PALFINGER AG

Bergheim, FN 33393 h

Proposed resolutions of the Executive Board and the Supervisory Board for the 35th Annual General Meeting

March 30, 2023

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 fiscal year 2022**

   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 2022 financial statements have already been approved by the Supervisory Board and have thus been adopted.

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

   The Executive Board and the Supervisory Board propose that the net result for the year as reported in the adopted financial statements as at December 31, 2022 in the amount of EUR 232,667,139.22 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 26,770,391.34
(ii)	Carry-forward of the remaining amount of to a new account	EUR 205,896,747.88

   The dividend payment date is April 6, 2023.

3. **Resolution on release of the members of the Executive Board from liability for their management activities in the fiscal year 2022**

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

The Executive Board and the Supervisory Board propose that the members of the Supervisory Board holding office in the fiscal year 2022 be released from liability for their management activities during this period.

5. Selection of the independent auditor for the financial statements and consolidated financial statements for the fiscal year 2023

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 2023.

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. Resolution on the remuneration report

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

This remuneration report is to provide a comprehensive overview of the remuneration paid in the course of the past 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, 2023, 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 in accordance with Sec. 1 para. 2023 of the Stock Corporation Act.

The Executive Board and Supervisory Board propose that the remuneration report for fiscal year 2022 available on the website recorded in the commercial register be adopted.

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

7. Resolution on the (amended) remuneration policy

The Supervisory Board of a listed company must formulate the principles for the remuneration of the members of the Executive Board and the Supervisory Board in accordance with Sec. 78a in conjunction with Sec. 98a of the Stock Corporation Act (remuneration policy) and make a proposal for a resolution on the remuneration policy by the Annual General Meeting in accordance with Sec. 108 para. 1 of the Stock Corporation Act.

The remuneration policy must be submitted to the Annual General Meeting for a vote at least every fourth fiscal year and whenever there is a material change.

The Annual General Meeting's vote on the remuneration policy is a recommendation. The resolution cannot be contested (Sec. 78b para. 1 of the Stock Corporation Act).

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

The Supervisory Board of PALFINGER AG revised and updated the principles for remunerating the members of the Executive Board and Supervisory Board in accordance with Sec. 78a in conjunction with Sec. 98a of the Stock Corporation Act at its meeting of February 23, 2023 (remuneration policy). This resulted in significant changes to the principles governing the remuneration policy for the Executive Board and will therefore once again be presented for resolution at the Annual General Meeting on March 30, 2023.

The remuneration policy will be made available on the PALFINGER AG website recorded in the commercial register, www.palfinger.com, no later than March 09, 2023 (the 21st day before the AGM).

The Supervisory Board proposes to adopt the remuneration policy with regard to the principles for the remuneration of members of the Executive Board and the Supervisory Board, as made available on the website registered in the commercial register.

The (updated) remuneration policy is attached to this proposed resolution as Annex ./2.

8. Resolution on the amendment of item 3 in the articles of association "Company publications"

The Executive Board and the Supervisory Board suggest that the articles of association be amended in point 3. "Company publications" so that this provision now reads as follows:

„3. Company publications

To the extent required and as long as required by the Stock Corporation Act, the company publishes announcements in the Official Gazette of the Wiener Zeitung or on the federal electronic announcement and information platform (EVI). In all other respects, the company publishes announcements in accordance with the applicable legislation."

Statement of grounds:

Certain announcements by listed stock companies must currently be published in the Wiener Zeitung's official gazette, such as the invitation to the general meeting.

As mentioned in the media, the Federal Government is planning to replace the Wiener Zeitung's Gazette for official announcements with a federal electronic announcement and information platform (EVI).

The upcoming Annual General Meeting on March 30, 2023 should be used as an opportunity to amend accordingly point 3 of the articles of association regarding publication of the company's announcements.

9. Resolution on the amendment of the articles of association in item 23. "Remote participation and voting, transmission and recording of the Annual General Meeting, virtual Annual General Meeting"

The Executive Board and the Supervisory Board propose that the articles of association in Item 23 be amended in such a way that the heading of Item 23 reads in future "Remote participation and remote voting, transmission and recording of the Annual General Meeting, virtual Annual General Meeting" and that the following paragraphs 23.7 to 23.15 be added so that these provisions now read as follows:

„23. Remote participation and voting, transmission and recording of the Annual General Meeting, virtual Annual General Meeting

23.7 In accordance with the provisions of the federal act on holding virtual shareholder meetings (VirtGesG), an Annual General Meeting can be held without the participants being physically present (**virtual Annual General Meeting**). With the approval of the Supervisory Board, the Executive Board decides on the form of meeting, i.e. whether the Annual General Meeting will be held (i) with the participants being physically present, (ii) without the participants being physically present (virtual Annual General Meeting), (iii) a simple virtual meeting (Sec. 2 VirtGesG) or a moderated virtual meeting (Sec. 3 VirtGesG) (Sec. 1 para. 2 and 4 VirtGesG) or (iv) as an Annual General Meeting at which each participant can decide between physical and virtual participation (hybrid Annual General Meeting) (Sec. 1 para. 4 VirtGesG). If the Annual General Meeting is convened by the Supervisory Board, it is up to the Supervisory Board to decide on one of the forms of meeting described above.

23.8 Insofar as organizational and technical specifications for a virtual or hybrid Annual General Meeting are not laid down by the provisions of the VirtGesG or in the articles of association, they must be made by the Executive Board or the Supervisory Board as the convening body.

23.9 In addition, the Executive Board or Supervisory Board is appointed as the convening body to make all decisions necessary to hold a virtual Annual General Meeting or a hybrid Annual General Meeting.

23.10 In the invitation to the virtual Annual General Meeting or in corresponding information, which is made available on the company's website from the 21st day before the Annual General Meeting, it must be stated which organizational and technical requirements exist for participation in the virtual Annual General Meeting.

23.11 The holding of a moderated virtual meeting is permitted in accordance with Sec. 3 VirtGesG and the provisions of the Articles of Association. The virtual Annual General Meeting is visually and acoustically broadcasted in real time for the participants. The public broadcast of the virtual Annual General Meeting can also be carried out (Sec. 3 para. 2 VirtGesG).

