

# **Consolidated Corporate Governance Report**

**PALFINGER**  
Annual Report 2022

# CONSOLIDATED CORPORATE GOVERNANCE REPORT

## DECLARATION PURSUANT TO SECTION 243C AND SECTION 267B OF THE AUSTRIAN BUSINESS CODE (UNTERNEHMENSGESETZBUCH, UGB)

PALFINGER is committed to the standards of the Austrian Code of Corporate Governance ([www.corporate-governance.at](http://www.corporate-governance.at)), satisfies the requirements of the binding L-rules (legal requirements), and adheres to nearly all C-rules (comply or explain) of the Code.

Only the requirements for C-rules no. 39 and no. 53 (independence of the Supervisory Board and independence of the committee members) are not met.

PALFINGER AG does not fully adhere to rule no. 53 because criteria for the independence of the Supervisory Board have not been defined.

With the Palfinger family, which directly or indirectly holds around 56.4 percent of the shares, PALFINGER AG has a stable core shareholder who is also represented on the Supervisory Board. HP Immobilien GmbH is a 100 percent subsidiary of the PALFINGER private foundation. Hubert Palfinger and Hannes Palfinger are beneficiaries of the PALFINGER private foundation. PALFINGER AG rents commercial space at the Kasern location from HP Immobilien GmbH and consequently has a business relationship with it.

Gerhard Rauch is the managing partner of Walser GmbH and Chairman of the Board of Directors of Walser Schweiz AG. Walser Schweiz AG is a PALFINGER authorized dealer for Switzerland and Liechtenstein.

All members of the Supervisory Board of PALFINGER AG were elected by the Annual General Meeting. The performance of the members of the Supervisory Board to date has made a significant contribution to the success of PALFINGER AG in recent years. The balanced composition of the Supervisory Board, the prudent selection of the individual members based on professional and personal characteristics, and their knowledge of the company and the entire industry were of great importance.

If members of the Supervisory Board have conflicts of interest, they must immediately disclose this to the Chairman of the Supervisory Board in accordance with Rule 46 ÖCGK. No conflicts of interest were reported in the 2022 financial year.

This procedure and approach also apply with respect to the committee members (rule no. 39).

In accordance with Rule No. 48, three agreements with supervisory boards or with companies in which a supervisory board has a significant economic interest were submitted to the Supervisory Board for approval in 2022. In August 2022, the Supervisory Board approved the takeover of credit lines from PALFINGER Privatstiftung on terms and conditions that were advantageous for PALFINGER AG. The takeover was effected upon payment of an amount of 180,000 EUR to PALFINGER Private Foundation. Hubert Palfinger and Hannes Palfinger are beneficiaries of the PALFINGER Private Foundation. In November 2022, the Supervisory Board approved an early repayment of the outstanding final installment from a letter of indemnity issued by Hubert Palfinger and Hannes Palfinger for a claim of the Company against the estate of Hubert Palfinger Senior. For the early repayment by Hubert Palfinger and Hannes

Palfinger and other guarantors, a discount of less than half of the interest advantage resulting for the Company was granted. The total repayment amount therefore decreased from EUR 3.806.014,68 to EUR 3.765.014,68. In December 2022, the conclusion of a new standard dealer agreement with Walser Schweiz AG was approved by the Supervisory Board. Gerhard Rauch is the managing partner of Walser GmbH and Chairman of the Board of Directors of Walser Schweiz AG. The dealer agreement does not provide for any remuneration in the narrower sense, but PALFINGER's authorized dealers are usually granted a dealer discount on the purchase of contract goods, which could be regarded as remuneration.

[www.palfinger.ag/en/investors/corporate-governance](https://www.palfinger.ag/en/investors/corporate-governance); [www.corporate-governance.at](https://www.corporate-governance.at)

## GOVERNING BODIES OF THE COMPANY AND FUNCTIONING OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD PURSUANT TO SECTION 243C(2) AND SECTION 267B OF THE UGB

In accordance with the Austrian Stock Corporation Act (Aktengesetz, AktG), the Executive Board of PALFINGER AG manages the company under its own responsibility in the best interest of the company, taking into consideration the interests of all stakeholders. The foremost principles include fostering a positive working relationship and continuous communication with the other members of the board, keeping an open mind, and reaching decisions quickly and efficiently. The Executive Board directs the management teams responsible for operations in the individual segments and/or businesses and functions. In addition, the Executive Board is represented in the management of several PALFINGER holding companies in Austria. Martin Zehnder is also a member of the Supervisory Board of Palfinger Europe GmbH.

