) Long Term Incentive Program (LTIP)**

An LTIP within the meaning of an additional remuneration subject to a target achievement over multiple business years ensures that the members of the Management Board act in a sustainable manner. In this regard, the Company's remuneration policy implements sustainability requirements by providing for a deferred payment of a percentage of the bonus (see lit. a) and does currently not include any additional remuneration components.

#### **e) Share-based remuneration**

Currently, the remuneration of the Management Board does not include any share-based remuneration such as stock options or phantom stocks. However, the Supervisory Board, respectively the Supervisory Board Committee for Management Board matters may introduce a share-based remuneration programme for the Management Board. In this case the remuneration policy must be amended accordingly.

### **2.2.3 Compensation granted to a member of the Supervisory Board by subsidiaries**

A member of the Management Board must assign any financial claims resulting from any supervisory or any other monitoring function in a subsidiary to the Company upon its request.

### **2.2.4 Ancillary benefits which are not success-based**

#### **Anniversary bonus**

A member of the Management Board may be granted an anniversary bonus after 25, 35, and 45 years of service within the Group. However, such anniversary bonus depends on an assessment of the likelihood of achieving the relevant years of service.

### **Company car**

Subject to the respective member of the Management Board having the required driving licence, he or she may be entitled to use a Company car. In this case, the private use is permitted subject to a deductible. A driver may be provided for business travel.

### **Insurance coverage**

Currently, the main shareholder of Vienna Insurance Group AG Wiener Versicherung Gruppe, Wiener Städtische Wechselseitige Versicherungsverein – Vermögensverwaltung – Vienna Insurance Group, provides D&O and casualty insurance (including life insurance) to the top management level of VIG Group. Furthermore, members of the Management Board are included in a travel health (group) insurance for business travel (like employees).

### **Facilities of the company, own insurance contracts**

In general, members of the Management Board are permitted to use all facilities provided by the Company to its employees at the respective place of business subject to the same, respectively adequately equivalent conditions as applicable to employees.

However, the Supervisory Board Committee for Management Board matters is entitled to amend the terms of use for members of the Management Board or to prohibit the use in individual cases.

Insurance policies taken out by members of the Management Board are subject to the same terms and conditions as employees of the Company.

It is specifically noted that a member of the Management Board is not entitled to receive or accept any commission or other remuneration in connection with the entering into, or maintaining of, own insurance contracts or which are brokered by such member of the Management Board.

A member of the Management Board must consider whether insured events involving family, friends, or other close personal connections are processed in accordance with the general applicable guidelines.

### **Social security contributions**

The Company reimburses the part of the social security contributions assumed by the employer in the case of an employment relationship (see section 51 para 5 General Social Security Act (*ASVG*), which provides for the assumption of 50% of the owed amount).

## **2.2.5 Ratios and proportions**

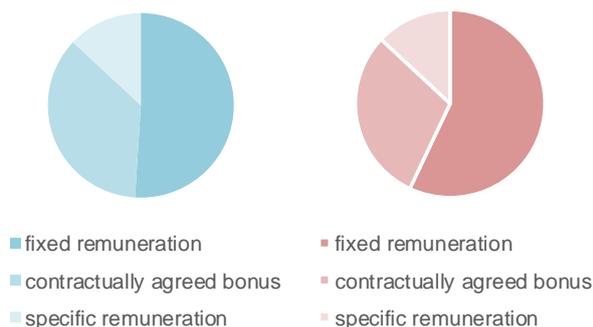
### **a) Proportion of variable remuneration to fixed remuneration:**

The aggregate of all variable remuneration (any potential contractually agreed bonus in the event of target achievement subject to section 2.2.2. a) plus any specific remuneration pursuant to section 2.2.2. b) must not exceed 110% of the fixed remuneration (clause 2.2.1.).

## b) Aggregate remuneration - relevant ratios

The aggregate remuneration, i.e. the monetary remuneration as contractually agreed or based on annual resolutions of the Supervisory Board Committee for Management Board matters is subject to the following ratios:

Share in the permitted aggregate annual financial remuneration in per cent (rounded) without considering the sustainability-oriented deferral rule	Chairman (chairwoman) of the Management Board	Member of the Management Board
aggregate financial remuneration	100%	100%
consisting of:		
• fixed remuneration (clause 2.2.1)	50 – 52%	56 – 58%
• contractually agreed bonus in the event of a 100% target achievement (clause 2.2.2 a)	35 – 37%	29 – 31%
• specific remuneration for specific targets relating to specific financial year, which require a resolution by the Committee (clause 2.2.2 b)	12 – 14%	12 – 14%



These ratios for the aggregate remuneration show the status of any potential remunerations for 2020 – without taking into account the sustainability-oriented deferral rule as set out in clause 2.2.2. a). Any adjustments of the fixed remuneration due to future valorisations might result in different ratios. The remuneration policy must be amended in the event of any material changes of these ratios.