23.12 Shareholders have the opportunity to communicate during the virtual Annual General Meeting using electronic communication, e.g. by email. If the Chair gives a shareholder permission to speak, the Chair must grant them the opportunity to speak using video communication (Sec. 3 para. 3 VirtGesG). The Chair decides on the sequence of the speakers and also on the time limit for speakers and questions.

23.13 In addition, the company provides shareholders with an electronic communication channel, e.g. email, which they can use to submit questions and propose resolutions to the company no later than the third working day before the Annual General Meeting. The questions and resolutions raised in this way must be read out at the Annual General Meeting or brought to the attention of shareholders in any other appropriate way, e.g. on the company's website (Sec. 5 para. 3 VirtGesG).

23.14 In all votes in the virtual Annual General Meeting, shareholders can exercise their voting rights via electronic communication and, if necessary, also raise an objection in this way. Inline with the technical possibilities, the company may set up and announce a special email address on the day of the Annual General Meeting - which can be used by shareholders to exercise their voting rights or raise objections - and provide special voting software or a corresponding function on the company's website (AGM portal) for the purpose of exercising voting rights or raising an objection.

23.15 At a virtual Annual General Meeting, the company provides shareholders at the company’s expense with at least one suitable special proxy holder independent of the company, who may be authorized by the shareholders to submit resolutions, to vote and, if necessary, to raise an objection during the virtual Annual General Meeting (Sec. 5 para. 4 VirtGesG).”

Statement of grounds:

Both Switzerland and Germany have passed laws to be able to hold Annual General Meetings without the participants being physically present: virtual Annual General Meetings.

The Austrian Stock Corporation Act and points 23.1 to 23.6 of PALFINGER AG's Articles of Association also already contain provisions which enable shareholders to exercise their rights also in the event of them not being physically present: remote participation, remote voting, broadcasting of the Annual General Meeting.

It is expected that a specific law will be passed in Austria this year, which allows virtual Annual General Meetings and regulates their content.

The Executive Board and Supervisory Board would like to use the upcoming Annual General Meeting on March 30, 2023 to amend item 23 of the Articles of Association accordingly.

The Executive Board is authorized to register this amendment to item 23 of the Articles of Association in the commercial register as soon as a federal law has been passed on the conduct of virtual shareholders' meetings (Virtual Shareholder Meetings Act — VirtGesG).

Annex. /1 Remuneration report
Annex. /2 Remuneration policy

Bergheim bei Salzburg, on February 23, 2023

The Executive Board

[signed]
……………………………………..
Andreas Klauser
Chair

[signed]	*[signed]*
……………………………………..	……………………………………..
Martin Zehnder	Felix Strohbichler

Chair of the Supervisory Board

[signed]
…………………………………….
Hubert Palfinger

REMUNERATION REPORT OF PALFINGER AG FOR THE FISCAL YEAR 2022

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

Despite the continued effects on global supply chains of the zero-Covid policy in China, the start of fiscal year 2022 was characterized by the profound economic upturn of the previous year. The management of PALFINGER AG was expecting a positive market environment in EMEA, NAM and LATAM. The Russian war against Ukraine called all forecasts into question from February 24 and resulted in further market disruptions. In addition to the energy crisis caused by the reduction and suspension of Russian gas supplies, the shortage of semiconductors became much worse. In addition, European truck chassis production collapsed for months due to the loss of Ukrainian cable harness production — which immediately led to increased inventory levels and rising costs at PALFINGER.

In view of the extensive challenges and increasing risks, the management team set up the task forces “Gas Emergency Readiness” and “Supply & Operations Resilience”. The former developed measures for the substitution of gas and for securing energy supplies for production. Together with the purchasing department, the latter successfully secured the supply of electronic components.

The rapidly increasing costs had a negative impact on PALFINGER as early as 2021, as the company was only able to pass on price increases to customers with a significant time delay. To ensure cost accuracy and maximum transparency for everyone involved, PALFINGER developed a dynamic pricing model in 2022. This flexible model is based on the EU-27 “Producer Price Index Manufacture of Lifting and Handling Equipment” (PPI), which is relevant for PALFINGER and is updated monthly. Any change in price reflects the development of the PPI. This minimizes the time lag in cost effectiveness for PALFINGER, and at the same time, customers also benefit directly from cost advantages. The company has therefore created an instrument that will benefit everyone affected over the long term, and which takes effect from 2023.

Thanks to the mix of short, medium and long-term actions, PALFINGER was able to optimize its production capacities in EMEA, maintain its own delivery reliability at a high level and significantly expand production for third parties despite high inventory levels and supply difficulties, with truck chassis for example. As forecast by management, the NAM region proved to be an important growth market. Like the LATAM region, the North American market was barely affected by energy and supply chain difficulties. PALFINGER was able to gain significant market shares in both regions due to its region-specific product and service offerings.

Against this background and also influenced by exchange rate effects, PALFINGER achieved record turnover of EUR 2.2 billion in 2022. (2021: EUR 1.84 billion). At EUR 150.4 million, the operating result (EBIT) was slightly lower than in 2021 (EUR 155.0 million). At 6.76 percent, however, the EBIT margin is significantly below the comparable figure for the same period of the previous year (8.4 percent). The delayed effect of passing on price increases had a direct impact on the consolidated net result of EUR 71.4 million (2021: EUR 86.6 million).

In order to implement the Vision & Strategy 2030, which was formulated back in 2021, quickly and sustainably, PALFINGER's management continued to invest in sustainable structures. Based on the two strategic pillars “Go Digital” and “Go for Solutions,” PALFINGER is driving forward the digitalization of the entire production and value chain, as well as the electrification of its product range and the focus on integrated complete solutions.

PALFINGER has had an excellent start to the new year. Q1 of 2023 is expected to be the best 1st quarter in the company's history. PALFINGER is also aiming for new highs in terms of revenue and EBIT for fiscal year 2023. In 2024, a revenue of EUR 2.5 billion is expected from organic growth.

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 2022 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.

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 Remuneration Committee) per chair 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 was paid on this basis in 2022.