The Supervisory Board of PALFINGER AG supervises the company's management and supports the Executive Board with major decisions. The foundation of good corporate governance is open communication between the Executive Board and the Supervisory Board and within the respective Boards. This has been a long tradition at PALFINGER.

In accordance with Rule 36 ÖCGK, the Supervisory Board deals annually with the efficiency of its activities, in particular with its organization and working methods (self-evaluation).

### EXECUTIVE BOARD

The Executive Board of PALFINGER AG comprised three people over the entire fiscal year 2022.

Name		Initial appointment	End of the term of office	Diversity factors <sup>1)</sup>
<b>Andreas Klauser</b>	(CEO)	6/1/2018	5/31/2028	male; born in 1965; AT
<b>Felix Strohbichler</b>	(CFO)	10/1/2017	12/31/2027	male; born in 1974; AT
<b>Martin Zehnder</b>	(COO)	1/1/2008	12/31/2023	male; born in 1967; CH

<sup>1)</sup> Diversity factors include gender, age, and nationality.

#### Andreas Klauser

CEO – CHIEF EXECUTIVE OFFICER (SINCE JUNE 1, 2018)

Born in 1965, Andreas Klauser began his career at STEYR Landmaschinentechnik in Upper Austria. He was responsible for the integration of twelve brands and nine business units in Turin, Italy, as the COO of CNH Industrial for the EMEA region until 2015. Most recently, Klauser was a member of the CNH Industrial board of directors based in the USA and Global Brand President of Case IH and STEYR. Andreas Klauser has been Chief Executive Officer of PALFINGER AG since June 2018. In this capacity, his responsibilities include Sales & Service, Business Development,

P21st/Digital Transformation, Human Resources, Marketing & Communication, Sustainability, as well as Investor Relations and Sponsoring.

Andreas Klauser is also chairman of the supervisory boards of Trivest AG.

### **Felix Strohbichler**

CFO – CHIEF FINANCIAL OFFICER (SINCE OCTOBER 1, 2017)

Born in 1974, Strohbichler became head of PALFINGER's Legal department in 2000. He went on to hold numerous executive positions in several areas of the PALFINGER Group, most recently that of EMEA Area Manager in charge of Marketing, Sales and Service, and Finance and Controlling. From May 2015 to September 2017 Strohbichler was managing director of B&C Industrieholding GmbH. In his capacity as CFO of PALFINGER AG, he has been responsible for the areas of Controlling, Accounting, Tax, Treasury, Legal, Risk Management, Internal Auditing, Compliance, Sales & Operations Planning, Process and Quality Management, and Information and Communications Technology since October 2017.

### **Martin Zehnder**

COO – CHIEF OPERATING OFFICER (SINCE JANUARY 1, 2008)

Born in 1967, Martin Zehnder began his career at Alstom Schienenfahrzeuge AG in 1984. From 2000 to 2005 he was managing director of development and production at Keystone Europe in France. In 2005, Zehnder took charge of all production facilities in the PALFINGER Group as Global Manufacturing Manager. Since 2008 he has been responsible for the worldwide manufacturing and assembly area as Chief Operating Officer. In addition, his responsibilities include Product Line Management, Research & Development, Procurement, Health, Safety & Environment (HSE), and Supply Chain Management.

Martin Zehnder is also a member of the supervisory board of Rosenbauer International AG.

The Board of Management has overall responsibility for sustainability. The functions of Group Data Protection Officer and Issuer Compliance Officer also report to the full Board of Management.

 Group Management Report, Remuneration of the Executive Board and Supervisory Board, page 76

## **SUPERVISORY BOARD**

In 2022, the Supervisory Board of PALFINGER AG initially consisted of seven members elected by the Annual General Meeting and three members delegated by the Works Council. At the Annual General Meeting held on 24 March 2022, Mr. Hannes Bogner was elected to the Supervisory Board for another five years. On September 23, 2022, Ms. Cai resigned from the Supervisory Board with immediate effect. The Supervisory Board was chaired by Hubert Palfinger. His deputies were Gerhard Rauch and Hannes Palfinger.

Six Supervisory Board meetings (four ordinary meetings, one constituent meeting and one extraordinary meeting) were held in 2022. The main topics of the Supervisory Board meetings in 2022 were: the current business development, as well as the effects of the challenging economic conditions in connection with Covid 19, the Ukraine war and the difficult situation on the procurement and energy markets. Other focal points included measures to reduce costs and capital employed, integration, restructuring and expansion projects, risk management and the internal control system as well as anti-corruption measures, sustainability priorities and the strategic orientation of the PALFINGER Group for the coming years.