This overview does not consider any financial and non-financial ancillary benefits, for example anniversary bonuses or the private use of a Company car (see clause 2.2.4), any compensation granted to the members of the Supervisory Board, or any claims in connection with the termination of the employment relationship (see clause 2.3.), and, if applicable, any awards in accordance with clause 2.2.2.c).

## **2.3 Claims in the event of the termination of the management agreement with a member of the Management Board**

### **2.3.1 Performance, respectively contribution-based pension guarantees**

#### **Company pensions of members of the Management Board who are active as of 31 December 2019**

The members of the Management Board receive performance-based pension benefits, for which provisions have been created, in accordance with the following principles:

The assessment basis is the fixed remuneration. Members of the Management Board are entitled to pension benefits of up to 40% of the assessment basis if they exit or reach 65 years. Any shortfall in years is subject to a deductible of 1.5 percentage points per year.

If a member of the Management Board is appointed for the first time or is older, the agreed maximum pension benefit can be less than 40%. Furthermore, the effective date of the pension guarantee can be deferred if a member of the Management Board is appointed for the first time. If a member of the Management Board, who is older than 65 continues to provide services, a supplement to the pension will be granted which is equal to the company pension that would have otherwise been received.

Any company pension is subject to the expiry of the so-called suspension period (*Abfertigungszeitraum*). Earned income will be set off until the respective member of the Management Board is eligible to receive pension according to applicable social security provisions.

If a member of the Management Board resigns or exits from the Management Board due to his or her fault, such member is not entitled to a company pension.

#### **Company pensions for members of the Management Board appointed as of 1 January 2020**

##### **a) Newly appointed members of the Management Board with periods of services within the Group to be taken into account**

Performance-based company pension rights may only be guaranteed upon commencement of the office of a newly appointed member of the Management Board if such member has already performed other functions within the Group for at least five years. In this case, the maximum company pension must not exceed the amount of the existing pension commitment and, if no pension commitment has been made to date, not exceed 15% of the fixed remuneration at the time the respective member of the Management Board has reached the age of 65.

A commitment to a company pension right in excess thereof may only be made if a member of the Management Board has been reappointed at least once.

**b) The following applies to other newly appointed members of the Management Board:**

In general, the Supervisory Board Committee for Management Board matters will only consider guaranteeing a performance-based company pension right if a member of the Management Board has been reappointed at least once. A company pension commitment takes place in multiple stages, meaning that the maximum amount of 40% of the fixed remuneration at the time a member of the Management Board has reached the age of 65 can only be granted as company pension at the earliest after 10 years of service. In exceptional cases and if this is required by the interest of the Company, it is permitted to guarantee a performance-based company pension to a member of the Management Board who is appointed for the first time irrespective of the lack of any previous service within the Group.

**Defined pension contribution scheme**

As an alternative to a guarantee of a performance-based company pension, it is possible to guarantee a defined company pension for members of the Management Board appointed as of 1 January 2020. A defined company pension can be guaranteed upon commencement of the function. However, the contributions must not exceed 10 to 20% of the fixed remuneration. If a performance-based company pension is guaranteed at a later point in time, any corresponding pension payments must be set off with payments under a defined company pension.

**Transfer of entitlements acquired by members of the Management Board during previous employment relationships**

The possibility to transfer any pension entitlements acquired during previous employment relationships to a pension fund (with legal personality) (*Pensionskasse*) or to an insurance solution offered by a VIG Group company does not constitute a remuneration within the meaning of this remuneration policy if such transfer does not result in any obligations of the Company to make contributions or create corresponding provisions in the balance sheet and complies with applicable law.

### **2.3.2 Severance**

**Severance in accordance with “BMSVG”** (Pensions for Employed and Self-employed Persons Act (*Betriebliches Mitarbeiter- und Selbstständigenvorsorgegesetz*))

In general, members of the Management Board are subject to the BMSVG and corresponding contributions must be made to the competent social security institution. They have to assert any claims to severance payments against the external social security institution.

**The “previously applicable law on severance pay”**

Only in the case of a management agreement is subject to the previously applicable law on severance pay (*Altvertrag*), the management agreement provides for a severance pay in line with the “previously applicable law on severance pay” pursuant to the Austrian Employees’ Act (*AngG*) taking into account any industry-specific increase of severance pay in the event of the employee leaving the company due to long-term illness or retirement.

If the Management Board function commences as of 1 January 2020, any claims under the previously applicable law on severance pay due to previous services provided within the Group should be paid out (*abgefertigt*), if possible and practicable to ensure that the new severance regime under the BMSVG applies.