III. PRESENTATION OF OVERALL REMUNERATION

III.1. EXECUTIVE BOARD

(Values in EUR thousand, unless stated otherwise)	**Andreas Klauser**			**Martin Zehnder**			**Felix Strohbichler**		
	2020	**2021**	**2022**	**2020**	**2021**	**2022**	**2020**	**2021**	**2022**
Fixed remuneration									
Base salary[1]	590	653	668	451	498	498	402	445	498
Remuneration in kind[2]	32	32	43	27	27	24	25	25	22
Subtotal	**622**	**685**	**711**	**478**	**525**	**522**	**427**	**470**	**520**
Variable remuneration									
Annual bonus (STI)[3]	308	470	413	279	424	354	230	351	354
Special annual bonus[4]	0	200	200	0	0	0	0	0	0
Performance-based Long-Term Incentive (LTI)[5]	1067	743	1203	876	528	821	748	594	1107
Subtotal	**1375**	**1413**	**1816**	**1155**	**952**	**1175**	**978**	**945**	**1461**
Total	**1997**	**2098**	**2527**	**1633**	**1477**	**1697**	**1405**	**1415**	**1981**
Payment of previous year's bonus	454	308	470	414	279	424	339	230	351
Relative proportion of fixed components (in %)	31	33	28	29	36	31	30	33	26
Relative proportion of variable components (in %)	69	67	71	71	64	69	70	67	74
Total 2020/2021/2022					**5,035/4,990/6,205**				

[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 (2020/2021/2022: EUR 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 (2020/2021/2022: 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 2022 was set by the Remuneration Committee in February 2022 as follows:

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

According to the 2022 financial statements, the EBT margin is 6.0 percent. Using linear interpolation between the lower limit and the target value for the financial performance criterion of the STI (66.67 percent of the STI), it was possible to determine a target achievement level of 50.2 percent for 2022. The company's financial performance in 2022 was impacted by the effects of supply chain challenges (e.g. chip availability) and Russia invading Ukraine with its consequences (e.g. energy availability and price increases). Given the difficult situation from the start, the company was successfully guided through the year by the competent and decisive management of the Executive Board. With a view to ensuring that the remuneration of the Executive Board is in line with the market and to the company retaining the managers, the Remuneration Committee has decided to grant a special bonus in accordance with point I.7 of the Remuneration Policy and to increase the target achievement level in the financial performance criterion from 50.2.% to 70%.

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 2022. The assessment is based on the three pillars of sustainability (ESG):

- Environment (E): Fewer emissions for positive impact — positive influence on the value chain
- Social (S): Safe & healthy at all levels — qualified & diverse employees
- Governance (G): Committed to our values — focus on governance & transparency

In-line with these priorities, the Executive Board has set numerous significant initiatives in 2022, including:

- **Environment:** In addition to the introduction of annual energy saving audits at EMEA sites, the installation of PV systems at these sites has been intensified. The focus was also on creating reporting structures and processes for sustainability reporting with centralized monitoring of measures.
- **Social:** In the area of occupational safety, an accident reduction program was introduced at EMEA sites which brought about a positive development regarding the accident rate. A broad employer branding campaign led to positive visibility on the labor market and the development of a new diversity strategy is designed contribute to being an attractive employer in the future and to further improve the work environment. A new e-learning tool has been established to expand further education opportunities for employees.
- **Governance:** Ad hoc risks were managed by setting up task forces for Supply & Operations Resilience, Sanctions Development and Gas Emergency Readiness. The new e-learning tool is also used to better systematize and document compliance training.
- The digital product line, which includes future-oriented projects, was launched to strengthen the strategic pillar “Go Digital” and as an investment in new business opportunities. With an R&D expenditure of EUR 79.29 million, an R&D ratio of 3.6% 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"). In addition, with a CAPEX volume of 146 million, significant investments were made in future growth.

In view of this level of performance, in combination with the way the company developed during 2022, the Remuneration Committee has assigned the discretionary component at 100 percent.

Overall, this means that 80 percent (being 70 percent of the financial component and 100 percent of the discretionary component) of the STI will be allocated for 2022. The STI will be paid out in 2023 as follows:

(Values in EUR thousand, unless stated otherwise)	Target bonus	Target 2022	STI 2022
Andreas Klauser	517	80%	414
Martin Zehnder	443	80%	354
Felix Strohbichler	443	80%	354

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

4) **Special annual bonus**: Mr. Klauser was offered a stay bonus of EUR 200,000 in December 2021, in the event that he is available to extend his CEO contract for a further five years. In May 2022, Mr. Klauser expressed his willingness to do so and in June 2022, the Supervisory Board appointed Mr. Klauser as CEO on the Executive Board for a further five years.

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 2022 financial statements, the ROCE for the fiscal year is 9.38 percent. The ROCE therefore exceeds the target and reaches 9.2 percent of the overfulfilment corridor between target and upper limit. This means that the target achievement level of the LTI for 2022 is 109,2 percent.

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

	2018	2019	2020	2021	2022
ROCE	8.50%	9.86%	6.86%	11.2%	9.38%
Target achievement level	74%	128.40%	66.67%[1)]	182.0%	109.2%

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.

At the end of fiscal year 2022, the LTI contract period ends. The overall fulfilment of the LTI is calculated on the basis of the averages of the target achievements in the years 2018 to 2022. The overall fulfilment is capped at 100%.

Mathematically, this results in an overall degree of fulfilment of 112%, which means that the cap of 100% applies.

For the purposes of this presentation for the years 2020 and 2021, 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 2020.

(Value in EUR thousand)	Accumulated allocation LTI (2018 to 2020)	Accumulated allocation LTI (2018 to 2021)	Payout sum LTI (to be paid out in 2023)
Andreas Klauser	3,557	4,301	5,543
Martin Zehnder	2,559	3,087	3,936
Felix Strohbichler	2,739	3,333	4,472

The accumulated allocation and the payout sum 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 and the payout sum 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 Executive 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 a 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

Manfred Kreibich (member of the Executive Board from 1988 to 1997) received a company pension of EUR 15 thousand in 2022 (2020, 2021: each 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	Hannes Palfinger	Gerhard Rauch	Hannes Bogner	Isabel Diaz Rohr	Heinrich Dieter Kiener	Ellyn Shenglin Cai
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	Hannes Palfinger	Gerhard Rauch	Hannes Bogner	Isabel Diaz Rohr	Heinrich Dieter Kiener	Ellyn Shenglin Cai	Sita Mazumder
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**				

2022[4) (Value in EUR thousand)	Hubert Palfinger[5)	Hannes Palfinger[6)	Gerhard Rauch[7)	Hannes Bogner[8)	Isabel Diaz Rohr	Ellyn Shenglin Cai[9)	Sita Mazumder[10)
Basic remuneration (incl. committees)	92	45	39	44	24	0	18
Attendance fee (incl. committees)	34	34	22	23	21	0	40
Total remuneration	126	79	61	67	45	0	58
Total				**436**			

[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 was paid in 2022.

