

# REMUNERATION POLICY

## PREAMBLE

Rosenbauer International AG is the world's leading system provider for preventive firefighting and disaster protection technology. With its innovative products, the company wants to define state-of-the-art technology and actively develop customer demand. Rosenbauer combines exceptional engineering expertise with the benefits of industrial manufacturing methods in its production. Over the next few years, the group hopes to experience organic growth in particular, for which the focus will be on continuously improving efficiency and the local market shares.

The Remuneration Policy reflects this corporate strategy and accordingly includes fixed (not performance-based) and variable (performance-based) components. At the same time, the variable component of remuneration for the Executive Board and the Supervisory Boards is uniformly determined based on key figures in the annual financial statements of Rosenbauer International AG and/or key figures derived from the annual financial statements. The Remuneration Policy promotes cost awareness, further development of the existing processes and organization, and measured risk-taking.

This Remuneration Policy was developed by the entire Supervisory Board. During its creation, not only was the utmost clarity and transparency sought, but it was also ensured that the level of remuneration for the Executive Board is typical for the market as compared to the next level of management. The total compensation for the Executive Board is proportional to the tasks and performance of each Executive Board member, the company situation, and typical remuneration, and it provides clear performance incentives for sustainable development of the company.

## 1. EXECUTIVE BOARD

### 1.1. Fixed remuneration components

The fixed remuneration consists of an attractive, index-linked base salary in line with the market that is stipulated by contract and factors in the personal professional experience, competence, and organizational responsibility of the Executive Board member. Regardless of performance, each Executive Board member is also provided with a company car that can be used privately as well.

Each Executive Board member receives reimbursement for any expenses arising from their work.

The fixed remuneration components for the CEO and the other members of the Executive Board are at a typical level for the market as are the provided company cars.

## 1.2. Variable remuneration components

A central element in the remuneration system is the variable component, which reflects the company's performance. The amount of the variable remuneration is thus determined by the earnings before taxes (EBT) and the return on capital employed (ROCE). The Supervisory Board sets target values for each for at least two financial years and determines the difference between these and the values actually achieved each year. EBT is weighted to make up 70% of the performance assessment, and ROCE is weighted to make up 30%. There are no non-financial remuneration criteria. The Supervisory Board can adjust the variable remuneration in view of its incentive effect.

The amount of the individual bonus is calculated based on the standard bonus stipulated by contract, which is either increased or reduced based on the level of achievement of the target values.

Zielerreichungsgrad - Korridore	Anpassung des variablen Vergütungsbestandteils je 1 % Zielabweichung innerhalb des jeweiligen Korridors*
Obergrenze: 200 %	
110-200 %	0,50%
100-110 %	2%
80-100 %	2%
65-80 %	1,50%
25-65 %	0,50%
Untergrenze: 25 %	
* Im dazwischen liegenden Bereich werden die Zielerreichungsgrade geradlinig verteilt (lineare Interpolation).	

The maximum variable remuneration is limited to twice the standard bonus. The bonus is reduced to zero if the target values are undershot by 75% or more.

The following formula is thus used to calculate the individual bonus:

$$\text{Individual bonus} = \text{standard bonus} \times (1 + (\text{weighted difference from EBT target in \%} + \text{weighted difference from ROCE target in \%}) \times \text{factor in table for each range})$$

The variable component promotes cost awareness, further development of the existing processes and organization, and measured risk-taking.

The amount of the bonus owed is determined based on the audited consolidated financial statements of Rosenbauer International AG. It is paid on a prorated basis in the subsequent financial year along with the routine compensation payments for that year.

The Corporate Governance Report includes information on the actual value of fixed and variable remuneration components paid out, and after the Annual General Meeting for the 2020 financial year, this information is published in the company's remuneration reports.

For the 2019 and 2020 financial years, the variable remuneration components are calculated based on the level of achievement of the target for earnings before taxes (EBT) in the respective financial year. The target values for this were set by the Supervisory Board in 2019.

### **1.3. Essential components of Executive Board contracts**

#### **Term:**

An Executive Board contract is generally concluded for a period of five years. Early termination is possible only if amicable, for good cause (particularly in the event of gross breach of duty), or if the Annual General Meeting withdraws confidence from the Executive Board for grounds that are manifestly irrelevant (Section 75 (4) Aktiengesetz (AktG – Austrian Stock Corporation Act)).

#### **Redundancy payments:**

The severance regulations are based on the statutory specifications. There is no company pension scheme for Executive Board members.

The circumstances of a member of the Executive Board leaving the company are taken into account in that, in the event of early cancellation of the Executive Board agreement without gross breach of duty, the member in question has a maximum entitlement to the current remuneration under the agreement for 18 months or for the remaining term. Overall, i.e. including any severance entitlements, the redundancy claim is capped at two years' total remuneration in such cases (annual compensation as defined by calculation of severance).

In the event of a gross breach of duty, pro rata variable remuneration, severance entitlements, and all other termination benefits owed by the company will be forfeited. The economic situation of the company is not taken into account in determining the amount of redundancy payment.