### **2.3.3 Annual leave**

Any unclaimed annual leave of up to 90 days will be subject to a financial compensation at time a member of the Management Board leaves the company.

### **2.3.4 Claims if a member of the Management Board leaves the Company during the term of office or is notified on short notice that he or she will not be reappointed**

In the event of the revocation of the appointment of a member of the Management Board without fault, the respective member is entitled to the fixed remuneration until the date on which the term of office would have expired without the revocation, however, no longer than for 24 months and, in the case of long-term illness, no longer than for 12 months. If the respective member of the Management Board receives a pension under mandatory social security provisions (occupational disability), the fixed remuneration will be paid for no longer than six months.

If a member of the Management Board has not been notified at least six months prior to the expiry of the term of office that he or she will not be reappointed and such member has not culpably caused any ground that would justify the Company's revocation, he or she is entitled to the fixed remuneration for a period of six months commencing with the receipt of the notification.

### **2.3.5 Other payments and benefits in connection with the termination**

The Supervisory Board Committee for Management Board matters can grant any additional payments or benefits to a member of the Management Board in connection with the termination of the employment relationship exceeding the contractual and/or legal obligations if the Committee can, based on reasonable information, assume that this would be in the interest of the Company.

### **2.3.6 Death benefits**

The management agreements with members of the Management Board who are active on 31 December 2019 also provide for death benefits, i.e. one sixth of the annual fixed remuneration, respectively annual pension will be paid to surviving relatives in the event of death. Any members of the Management Board appointed as of 1 January 2020 are not entitled to death benefits.

## **2.4 Deviations from the remuneration policy**

Deviations from this remuneration policy required to promote the long-term development of the Company or to ensure its profitability are permitted subject to the following conditions and applicable law.

### **2.4.1 Occurrence of extraordinary circumstances**

The following are extraordinary circumstances:

- Material events or changes of one or several key markets, respectively economies in the Group's business territory.
- Material amendments to the domestic or international mandatory legal framework (laws, regulations, etc.) or any material changes to the practices of supervisory or other authorities relevant for the company.
- Unforeseen exit of a member of the Management Board if it can be assumed that the appointment of a replacement member would be severely prejudiced in the case of compliance with this remuneration policy.

With regard to any amendments relating to the bonus, see clause 2.2.2 lit. a) under the heading "targets".

### **2.4.2 Proportionality and interference only to the minimum extent possible**

In the event of extraordinary circumstances (clause 2.4.1.), any decision to deviate from this remuneration policy must be proportionate. To the extent possible, any deviations must be reduced to a minimum and must have the least possible impact over time.

### **2.4.3 Competence and transparency**

Any deviation from this remuneration policy is subject to a corresponding resolution of the Supervisory Board upon proposal of the Supervisory Board Committee for Management Board matters. The proposal must also include details of the occurrence of extraordinary circumstances (clause 2.4.1.). Furthermore, the proposal must provide for a justification how these extraordinary circumstances relate to the proposed deviation from the remuneration policy and explain the extent to which the interference is proportional and has been reduced to a minimum.

The deviation and its reasons must be reported in the next possible General Meeting.

## APPENDIX – LEGAL PROVISIONS

---

### *Section 78a Austrian Stock Corporation Act (AktG)*

#### **Principles for the remuneration of members of the management board of listed companies**

**Section 78a.** (1) The supervisory board of a listed company must prepare principles for the remuneration of the members of the management board (remuneration policy).

(2) The remuneration policy must promote the business strategy and the long-term development of the company as well as explain how it promotes these objectives. The remuneration policy must be drafted in plain and intelligible language and provide for a description of the fixed and variable parts of the remuneration granted to the members of the management board, including any bonuses and other benefits of whatever nature and the respective proportion of the variable to the fixed remuneration.

(3) The remuneration policy must also explain the extent to which the remuneration and working conditions of the employees of the company have been taken into account in the course of the determination of the remuneration policy.

(4) If the company grants variable parts of the remuneration, the remuneration policy must provide for a clear and comprehensive explanation of the relevant criteria. The remuneration policy must specify the financial and non-financial performance criteria including any criteria relating to the corporate social responsibility of the company. Furthermore, the remuneration policy must explain the extent to which these criteria promote the objectives specified in para 2 and the methods used to determine whether these criteria are satisfied. The remuneration policy must include information about any vesting periods and whether the company has the option to reclaim any variable parts of the remuneration.

(5) If the company grants a share-based remuneration, the remuneration policy must specify vesting and retention periods as well as the extent to which any share-based remuneration promotes the objectives specified in para 2.

(6) The remuneration policy must include information about the term of the agreements with the members of the management board, relevant notice periods, material features of any additional pension schemes and early retirement programmes, terms applicable upon termination as well as any payments owed in the event of termination.