[4) Remuneration for fiscal year 2022 will be paid in 2023.

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

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

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

[8) Hannes Bogner is Chair of the Audit Committee.

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

[10) Sita Mazumder is Chair of the Digital Committee.

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 66 thousand (2020, 2021: each 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		2022 compared to 2021	
Remuneration of the Executive Board[1]	**with LTI**	**without LTI**	**with LTI**	**without LTI**	**with LTI**	**without LTI**
Andreas Klauser	-7.5%	-15.3%	5.06%	45.70%	20.45%	-2.29%
Martin Zehnder	-7.9%	-15.6%	-5.82%	25.36%	14.90%	-7.69%
Felix Strohbichler	-8.3%	-16.6%	-3.63%	24.96%	40.00%	6.46%
Total	**-7.9%**	**-15.8%**	**-0.89%**	**33.32%**	**24.29%**	**-1.63%**
Company success[2]						
EBT		-36.1%		54.60%		-6.91%
ROCE		-30.4%		76.80%		-16.1%
Average remuneration full-time equivalent[3]						
Employees of the PALFINGER Group, worldwide		-11.9%		18.20%		5.78%
Employees of the PALFINGER Group, in Austria (taking into account the short-time work allowance)		16.2 (-7.5%)		29.85% (17.55%)		-0.99% (-)

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 (2019/2020/2021/2022: approx. 10,800/10,800/11,100/11,800 people) and in Austria (2019/2020/2021/2022: approx. 1,900/2,000/2,100/2,400 people), each without Executive Board. This is based on an average number of employees over the annual period. Short-time work (especially in Austria) had an affect 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. From 2022, this presentation method is no longer applicable.

Bergheim, February 23, 2023

For the Supervisory Board

[signed]

Hubert Palfinger
Chair of the Supervisory Board

The Executive Board

[signed]	*[signed]*	*[signed]*
Andreas Klauser Chief Executive Officer	Martin Zehnder Chief Operating and Chief Technology Officer	Felix Strohbichler Chief Financial Officer

REMUNERATION POLICY OF PALFINGER AG

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 Code of Corporate Governance (ÖCGK).

The remuneration policy pursues the overall goal of fostering sustainable, long-term corporate development.

The remuneration policy was established by a resolution of the Supervisory Board and will be applied following its submission to the Annual General Meeting. Under Sec. 78b para. 1 of the Stock Corporation Act (or Sec. 98a in conjunction with Sec. 78b para. 1 of the Stock Corporation Act), the remuneration policy must be submitted to the Annual General Meeting for a vote at least every fourth fiscal year.

I. Remuneration of the Executive Board

I.1. Principles for the remuneration of the members of the Executive Board

The creation, regular review, and implementation of the remuneration policy for the Executive Board is the responsibility of the Remuneration Committee of the Supervisory Board. The Committee can utilize the services of an external remuneration consultant, if necessary. To avoid conflicts of interest, the Remuneration Committee will be mindful that any consultant utilized does not simultaneously advise the Executive Board on remuneration matters.

In setting the remuneration for the Executive Board, the Remuneration Committee takes into account the education, professional experience and areas of responsibility of the individual Executive Board members and the scope and complexity of their activities.

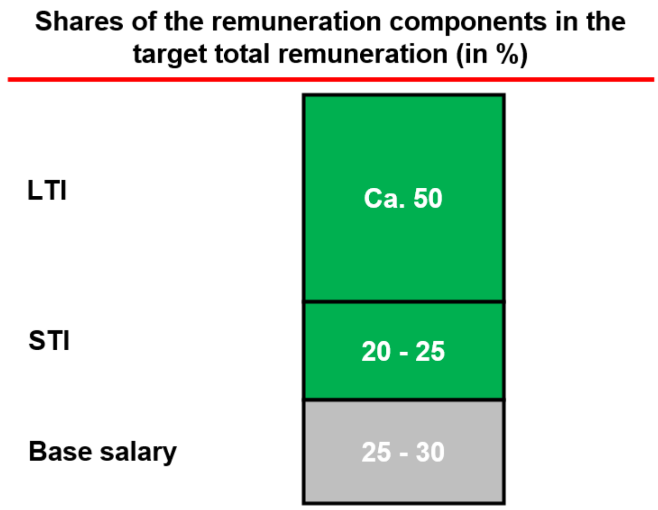
Moreover, in addition to the tasks and performance of the individual Executive Board members, the situation of the company and the prevailing rate for remuneration must also be taken into account.

A horizontal remuneration comparison is made with other industrial companies, primarily in the DACH (Germany, Austria, Switzerland) region, with respect to the market conformity and competitiveness of Executive Board remuneration in order to attract the best-suited and most qualified Executive Board members to work for the company.

The remuneration and working conditions of company employees are also taken into account to relate Executive Board remuneration to the pay structure of the company.

The 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).

Assuming a target achievement level of 100%, the relative distribution of remuneration components is weighted as follows:



The long-term variable incentive bonus per member of the Board of Management promotes return on capital, encourages sustainable business activities and links it to the long-term share price development of PALFINGER AG. As a result, the goals of the Executive Board members are always aligned with the interests of the shareholders.

Overall, the remuneration policy creates incentives for Executive Board members to actively develop and implement corporate strategy, promote sustainable corporate development, and avoid disproportionate risks. In establishing the specific performance criteria and target values, it should be kept in mind that excessive risk-taking and a too strong focus on short-term profits are to be avoided. At the same time, ambitious targets should be set, which are an incentive for high performance.