 Group Management Report, Report of the Supervisory Board, p. 170

Name	Initial appointment	End of the term of office	Diversity factors <sup>2)</sup>
<b>Hubert Palfinger</b> (Chairman of the Supervisory Board since 12/10/2013)	4/13/2005	AGM 2025	male; born in 1969; AT
<b>Gerhard Rauch</b> (First Deputy Chairman since 6/6/2016)	3/9/2016	AGM 2026	male; born in 1963; AT
<b>Hannes Palfinger</b> (Second Deputy Chairman since 12/10/2013)	3/30/2011	AGM 2026	male; born in 1973; AT
<b>Hannes Bogner</b>	3/8/2017	AGM 2027	male; born in 1959; AT
<b>Ellyn Shenglin Cai</b>	3/7/2018	Mandate resigned 9/23/2022	female; born in 1986; CN
<b>Isabel Diaz Rohr</b>	8/5/2020	AGM 2025	female; born in 1967; ESP/GER
<b>Sita Mazumder</b>	7/4/2021	AGM 2026	female; born in 1970; CH
<b>Johannes Kücher<sup>1)</sup></b>	2/6/2015	<sup>1)</sup>	male; born in 1963; AT
<b>Alois Weiss<sup>1)</sup></b>	2/13/2006	<sup>1)</sup>	male; born in 1962; AT
<b>Erwin Asen<sup>1)</sup></b>	12/20/2017	<sup>1)</sup>	male; born in 1971; AT

<sup>1)</sup> Delegated by the works council.

<sup>2)</sup> Diversity factors include gender, age, and nationality.

## Hubert Palfinger

Chairman of the Supervisory Board

After 15 years in various companies of the PALFINGER Group, Hubert Palfinger took over the management of Industrieholding GmbH in 2004. He has been a member of the Supervisory Board of PALFINGER AG since 2005 and became Deputy Chairman in September 2008. In 2013, he was elected Chairman of the Supervisory Board. Hubert Palfinger is also managing director of HP Immobilien GmbH.

## Gerhard Rauch

First Deputy Chairman

As a managing partner of the Walser Group, Gerhard Rauch has wide-ranging experience in truck body manufacturing and vehicle construction and has worked with the PALFINGER Group in this business area for decades. Mr. Rauch is managing partner of Walser GmbH and chairman of the board of Walser Schweiz AG (general agency Palfinger). He is also Chairman of the Board of Directors of Walser Zizers AG, Managing Partner of Kulhay Yachtwerft GmbH and managing partner of G.R. Property Ltd. Mr. Rauch is also Co-owner of Rauch Fruchtsäfte GmbH & Co OG. Furthermore, Mr. Rauch is the economic co-owner of Rauch Private foundation and beneficial owner of E.R. private foundation. He has been a member of the supervisory board since 2016 PALFINGER AG and 1st Deputy Chairman.

## Hannes Palfinger

Second Deputy Chairman

After studying business administration and pursuing a career as an athlete, Hannes Palfinger spent three years working for PricewaterhouseCoopers in Vienna as an assistant auditor. From 2007 to 2010, he held an executive position at Palfinger Systems GmbH. Hannes Palfinger is currently managing director of Clear Holding GmbH, HP Immobilien GmbH, Industrieholding GmbH, and Audiodata Lautsprecher GmbH. He has been a member of the Supervisory Board of PALFINGER AG since 2011 and Second Deputy Chairman since 2013.

## Other positions held by members of the Supervisory Board

### Hannes Bogner

In addition to being a member of the Supervisory Board of PALFINGER AG, Hannes Bogner has a seat on the supervisory boards of Oberbank AG, BKS Bank AG, and the Bank für Tirol und Vorarlberg AG.

### Ellyn Shenglin Cai

In addition to being a member of the Supervisory Board of PALFINGER AG, Ellyn Shenglin Cai is Secretary of the Board of Directors and Head of Securities Investment Office of Sany Heavy Industry Co., Ltd and a member of the supervisory board of Putzmeister Holding GmbH.

## Isabel Diaz Rohr

In addition to her function as a member of the Supervisory Board of PALFINGER AG, Isabel Diaz Rohr has also been a member of the Shareholders' Committee of Voith Management GmbH since 1 October, 2021, and a member of the Supervisory Board of Voith GmbH & Co. KGaA since 7 December, 2021.


## Sita Mazumder

Sita Mazumder was elected to the Supervisory Board of PALFINGER AG on 7 April 2021. In addition to her function as a member of the Supervisory Board of PALFINGER AG, Ms. Mazumder is a member of the Supervisory Board of Josef Manner & Comp AG (Vienna), where she chairs the Digitization Committee and a member of the Federal Electricity Commission ElCom (Berne), where she chairs the Market Surveillance Committee. Furthermore, Ms. Mazumder is a member of the Board of Directors and the Nomination and Compensation Committee of Clientis AG (Bern), where she is the chairwoman of the strategy committee, Vice-President of the Board of Directors of Hiltl AG (Zurich), and a member of the Board of Directors of Helsana AG.