#### **Claim for the return of variable remuneration components:**

The agreements of the Executive Board members include a regulation for the subsequent repayment of variable remuneration if this is found to have been paid on the basis of incorrect data.

#### **Stock option program:**

There are no stock option programs for members of either the Executive Board or the Supervisory Board.

#### **Insurance policies:**

There is a D&O (directors & officers) insurance policy for the Executive Board, the costs of which are paid by Rosenbauer International AG. There is also a criminal defense insurance policy, a vehicle defense insurance policy for company cars, a business travel insurance policy, and a group accident insurance policy. The business travel and group accident insurance policies pay a fixed amount in the event of death, and a higher amount is agreed in the event of long-term disability.

The term of the insurance policies is generally one year and is extended an additional year upon expiring. The notice periods are typically three months prior to the end of the contract term.

There is an option to take out a life insurance policy for private pension at one's own expense.



Pension fund:

Rosenbauer International AG can make contributions to an external pension fund for its Executive Board members.

#### **1.4. Description of the decision process for determining, reviewing, and implementing the Remuneration Policy**

The Remuneration Policy for Rosenbauer International AG is drawn up by the entire Supervisory Board and presented to the Annual General Meeting for approval. The goal is to compensate the company's governing bodies competitively compared to other organizations in the industry and to thus acquire and retain the best minds for these positions of responsibility. Each year, implementation of the Remuneration Policy is reviewed based on the audited consolidated annual financial statements and reported to the Annual General Meeting. The Remuneration Policy is presented at least every four years or if a major change is made.

#### **1.5. Procedure to avoid conflicts of interest**

With 51% of the common stock, the Rosenbauer family is the majority shareholder of Rosenbauer Beteiligungsverwaltung GmbH and asserts its shareholder rights in the Annual General Meeting. The current CEO is a member of the family and a shareholder in this company. He is subject to the same rules as the other Executive Board members, with the difference in remuneration corresponding to market practice. Aside from this, the entire Supervisory Board reviews potential conflicts of interest; none are currently identifiable.

#### **1.6. Temporary deviations from the Remuneration Policy and extraordinary bonuses**

The Supervisory Board reserves the right to deviate from this Remuneration Policy in the event of outstanding performance and to potentially grant extraordinary bonuses beyond the variable remuneration components described. In particular, it is permitted to grant sign-on bonuses and retention bonuses to Executive Board members.

Under exceptional circumstances, the Supervisory Board may temporarily deviate from this Remuneration Policy for the good of the company pursuant to Section 78 a (8) AktG. These deviations may correspond to sections 1.2 and 1.3.

In the event that a Supervisory Board member temporarily assumes the office of an Executive Board member, different variable remuneration components may be established.

Different short-term and long-term performance bonuses can also be temporarily established under extraordinary general economic conditions or under particularly challenging circumstances for the company.

In such cases, the Supervisory Board must pass a resolution on whether to temporarily deviate from the Remuneration Policy for the good of the company.

## **2. SUPERVISORY BOARD**

### **2.1. Fixed remuneration components**

The fixed remuneration consists of a flat-rate expense allowance that was re-established by the 27th Annual General Meeting on May 23, 2019. The fixed remuneration components are scaled according to function, with additional compensation provided for participation in a committee.

### **2.2. Variable remuneration components**

By resolution of the 27th Annual General Meeting on May 23, 2019, the bonus is calculated based on the level of achievement of the target EBT in the respective financial year. The target is set by the entire Supervisory Board for two financial years at a time.

If the entire EBT target is achieved, the Chairman, the Deputy Chairman, and the other members of the Supervisory Board receive the complete variable remuneration established as scaled according to function. Based on the degree by which the target EBT is exceeded or undershot, there are particular additions and deductions to the variable remuneration as scaled according to function.

The remuneration of the Supervisory Board is paid each June.

The variable component of the remuneration for the Supervisory Board promotes cost awareness, further development of the existing processes and organization, and measured risk-taking.

Supervisory Board members are generally appointed for a period of five years, but shorter terms of office may be agreed.

Supervisory Board members do not receive monetary remuneration beyond the foregoing.

The Corporate Governance Report includes information on the actual value of fixed and variable remuneration components paid out, and after the Annual General Meeting for the 2020 financial year, this information is published in the company's remuneration reports.

### **2.3. Relationship between the Supervisory Board and the Annual General Meeting**

With 51% of the common stock, the Rosenbauer family is the majority shareholder of Rosenbauer Beteiligungsverwaltung GmbH and asserts its shareholder rights in the Annual General Meeting. The current Deputy Chairman of the Supervisory Board is a member of the family and a shareholder in this company. He is subject to the same rules as the other Supervisory Board members, with the difference in remuneration corresponding to market practice.

#### **2.4. Procedure to avoid conflicts of interest (company, shareholders, Executive Board)**

The entire Supervisory Board reviews potential conflicts of interest; none are currently identifiable with the proviso of Section 2.3.

#### **2.5. Other essential components of Supervisory Board compensation:**

Insurance policies:

There is a D&O (directors & officers) insurance policy for the Supervisory Board, the costs of which are paid by Rosenbauer International AG.

Each Supervisory Board member receives reimbursement for any expenses arising from their work.