After years of strong non-organic growth, PALFINGER AG will now focus on organic growth and an increase in the profitability of existing product lines in coming years. Vision 2030, based on the pillars “Go Digital” and “Go for Solutions”, also forms the basis of the remuneration system. The remuneration model has to support the consistent pursuit and attainment of these development goals optimally.

In accordance with C-Rule 27 of the Austrian Code of Corporate Governance (ÖCGK), the remuneration policy provides that the company can demand the return of variable components of remuneration if it turns out that they were paid out on the basis of patently false data ("clawback").

The focus of the variable components of remuneration is primarily on performance indicators, which relate to the company's business results. In addition, long-term share price developments are included in order to align the interests of the Executive Board and shareholders and to increase the value of the company in the long term.

The members of the Executive Board are employed under local Austrian terms and conditions. Therefore, the components of remuneration are denominated in euros (gross). The employment contracts of Executive Board members are concluded with PALFINGER AG and are subject to Austrian law.

I.2. 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.

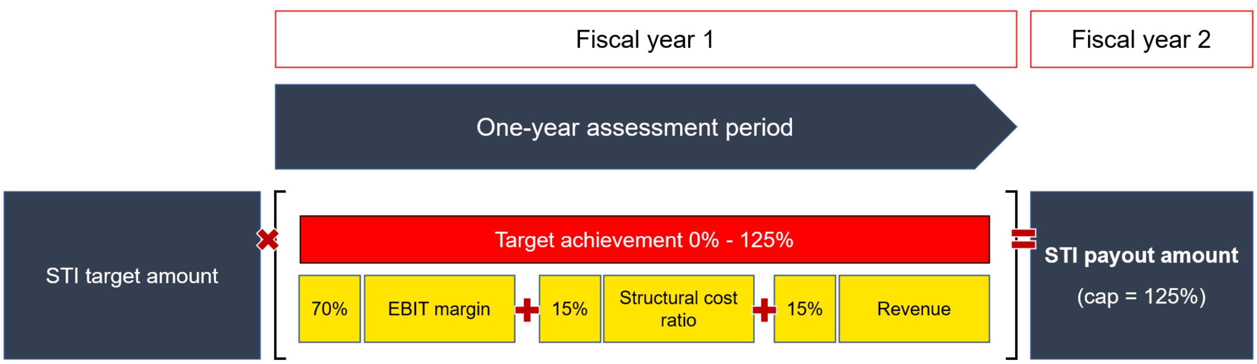
The base salary is a competitive fixed amount, which covers the general assumption of the Executive Board mandate and the related overall responsibility of the individual Executive Board members and provides an incentive for Executive Board members to always act for the benefit of the company and take the interests of shareholders, employees, and the public into account.

The specific base salary amount is established in the employment contract of each Executive Board member. Salary indexing in accordance with the Consumer Price Index may also be agreed upon.

I.3. Short-Term Incentive; STI

The STI is based on the company's success in the previous fiscal year. The performance criteria for evaluating the success of the company are the EBIT margin weighted at 70%, the structural cost ratio weighted at 15%, and revenue weighted at 15%. The performance criteria are measured at the PALFINGER Group level in each case.

How the STI works



Overview of performance criteria for the STI

Performance criterion	EBIT margin	Structural cost ratio	Revenue
Weighting	70%	15%	15%

At the start of the fiscal year, the Remuneration Committee of the Supervisory Board sets a target value, a lower limit, and an upper limit for the performance criteria for the current fiscal year as the assessment period, which applies uniformly to all Executive Board members.

The target values for the performance criteria are calculated in accordance with the values of the annual budget approved by the company's Supervisory Board for the fiscal year for which the target value is set. The upper and lower limits for achieving the performance criteria are calculated as follows, depending on the target value:

Performance criterion	Upper limit	Lower limit
EBIT margin	Target +1 percentage point	Target -2 percentage points
Structural cost ratio	Target -2 percentage points	Target +3 percentage points
Revenue	Target +10%	Target -15%

The actual target achievement level is determined based on the audited IFRS consolidated financial statements (EBIT margin and revenue) and internal controlling (structural cost ratio) at PALFINGER AG following the end of the respective fiscal year.

Target achievement level STI

Performance	Target achievement level
Exceeds the target up to the upper limit	125%
Reaches the target value	100%
Fails to reach the lower limit	0%

If the lower limit is not reached, the target achievement level is 0%. The STI can therefore be completely omitted. If the target value is reached, a target achievement level of 100% is applied. If the upper limit is reached or exceeded, the degree of target achievement is 125%. The STI is therefore limited to 125% of the target incentive value (cap). In the range between lower limit and target value and between target value and upper limit the degrees of target achievement are distributed in a straight line (linear interpolation).

The payout amount of the STI in a fiscal year is determined on the basis of the achievement of the defined performance criteria. Following approval by the Supervisory Board of the consolidated financial statements applying to the fiscal year, target achievement is determined for each performance criterion. This is done by comparing the values actually achieved with the defined target values. The levels of target achievement determined in this way are multiplied by the respective weighting of the performance criterion in order to determine the overall target achievement. The overall target achievement is multiplied by the STI target amount to determine the payout amount, taking into account the cap of 125%.

The utilization of different financial target amounts enables a comprehensive and balanced assessment of the performance of Executive Board members. The choice of performance criteria (EBIT margin, structural cost ratio, and revenue) means that the STI focuses on profitability, efficiency, and growth.

Under special circumstances (in particular in a phase of corporate restructuring), the Remuneration Committee of the Supervisory Board may set alternative performance criteria (adjusted for special effects), such as an adjusted EBIT margin, at the beginning of the current fiscal year. In critical corporate phases, this should enable management to focus on the respective key target value(s).

The STI target amount is established individually for each Executive Board member in the employment contract. Salary indexing in accordance with the Consumer Price Index may also be agreed upon.

The payout amount is determined no later than April 30 of the fiscal year following the end of the assessment period, and then paid out as a one-time payment.

I.4. Long-Term Incentive; LTI

The LTI is a 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 four years but may be lengthened or shortened.

