

# REMUNERATION POLICY

of

## Warimpex Finanz- und Beteiligungs Aktiengesellschaft

### 1. BACKGROUND

With the transposition of Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC with regard to the promotion of long-term participation by shareholders ("**Shareholders' Rights Directive**") into the Austrian Stock Corporation Act ("**AktG**"), listed companies are now obliged to establish principles for the remuneration of the members of the Management Board and Supervisory Board (remuneration policy).

For this reason, the Supervisory Board of Warimpex Finanz- und Beteiligungs Aktiengesellschaft ("**Warimpex**" or the "**Company**") has established the following remuneration policy. It is to be applied after submission to the 35<sup>th</sup> Annual General Meeting of the Company.

The Austrian legislator has provided that there should be only one uniform remuneration policy for every listed company, which should include a section for the remuneration of the members of the management board ("**Management Board Remuneration**") on the one hand and a section for the remuneration of the members of the Supervisory Board ("**Supervisory Board Remuneration**") on the other hand. For this reason, this uniform remuneration policy will always refer to the sections "Remuneration of the members of the Management Board" (item 2) and "Remuneration of the members of the Supervisory Board" (item 3).

### 2. REMUNERATION OF THE MEMBERS OF THE MANAGEMENT BOARD

#### 2.1 Principles of Management Board remuneration

Warimpex is active in real estate development. This business segment is characterised by being subject to cycles and project-driven. Warimpex's income is derived from letting properties on the one hand, and from the sale of developed properties on the other. For this reason, Warimpex's income does not develop in a stably linear manner, but rather fluctuates in line with transactions to a great extent. Warimpex always strives to find the optimal time for the sale of a property, namely the time at which - in Warimpex's opinion - the most attractive sale proceeds can be achieved.

Management Board remuneration should be appropriate and attractive by national and international comparison. The remuneration of the Management Board should be an incentive for the members of the Management Board to continuously strengthen and sustainably increase the performance of the Company and its earnings whilst avoiding inappropriate risks. At the same time, overall remuneration must be competitive and in line with the market so that appropriately qualified persons can be recruited and retained with the desired continuity in management in mind. In this context, remuneration corresponds to the overall responsibility of the Management Board linked with its tasks whilst taking into account the responsibility of each individual member of the Management Board as well as special requirements arising from the respective tasks.

The remuneration of the members of the Warimpex Management Board should contain fixed (non-performance-related) and variable components.

Moreover, the members of the Management Board should also receive additional emoluments (benefits in kind, fringe benefits) which are customary and appropriate by national and international comparison, such as their inclusion in an insurance policy for their Management Board activities (so-called "D&O insurance"), the provision of a company car, or inclusion in a company pension scheme.

For the above reasons, the Supervisory Board considers that the remuneration policy supports the business strategy and long-term development of the Company.

## **2.2 Fixed and variable components of Management Board Remuneration**

### ***(a) Fixed Management Board Remuneration***

Each member of the Management Board shall receive a fixed annual remuneration. The Supervisory Board is entitled to specifically set the amount in the respective Management Board contract at its own discretion, taking into account in particular seniority, experience and the length of service and membership of the Management Board.

Management Board contracts shall provide for an annual inflation-related adjustment of the fixed remuneration component whereby the respective value of the Consumer Price Index 2015 (VPI/CPI 2015) of the year when the contract was signed shall be applied as a basis.

### ***(b) Variable Management Board Remuneration***

Each member of the Management Board shall receive variable remuneration each year, which shall lie within the range of 1.0% to 1.5% of the consolidated and audited profit for the period of the respective previous financial year of the Company (consolidated net profit attributable to shareholders of the parent company according to IFRS), with the variable remuneration being limited to three times the annual fixed Management Board Remuneration. The Supervisory Board is entitled to set the specific percentage in the respective management board contract, taking into account in particular seniority, experience and the duration of both service with the Company and membership of the Management Board.

The Supervisory Board is currently refraining from setting additional, non-financial criteria for the variable Management Board Remuneration as it is difficult to determine objectively whether non-financial criteria are met. There are no special options for reclaiming variable portions of the Management Board remuneration granted, beyond those provided for by law.