Apart from Hubert Palfinger and Hannes Palfinger, no Supervisory Board member owns stock or represents the interests of a holding of more than 10 percent in PALFINGER AG.

In accordance with Rule No. 58 of the Austrian Corporate Governance Code, it is pointed out that Ms. Cai did not attend the three (out of a total of six) meetings of the Supervisory Board in 2022 until her departure from office.

 [www.palfinger.ag/en/company/management](https://www.palfinger.ag/en/company/management)

 Remuneration of the Executive Board and Supervisory Board, p. 76

# SUPERVISORY BOARD COMMITTEES

## Audit Committee

The decision-making authority of the Audit Committee of PALFINGER AG complies with the provisions of the AktG. In 2022, the Audit Committee held three meetings dealing with the 2022 financial statements, the internal control system, risk management, IFRS/accounting topics, internal audits, and cooperation with the independent auditor.

The following were members of the Audit Committee in 2022: Hannes Bogner (Chairman, financial expert), Hubert Palfinger, Gerhard Rauch, Hannes Palfinger, and Johannes Kücher.

## Nomination Committee

The election to the Supervisory Board by the Annual General Meeting is preceded by an election proposal by the Supervisory Board to the Annual General Meeting. This election proposal is based on a nomination by the nomination committee. If they are not elected for a shorter period of office, the members of the Supervisory Board are elected for the period up to the end of the Annual General Meeting that decides on the discharge for the fourth financial year after the election, not counting the financial year in which the election took place. When electing members of the Supervisory Board, the general meeting must pay attention to the professional and personal qualifications of the members in accordance with Section 87 (2a) AktG and to a professionally balanced composition of the Supervisory Board with regard to the structure and business area of the company. Furthermore, aspects of the diversity of the Supervisory Board with regard to the representation of both genders and the age structure as well as with regard to the internationality of the members must be adequately taken into account. Care must also be taken to ensure that no one is elected to the Supervisory Board who has been convicted of a criminal act that calls into question his or her professional reliability.

The Nomination Committee held two meetings in 2022. The following topics were discussed in particular: the cooperation and working methods of the Executive Board, the extension of Mr. Strohbichler's Executive Board mandate beyond December 31, 2022, the extension of Mr. Klauser's Executive Board mandate beyond May 31, 2023, and the

preparation of proposals for filling a vacant Supervisory Board mandate in the course of the 2022 Annual General Meeting.

The following were members of the Nomination Committee in 2022: Hubert Palfinger (Chairman), Gerhard Rauch, Hannes Palfinger, Hannes Bogner (as of April 2022) and Isabel Diaz Rohr (as of December 2022).

## **Remuneration Committee**

At its three meetings in 2022, the Remuneration Committee dealt with the remuneration of Executive Board members and held feedback discussions with each member of that Board. Furthermore, the Remuneration Committee 2022 was involved in the preparation of a new long-term-incentive-program for the Executive Board as well as the remuneration report for the Annual General Meeting 2022.

The following were members of the Remuneration Committee in 2022: Hubert Palfinger (Chairman), Gerhard Rauch, Hannes Palfinger, Hannes Bogner (as of April 2022) and Isabel Diaz Rohr (as of December 2022).

 **Remuneration of the Executive Board and Supervisory Board, p. 76**

## **Project Committee**

The Project Committee is entrusted with the in-depth examination of research and development projects and the preparation of related reporting and resolution items for the Supervisory Board. In its two meetings in 2022, the Project Committee dealt in particular with the organization of Product Line Management & Engineering and the current projects in both the product lines and the Centers of Excellence.

Members of the Project Committee in 2022 were: Hubert Palfinger (Chairman), Hannes Palfinger, Isabel Diaz Rohr, Johannes Kücher.

## **Digital Committee**

The Digital Committee focuses in detail on digital technologies and the preparation of items for reports and resolutions on this issue for the Supervisory Board. In its two meetings in 2022, the Digital Committee in particular undertook ongoing monitoring of existing projects and digitalization initiatives in the business units and shed light on data protection organization and compliance.

Members of the Digital Committee in 2022: Sita Mazumder (Chair), Isabel Diaz Rohr, Hannes Palfinger, Johannes Kücher.

## **AUDITOR**

PwC Wirtschaftsprüfung GmbH, Vienna, was proposed by the Supervisory Board as the auditor of the 2022 financial statements and consolidated financial statements of PALFINGER AG and elected by the Annual General Meeting on March 24, 2022.