How the LTI works

The LTI is committed annually in tranches (rolling system) and paid out in cash according to target achievement at the end of the assessment period. Each LTI tranche generally has an assessment period of four years. At the beginning of each tranche, objectives are set to be achieved in each year of the assessment period. The target assessment for each individual year of the tranche is carried out at the end of the fiscal year. The overall assessment for the tranche is carried out at the end of the assessment period, based on the average of target achievement over the individual years and the change in the share price, including dividends.

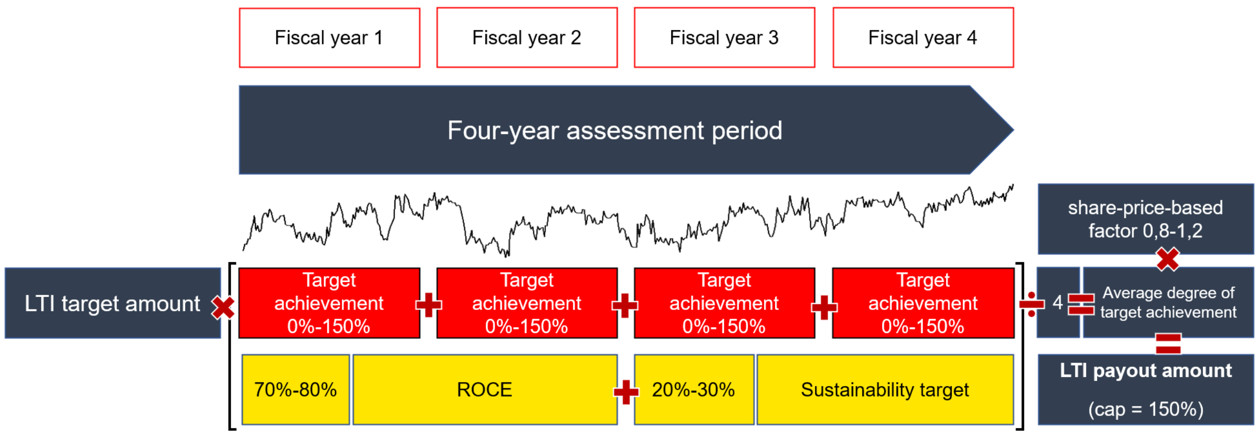
The Remuneration Committee may vary the number and duration of tranches to smooth out and avoid transition effects. For example, the Remuneration Committee may provide for another shorter-term tranche at the start of the LTI contract period. If the number and/or duration of tranches is varied, the target values of the tranches shall be adjusted in such a way that there is no overall increase or reduction.

The LTI is based on a financial performance criterion and a non-financial performance criterion. The financial performance criterion is the Group ROCE weighted at 80% and the non-financial performance criterion is a sustainability target weighted at 20%. The Remuneration Committee may set a different weighting of the performance criteria for individual tranches, although the weighting of the financial performance criterion shall not be less than 70% and the weighting of the non-financial performance criterion shall not exceed 30%.

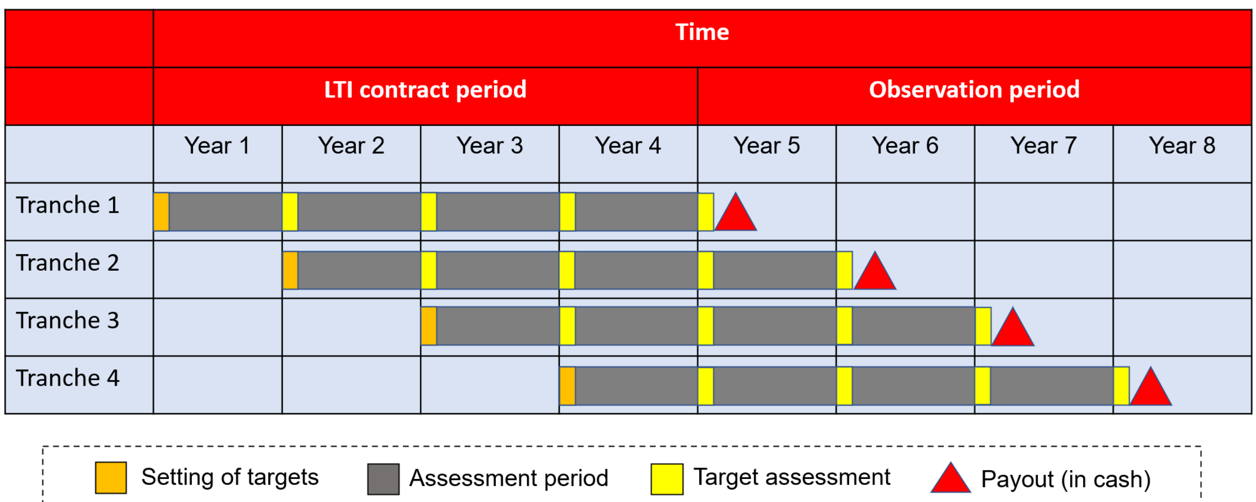
Overview of performance criteria for the LTI

	Financial	Non-financial
Performance criterion	ROCE	Sustainability target
Weighting	70%-80%	20%-30%

In addition, a share-price-based factor of between 0.8 and 1.2 is applied, by which the degree of target achievement is multiplied.



LTI rolling system with a four-year assessment period



Setting LTI targets

At the beginning of each fiscal year, the Remuneration Committee of the Supervisory Board determines the sustainability criteria, which are valid over the entire period of a tranche, such as reducing CO2 emissions or accidents at work. In doing so, the Remuneration Committee will consider the consistency of the individual sustainability goals in relation to each other and the objective measurability of target achievement on the basis of non-financial reporting. The specific selection and application of the sustainability criteria is reported in the remuneration report for the fiscal year in which the LTI tranche is granted, unless this would be detrimental to the competitive position of PALFINGER AG.

The ROCE target value is the average of the values planned for the respective years of the tranche in medium-term planning. The upper and lower limits for achieving the performance criteria are calculated as follows, depending on the target value:

Performance criterion	Upper limit	Lower limit
ROCE	Target +1.5 percentage points	Target -3 percentage points
Sustainability goal	Target +5%	Target -10%

The target achievement level is determined based on the audited IFRS consolidated financial statements (ROCE) and internal controlling (sustainability target) as well as the non-financial reporting of PALFINGER AG following the end of the respective fiscal year.