### ***(c) Additional components of the Management Board Remuneration***

Members of the Management Board shall receive additional benefits, namely inclusion in a D&O insurance policy, severance pay, inclusion in a company pension scheme, inclusion in an accident insurance policy, and the provision of a company car as described in detail in item 2.3 below.

(d) ***Rates of the respective components of the Management Board Remuneration***

In accordance with § 78a para 2 Stock Corporation Act, the remuneration policy must describe the various remuneration components, stating their respective relative shares in the total.

As it is not possible to determine in advance whether and to what extent variable remuneration will be paid to the individual members of the Management Board, it is not possible to state an absolute rate of each remuneration component.

This also applies to the additional components of the Management Board Remuneration (see item 2.3).

In any event, the variable remuneration is limited to three times the annual fixed Management Board Remuneration.

### **2.3 Additional components of the Management Board Remuneration**

Each member of the Management Board is entitled to the following additional benefits:

- ***Company car*** (including private use), i.e. a mid-range car with adequate equipment, to be used for at least three years or a lifespan of 150.000 km, whichever is the earlier; in the event that a company car is not used, the Supervisory Board may, at its sole discretion, grant additional benefits, not only in the form of cash compensation but also, for example, in the form of up to 10 additional days of holiday per year.
- ***Pension scheme***: The Company may grant each member of the Management Board a written and legally binding retirement benefit in the form of a pension in accordance with section 14 para. 6, second subparagraph of the Austrian Income Tax Act.

The individual structure is the sole responsibility of the Company and shall be based on the following principles:

The arrangement shall be contribution-based, currently in connection with a pension reinsurance policy. In this context, the assumption (as of 2020) is for a retirement pension which is index-linked to the VPI/CPI (target pension) of a maximum of EUR 5,000.00 (14x p.a.) upon reaching the age of 65. Existing pension commitments are to be adjusted while preserving existing entitlements and vested rights. From 2021 onwards, it will no longer be the target pension which is adjusted according to the CPI but the contributions to be paid into the reinsurance policy.

The retirement pension stated requires a minimum of 20 years of pensionable service with the Company. Previous periods of service may be taken into account.

In the benefit phase, the value of the pension is adjusted in accordance with the tariff provisions of the reinsurance policy taken out.

Survivors' and occupational disability pensions (which are included in this pension provision) are included in the reinsurance policy, it is not necessary to take out additional, specific risk insurance.

A minimum commitment period must be agreed in the pension commitment; such period must in any case be completed for the entitlement to retirement and survivors'

benefits to become vested. The options of the Management Board member to dispose of his/her vested pension rights must be stipulated in the pension commitment.

Acquired vested rights shall be forfeited if the member of the Management Board leaves the Company by premature removal from office pursuant to section 75 para. 4 Austrian Stock Corporation Act or for reasons equivalent to dismissal without notice for faulty conduct (section 27 of the Austrian White-Collar Workers Act (Angestelltengesetz) applying *mutatis mutandis*) or premature resignation without cause (section 26 of the Austrian White-Collar Workers Act applying *mutatis mutandis*). Furthermore, vested rights will lapse if the Management Board member gives notice of termination on his/her own initiative, provided that 15 years have not yet passed since the pension commitment came into effect (except in the event that the Management Board member retires on a statutory [early] retirement pension or that a statutory occupational disability pension is granted in case of permanent occupational disability). If the member of the Management Board is not reappointed after the end of a term of office before the end of the 15-year period, the entitlements are vested provided that the specified minimum commitment period has been completed. Periods of prior service may be counted towards the above-mentioned 15-year period at the discretion of the Supervisory Board.

- **D&O insurance:** each member of the Management Board shall be included in the D&O insurance of Warimpex at the latter's expense.
- **Severance pay:** each Management Board member is to be granted severance pay, with section 23 of the White-Collar Workers Act applying *mutatis mutandis*. The date for the assessment and calculation of the severance pay entitlement is to be the date when the Management Board member joined the Company.
- **Accident insurance:** an accident insurance policy is to be taken out for each member of the Management Board at the expense of Warimpex. The insured sum for each Management Board member insured is limited to a maximum of EUR 300,000.00 in the event of death and a maximum of EUR 600,000.00 in the event of permanent 100% disability.