 **Auditor's reports, p. 163**

# DIVERSITY PLAN

PALFINGER understands diversity to include not only primary dimensions such as origin, cultural background, gender, and generations, but also secondary dimensions such as a person's working style, values, knowledge, and skills. PALFINGER is convinced that diversity, as part of its corporate culture, benefits all stakeholders and employees.

When proposing candidates to the Annual General Meeting for Supervisory Board mandates and when nominating Executive Board members, care is taken to achieve a balance according to professional and diversity-related aspects. This approach helps to ensure the professional and successful work of the Supervisory Board and Executive Board. In addition to professional and personal qualifications, criteria such as age structure, origin, gender, education and experience background are also taken into account. In its diversity strategy, PALFINGER defines specific goals and initiatives to increase diversity within the Group by 2022. These include: English as the common Group language, internationalization and intercultural understanding of the staff, family-friendly framework conditions, and a global transfer of knowledge.

In 2021, PALFINGER defined global "mobile working principles" and thus a new standard for mobile and more flexible working at PALFINGER. This flexibility as an integral part of day-to-day corporate practice allows rapid responses to achieve a better balance between professional, private, and family issues. At PALFINGER, mobile working is possible for up to 100 days a year, provided it makes sense in the context of the task. The mobile working principles should be seen as a guide framework that has to be adapted according to the circumstances in a given country.

Two defined quantitative targets underpin this diversity plan: The share of representatives of other nationalities at corporate headquarters in Austria should increase considerably so that PALFINGER can benefit more from the numerous advantages provided by a diverse environment. PALFINGER intends to achieve a 20 percent share of international employees at its headquarters by 2022. However, PALFINGER's commitment to its Austrian roots remains undiminished. In addition, by 2022, the same proportion of women is to be reached at the top management levels as prevails in the PALFINGER Group as a whole.

In 2022, the previous diversity strategy within the Group was redefined. The setting of the corresponding targets will take place in 2023 and 2024.

## PROMOTION OF WOMEN ON THE EXECUTIVE BOARD, SUPERVISORY BOARD AND IN MANAGEMENT POSITIONS

There are currently no women on PALFINGER's Management Board. Three women were involved in the Supervisory Board and five top management positions in the Global Management Team were held by women in the 2022 fiscal year. In 2022, the share of women in the Group was 13.3 percent, compared to a share of women in top management of 8.3 percent. At the levels below, the share of female managers roughly corresponds to the gender ratio of the Group as a whole. PALFINGER specifically addresses female high potentials at job fairs, is involved in women's networks on a selective basis and supports, for example, the "Mini Girls Day" and "Neugierig ins Leben" (Curious about Life) organized by the province of Salzburg. PALFINGER is increasingly trying to recruit women for new and follow-up management positions.



# REMUNERATION OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD

At the Annual General Meeting on August 5, 2020, a resolution was passed regarding the remuneration policy of Palfinger AG. Further, remuneration of the Supervisory Board in fiscal year 2020 and the ensuing years was revised. A further adjustment to Supervisory Board compensation was made at the Annual General Meeting on April 7, 2021. The compensation policy and the compensation report in accordance with § 78c and § 98a AktG is available to all interested parties on the company website ([www.palfinger.ag](http://www.palfinger.ag)).

 [www.palfinger.ag/en/investors/corporate-governance](http://www.palfinger.ag/en/investors/corporate-governance)

## EXTERNAL EVALUATION

According to C-rule 62 of the Austrian Corporate Governance Code (ÖCGK), the company must regularly, but at least every three years, appoint an external institution to assess the company's compliance with the Code's C-rules. PALFINGER has appointed PWC Wirtschaftsprüfung GmbH to assess the 2021 Corporate Governance Report with the exception of rules 77 through 83. Compliance with rules 77 through 83, providing these are C-rules, was assessed by Schönherr Rechtsanwälte GmbH..

The assessment came to the conclusion that PALFINGER satisfies the requirements of the binding L-rules (legal requirements) and adheres to nearly all C-rules (comply or explain) of the Austrian Code of Corporate Governance as amended in January 2021.

The reports on the external evaluation in accordance with Rule 62 ÖCGK are also available on the company website ([www.palfinger.at](http://www.palfinger.at)).

Bergheim, February 23, 2023

**Andreas Klauser**  
CEO

**Felix Strohbichler**  
CFO

**Martin Zehnder**  
COO

 Konzernabschluss, Angaben über Geschäftsfälle mit nahestehenden Unternehmen und Personen, Seite 166

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