Annual LTI target achievement levels for the assessment period

Performance	Target achievement level
Exceeds the target value up to the upper limit	150%
Reaches the target value	100%
Fails to reach the lower limit	0%

If the lower limit is not reached, the target achievement level is 0%. If the target value is reached, a target achievement level of 100% is applied. If the upper limit is reached or exceeded, the degree of target achievement is 150%. In the range between lower limit and target value and between target value and upper limit, the degrees of target achievement are distributed in a straight line (linear interpolation).

Therefore, a performance assessment is made for each year of the assessment period. A target achievement level is calculated for each year of the assessment period, in which the target value is reached or exceeded.

The share-price-based factor is determined by calculating the change of the average daily official closing price of the share on the Vienna Stock Exchange for the fiscal year before the end of a tranche (target price) compared to the average daily official closing price of the share on the Vienna Stock Exchange in the fiscal year before the start of this tranche (base price) in percent. A share price increase of 15.5% therefore results in a share-price-based factor of 1.155. A decline in share price of 15.5% results in a share-price-based factor of 0.845. The share-price-based factor is limited to a maximum value of 1.2 and a minimum value of 0.8. If the share-price-based factor calculated in this way falls below 0.8 or exceeds 1.2, this excess is not taken into account. Any share split or share consolidation is also not taken into account when calculating the share-price-based factor.

The payout of an LTI tranche is calculated by multiplying the annual LTI target value set in the contract of each Executive Board member by the average degree of target achievement and the share-price-based factor between 0.8 and 1.2. The payout is limited to 150% of the agreed LTI target value (cap). There is no overall lower limit. The payment amount arises after the end of the first year of the LTI tranche and is due at the end of the tranche. This results in the following calculation:

Weighted average target achievement ROCE (in %) + Weighted average target achievement sustainability (in %)	x	Share-price-based factor	x	LTI target value (in EUR)	=	LTI payount per tranche (in EUR), 150% maximum (cap)

The top management of PALFINGER AG may be granted an LTI program that is based on the same or equivalent KPIs.

The setting of LTI targets includes the analysts' expectations and the performance of comparable companies, in addition to internal corporate considerations. The aim is to set ambitious targets, relative to the competition, which promote the long-term competitiveness of PALFINGER AG.

The application of uniform criteria ensures homogeneous incentivization of Executive Board members, which also facilitates the integration of newly appointed Executive Board members and contributes to the sustainable success of the company.

The use of the ROCE for the long-term variable performance bonus takes the sustainable development of profitability into account. The use of the ROCE places the focus on efficient long-term capital investment. In this way, remuneration is strongly aligned with the interests of the shareholders. By applying a sustainability goal in the long-term variable performance bonus, ESG criteria are also taken into account.

The inclusion of the share-price-based factor in the LTI further strengthens the alignment of Executive Board remuneration with shareholder interests. By taking the average share price for an entire fiscal year as a basis, the effect of exogenous factors such as interest rate developments, developments in energy or commodity prices, and bull and bear phases in the capital market is smoothed out over the assessment period.

The LTI tranche model serves the long-term, strategic development of the company. In particular, it smooths out the effects of cyclical fluctuations in earnings on the LTI. At the same time, the long observation period avoids any incentive to optimize certain years with regard to the performance indicator. The ability to exceed the target value in certain years of the observation period enables the Executive Board to make up for poor annual results, which further strengthens the incentivization. Furthermore, the observation review period allows to take into account developments that were initiated by members of the Executive Board during their term of appointment, but only materialize after their appointment period. This provides an additional incentive for the Executive Board to make sustainable decisions for the company even beyond the period of their own appointment.

The LTI payout amount is determined no later than April 30 of the fiscal year following the end of the LTI assessment period, and then paid out as a lump sum.

The LTI target amount is set individually for each Executive Board member in the employment contract. Salary indexing is in accordance with the Consumer Price Index. The LTI target amount is to be allocated to the first year of a tranche as part of the total annual remuneration.

I.5. Special bonuses

The Remuneration Committee reserves the right to grant special bonuses for extraordinary performance beyond the aforementioned variable performance bonuses, as long as this extraordinary performance has created a future benefit for the company. These special bonuses enable the company to compensate Executive Board members for special performance and performance above and beyond contractual obligations and are intended to incentivize Executive Board members to perform in a manner to ensure sustainable, long-term development of the company.

In addition, it is permissible to agree to sign-on bonuses or retention bonuses with Executive Board members. This may be necessary to attract especially qualified Executive Board members to the company or to retain Executive Board members in the interest of the company if there are special circumstances.

I.6. Contributions to the retirement fund

PALFINGER AG may agree to pay contributions to an external retirement fund for Executive Board members. The amount of such payments is established in the employment contract on a case-by-case basis. In general, there are no provisions for early retirement programs.

I.7. Insurance and other non-cash remuneration or benefits

The company may purchase the necessary insurance for Executive Board members, such as Directors and Officers (D&O) insurance, accident insurance, legal expense insurance, or international travel health 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 formula, and the company pays its statutory contribution to an employee pension fund.

In the event of the death of an Executive Board member, the company may grant the widow, the children, or other heirs of the deceased continuation of pay for a certain period of time or death benefits.

The company may provide Executive Board members with a company car. In addition, Executive Board members may be reimbursed for reasonable business expenses and travel costs related to their activities as Executive Board members.

The company may grant Executive Board members an annual vacation of up to 30 business days.

I.8. Deviation from the remuneration policy in exceptional circumstances

Under exceptional circumstances, the Remuneration Committee of the Supervisory Board may temporarily deviate from this remuneration policy in accordance with Sec. 78a para. 8 of the Stock Corporation Act to ensure the long-term development of the company or safeguard its profitability.

If a Supervisory Board member temporarily assumes an Executive Board mandate, the variable components of remuneration may be modified to provide incentives, taking into account the circumstances, for the interim Executive Board member appointed by the Supervisory Board to assume and exercise the mandate.

Moreover, under exceptional circumstances which are particularly challenging from a macroeconomic perspective or specifically with regard to the company, temporary deviations of the short- and long-term performance bonuses may be established.