(7) The remuneration policy must also explain the process how this policy is determined, reviewed, and implemented and how it prevents conflicts of interest or deals with such conflicts. If applicable, the responsibilities of the remuneration committee or any other relevant committees must be described.

(8) In the event of exceptional circumstances, the company can deviate from the remuneration policy on a temporary basis to the extent it provides for a description of the processes in connection with such deviation and if it specifies the sections of the remuneration policy which allow for a deviation. Exceptional circumstances are only deemed circumstances in which it is required to deviate from the remuneration policy in the interest of the long-term development of the company or if this is necessary to ensure its profitability.

(9) Each reviewed version of the remuneration policy must include a description and explanation of its material amendments. This also requires a detailed explanation about whether and to which extent the voting in the general meetings and opinions of the shareholders relating to the remuneration policy and the remuneration reports were taken into account since the previous vote on the remuneration policy in the general meeting.

# Part II MEMBERS OF THE SUPERVISORY BOARD

## 1. INTRODUCTION

---

### 1.1 Scope

This remuneration policy applies to the members of the Supervisory Board of the Company.

### 1.2 Content and objectives, principles of the remuneration policy (Supervisory Board)

The remuneration policy has in particular the objective to increase the transparency in connection with the remuneration of the members of the Supervisory Board. It aims to provide for a clear overview of the remuneration of members of the Supervisory Board (subject to the approval by the General Meeting) as well as of the objectives and principles of the remuneration policy.

- The financial terms and other benefits offered to a member of the Supervisory Board must be sufficiently attractive to identify and retain suitable individuals who are willing, respectively capable to perform the tasks and responsibilities in connection with their function.
- Furthermore, these terms and other benefits must also be sufficiently attractive to ensure a diverse selection process for candidates for the Supervisory Board.
- Considering their specific role, the members of the Supervisory Board's remuneration will not be a variable compensation subject to the achievement of predefined targets.

### 1.3 Promotion of the business strategy and long-term development of the Company

The remuneration should be proportional to the tasks and services of the members of the Supervisory Board, the success of the Company, and the customary remuneration. It should also ensure that the Supervisory Board member acts in line with the objective of a sustainable business development.

### 1.4 Process

This remuneration policy has been approved by the Supervisory Board of the Company.

This remuneration policy must be submitted to the General Meeting for the first time in 2020 and thereafter at least every four years as well as in the case of any material changes. The respective applicable version of this remuneration policy must be published, and remain accessible, on the Company's website after the vote in the General Meeting.

## **1.5 Review and update**

The Supervisory Board considers the remuneration policy. It is entitled to instruct (external) advisors at its discretion as and when required.

If the remuneration policy must be amended to reflect any regulatory changes or any other requirements, the Supervisory Board will submit a corresponding proposal.

## **2. REMUNERATION PRACTICES**

---

### **2.1 General principles**

#### **2.1.1 Term of office**

Members of the Supervisory Board are appointed by the General Meeting for the term of office provided by law, respectively the Articles of Association unless the General Meeting passes a resolution to the contrary.

#### **2.1.2 Conflicts of interest**

Conflicts of interests of members of the Supervisory Board are prevented by the following: Pursuant to the Company's Articles of Association (section 15 para 2 lit. I) the conclusion of agreements with members of the Supervisory Board for a consideration, which is not merely insignificant, pursuant to which such members agree to provide services to the Company or any of its subsidiaries in addition to their responsibilities as a member of the Supervisory Board requires the consent of the Supervisory Board. This also applies to agreements with companies in which a member of the Supervisory Board has a significant economic interest.

#### **2.1.3 Remuneration and conditions of employment of the Company's employees**

The remuneration of the Supervisory Board is reasonable considering the conditions for remuneration and employment of the Company's employees.

### **2.2 Remuneration of members of the Supervisory Board**

The remuneration of the members of the Supervisory Board is subject to the approval of the General Meeting (section 14 para 1 of the Articles of Association).

The remuneration does not include a variable remuneration (which would be subject to the achievement of targets) unless the General Meeting passes a resolution to the contrary.

Pursuant to the respective resolution of the General Meeting, the members of the Supervisory Board receive a monthly remuneration (the amount of such remuneration depends on whether the member acts as chairman/chairwomen, deputy chairman/chairwomen, or a simple member) and are entitled to an attendance fee per meeting (irrespective of the specific function), including for committee meetings.

Members of the Supervisory Board are insured persons within the meaning of the D&O insurance taken out by Wiener Städtische Wechselseitige Versicherungsverein – Vermögensverwaltung – Vienna Insurance Group as part of its Group insurance.

### **2.3 Deviations from the remuneration policy**

Any deviation from the remuneration policy for the Supervisory Board is subject to the approval of the General Meeting.