## 2.4 Conditions of remuneration and employment of Warimpex employees

The annual base salary of the Management Board members is to be set in an adequate relation to the conditions of remuneration and employment of the Warimpex employees working in Austria (considering the average annual base salary (gross amount, including non-wage labour costs)), calculated on a full-time basis.

## 2.5 Share-based remuneration

The members of the Management Board are currently not granted any share-based remuneration. However, the Supervisory Board is entitled to introduce share-based remuneration for members of the Management Board in the future. In this case, the Supervisory Board will also determine the conditions for such share-based remuneration, including the required period of share retention, which should be a minimum of three years.

## 2.6 Terms and notice periods of management contracts and main features of supplementary pension schemes and early retirement schemes

Management Board contracts shall each have a term of up to five (5) years, and the respective Management Board contract shall stipulate that removal from office as a member of the

Management Board or resignation shall lead to automatic termination of the Management Board contract. In the event of re-appointment, the term of the Management Board contract will be extended accordingly.

In the event that a Management Board member is removed from office for cause pursuant to section 75 para. 4 Stock Corporation Act, the Company will be entitled to terminate the Management Board contract early if, at the same time, there is a reason for which the Management Board member is at fault which would entitle the Company to termination without notice, with section 27 of the White-Collar Workers Act applying *mutatis mutandis*. In such case, no variable remuneration shall be due to the Management Board member for the year in which the Management Board contract was terminated.

Each Management Board contract shall be terminable by the respective Management Board member and by Warimpex after a period of two (2) years, subject to a notice period of six months and as of the termination date on the last day of each quarter. No ordinary termination shall be possible before two (2) years have elapsed since the start of the contract. In the event of termination of a Management Board contract, the Management Board member shall receive all remuneration due up to the date of his/her actual withdrawal.

## **2.7 Review and implementation of remuneration policy**

The Supervisory Board of Warimpex is responsible for reviewing compliance with and implementation of the remuneration policy and may assign this task to the Human Resources Committee of the Supervisory Board. In this case, the Human Resources Committee will report to the Supervisory Board on its audit activities.

The review of compliance with and implementation of the remuneration policy shall always take place when a new Management Board contract is to be signed or an existing Management Board contract is to be renewed, be it subject to the same or different conditions. Furthermore, review shall also be carried out if material parts of the remuneration of the Management Board are changed. Pursuant to section 78b para. 1 Stock Corporation Act, the remuneration policy shall be submitted to the Annual General Meeting of the Company for voting at least every fourth financial year. Therefore, the Supervisory Board will review the remuneration policy every fourth financial year and assess it for any need for revision.

If a conflict of interest regarding Management Board Remuneration arises for a member of the Supervisory Board (the Human Resources Committee), such member shall disclose this conflict of interest and abstain from voting in this matter.

## **2.8 Departure from remuneration policy**

The Supervisory Board of Warimpex is entitled to depart from this remuneration policy if this is necessary in exceptional circumstances. Such departure shall be permitted for additional components of the remuneration of the Management Board if these - for example through the conclusion of new agreements (company car, insurance, etc) - exceed the limits set forth in this remuneration policy. In this case, a new remuneration policy must be presented at the next ordinary Annual General Meeting. At the same time, the remuneration committee of the Supervisory Board must determine that there are exceptional circumstances in which the departure from the remuneration policy is necessary and required for the long-term development of the Company or for ensuring its profitability.

Furthermore, a departure from the remuneration policy - both with regard to fixed remuneration, variable remuneration and additional components of remuneration - shall also be permitted in cases including, without being limited to, unforeseen vacancies on the Management Board, for

example due to the death or serious illness of a member of the Management Board, and the substitute required cannot be hired under the conditions contained in this remuneration policy.

Any departure from this remuneration policy, including an explanation of the exceptional circumstances and the duration of such departure shall be presented in the following remuneration report.

### **3. REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD**

#### **3.1 Background, principles**

According to section 98a of the Stock Corporation Act, a remuneration policy must also be drawn up with regard to the remuneration of the members of the Supervisory Board and the statutory provisions governing the remuneration of the members of the Management Board must be applied *mutatis mutandis*.