In such cases, the Remuneration Committee shall adopt a resolution determining whether the prerequisites for deviating from the remuneration policy exist. If the Remuneration Committee finds these prerequisites to be met, it may give contractual assurances to Executive Board members, which deviate from the remuneration policy to the appropriate extent.

I.9. Duration of Executive Board mandates

The term of Executive Board mandates is generally limited to five years. In exceptional cases, a shorter duration will be agreed upon. Reappointments are permitted. To maintain continuity in the composition of the Executive Board, the Supervisory Board will ensure that the contracts of Executive Board members will not expire on the same day.

I.10. Ending an Executive Board mandate

The employment contracts of Executive Board members are concluded for a limited term. If an Executive Board member is removed by the Supervisory Board prematurely pursuant to Sec. 75 of the Stock Corporation Act and there are no grounds for dismissal pursuant to Sec. 27 of the Austrian Salaried Employee Act (AngG), the company may terminate the employment contract in compliance with a notice period. The notice period shall be 24 months (unless the employment contract expires earlier). 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.

In the case of removal of an Executive Board member, the company is entitled to terminate the employment contract immediately if there are grounds for which the Executive Board member is responsible, and which entitle the company to dismiss such Executive Board member by analogous application of Sec. 27 of the Austrian Salaried Employee Act.

If an Executive Board member is incapacitated for work due to illness or accident, the company may continue to pay the full remuneration due to the Executive Board member for a maximum of six months and 49% of the remuneration for a maximum of a further three months.

If the Executive Board member resigns without good cause, the employment contract terminates as well.

If there is a change of control whereby the shareholding structure of PALFINGER AG is altered to such an extent that the Palfinger Family and the Palfinger private foundation jointly own, directly or indirectly, less than 50% of the shares of PALFINGER AG, the Executive Board member may resign from their position. In this case, the Executive Board member's severance pay may not exceed their total remuneration for two years and may not cover any more than the remaining term of the employment contract.

II. <u>Remuneration of the Supervisory Board</u>

II.1. Principles for the remuneration of the members of the Supervisory Board

The full Supervisory Board is responsible for the creation and regular review of the remuneration policy for the Supervisory Board. However, the final remuneration of the Supervisory Board is set by the Annual General Meeting (Sec. 98 of the Stock Corporation Act).

The Supervisory Board’s remuneration consists of a base remuneration for Supervisory Board activities and an 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 may be granted a higher base remuneration than regular Supervisory Board members. In addition, Supervisory Board members have a right to reimbursement of their travel expenses and cash expenses.

In addition, indexing of the base remuneration and the attendance fee based on the Consumer Price Index may be agreed upon.

If Supervisory Board members perform a special function for the company, the Annual General Meeting may adopt a resolution approving a special remuneration for this.

The Supervisory Board's remuneration should promote the sustainable, long-term development of the company as well as implementation of the corporate strategy. At the same time, it should reflect the responsibility and range of duties and activities of the individual Supervisory Board member and the economic situation of the company.

The company refrains from providing variable bonuses or share-based remuneration to ensure independent supervision of the Executive Board by the Supervisory Board and to avoid congruence with the interests and incentivization of the Executive Board to a large extent.

A horizontal remuneration comparison is made with other industrial companies, primarily in the DACH (Germany, Austria, Switzerland) region, with respect to the market conformity and competitiveness of Supervisory Board remuneration. In light of the international activities of PALFINGER AG, this is necessary to be able to attract qualified foreign candidates with the remuneration system.

The company may purchase Directors and Officers (D&O) insurance for Supervisory Board members.

The Supervisory Board remuneration established by the Annual General Meeting following the last Supervisory Board meeting of the fiscal year will be billed by the Supervisory Board Members and shall be paid out as a one-time payment by March 31 of the following year.

If a Supervisory Board member's mandate begins or ends during a fiscal year, the remuneration shall be paid on a pro rata basis.

II.2. Deviation from the remuneration policy in exceptional circumstances

Under exceptional circumstances, the company may temporarily adjust the amount of the base remuneration and the attendance fee to reflect the situation of the company if this is necessary for the long-term development of the company or to safeguard profitability.

II.3. Term and termination of Supervisory Board mandates

The Annual General Meeting elects Supervisory Board members for terms of five years. Election for a shorter term is possible in exceptional cases. Reappointments are permitted. To ensure the continuity of the Supervisory Board, it should be kept in mind that most of the mandates should not expire on the same day.

The Annual General Meeting may revoke the appointments of Supervisory Board members before the expiry of their terms of appointment by adopting a resolution by a three-fourths majority. In this case, the Supervisory Board's remuneration is to be prorated for the relevant fiscal year.

Any Supervisory Board member may resign from their position by giving four weeks' written notice to the Chairman of the Supervisory Board with no need to state the reasons for this.

III. Description of the main changes to the remuneration policy 2020

This remuneration policy replaces the remuneration policy adopted at the 2020 Annual General Meeting.

In this remuneration policy, the non-financial, discretionary benefit criterion was removed from the STI. The previous financial target EBT, with a weighting of 66.67%, and the discretionary component, with a weighting of 33.33%, have now been replaced by the EBIT margin with a weighting of 70%, the structural cost ratio and revenue, with a weighting of 15% each. By removing the discretionary factor when assessing target achievement in the STI, the assessment becomes more objective and transparent.

In the LTI, the Group ROCE performance criterion, which was weighted at 100% in the 2020 compensation policy, has been supplemented with a sustainability target with a weighting of 20%-30%. This is intended to encourage the Executive Board to consider ESG criteria strategically in the long term. Furthermore, the LTI payout amount depends on a share-price-based factor, which is intended to reward the long-term increase in value on the capital markets. The LTI payout amount is now limited by a cap of 150% of the target value instead of a cap of 100%.

In contrast to the savings model, which was established by the remuneration policy 2020, the long-term variable bonus of the present remuneration policy is now based on a tranche model, which allows greater flexibility in setting targets using an annual rolling tranches system. As a result of the observation review period inherent in the tranche model, the LTI now takes into account the real influence and effect of the Executive Board over a longer term.