The remuneration policy is to ensure that the members of the Supervisory Board receive remuneration that is commensurate with their tasks and responsibilities and the economic situation of the Company. The remuneration policy also takes into account the size of the company, its international orientation and the business model of Warimpex as well as the tasks and qualifications of the members of the Supervisory Board. The remuneration policy is designed to attract suitably qualified persons to serve on the Supervisory Board of an internationally active listed company. Thus, the remuneration must be competitive and in line with the market and must be appropriate in comparison with the remuneration customary in similar companies. Moreover, it should enable a professionally and personally balanced composition of the Supervisory Board. The remuneration policy supports a balanced and qualified composition of the Supervisory Board and appropriately rewards members for the tasks and responsibilities associated with their mandate. Thus, the remuneration policy promotes the implementation of the business strategy and the long-term positive development of the Company.

#### **3.2 Remuneration policy for the Supervisory Board**

##### **(a) *Fixed and variable components of the remuneration of members of the Supervisory Board***

Each member of the Supervisory Board may receive a fixed annual remuneration. The total amount to be paid to all members of the Supervisory Board shall be proposed to the Annual General Meeting by the Supervisory Board and the Management Board and the distribution of this amount among the individual members of the Supervisory Board shall be the responsibility of the Supervisory Board itself. If the Annual General Meeting does not set a fixed annual remuneration, the members of the Supervisory Board will only receive an attendance fee.

The members of the Supervisory Board do not receive any variable remuneration but an attendance fee for each meeting of the Supervisory Board they attend. The same shall hold true for attendance of the meetings of Supervisory Board committees as well as for the chairperson and deputy chairperson of the Supervisory Board for their attendance of the Annual General Meeting of the Company. The amount of the attendance fee shall in particular vary according to function and scope of duties and responsibilities (chairperson, deputy chairperson). The attendance fee shall amount to EUR 3,000.00 per meeting for each member of the Supervisory Board participating in the meeting, and half of this amount for participation in meetings of committees of the Supervisory Board. The deputy chairperson shall receive double and the chairperson

three times the respective attendance fee. For participation in the Annual General Meeting, the chairperson shall receive the attendance fee foreseen for participation in a meeting of the Supervisory Board, the deputy chairperson shall likewise receive the Supervisory Board attendance fee foreseen for him/her. If the Supervisory Board activity involves special expenditure of time and work exceeding the usual amount, e.g. due to the necessity to attend to matters in court or before authorities or requiring notarial certifications, the respective Supervisory Board member may be granted a pro rata attendance fee as compensation for this additional workload with the consent of the Supervisory Board chairperson and deputy chairperson; however, such pro rata attendance fee may not exceed EUR 1,500.00 per occasion.

If employee representatives have been delegated to the Supervisory Board pursuant to section 110 of the Austrian Labour Constitution Act (ArbVG), they will exercise their mandates as volunteers and therefore do not receive an attendance fee.

**(b) *Additional components of the remuneration***

The members of the Supervisory Board shall not receive any additional benefits other than inclusion in the D&O insurance taken out by the Company.

**(c) *Rates of the respective components of the remuneration***

In accordance with section 78a para 2 Stock Corporation Act, the remuneration policy must describe the various remuneration components, stating their respective relative shares or percentages of the total.

As the members of the Supervisory Board only receive fixed remuneration, there is no need to state any relative rates of various remuneration components.

**(d) *Conditions of remuneration and employment of Warimpex employees***

In determining the remuneration policy for Supervisory Board members, the remuneration and employment conditions of Warimpex employees were not taken into account.

**(e) *Share-based remuneration***

At present, Warimpex does not grant share-based compensation to members of the Supervisory Board. However, share-based remuneration for members of the Supervisory Board may be introduced in the future subject to a separate resolution proposal submitted to the Annual General Meeting of the Company. The details and conditions for such share-based remuneration, including the required period of share retention, which should be a minimum of three years, shall be determined in this case.

**(f) *Terms and notice periods of contracts and main features of supplementary pension schemes and early retirement schemes***

The terms of the respective Supervisory Board mandates are determined by the respective resolutions of the Annual General Meeting. In the absence of separate

contracts with the members of the Supervisory Board, there are also no notice periods or terms of office.

There are no supplementary pension schemes or early retirement programmes for members of the Supervisory Board.

**(g) *Review and implementation of remuneration policy***

Reference is made to the provisions governing the remuneration policy for the Management Board.

\*\*\*