

# Remuneration policy for the members of the Executive Board of Burgenland Holding Aktiengesellschaft

## 1 Definition of principles for remuneration policy

The following remuneration principles (remuneration policy) for the members of the Executive Board of Burgenland Holding Aktiengesellschaft (Burgenland Holding) were based on a proposal by the Personnel Committee in its function as a remuneration committee in accordance with C-Rule 43 of the Austrian Corporate Governance Code (ACGC) and approved by a resolution of the Supervisory Board on 10 February 2020. They are intended for application after their presentation to Burgenland Holding's 31st Annual General Meeting.

In accordance with § 98a in connection with § 78b (1) of the Austrian Stock Corporation Act, the remuneration policy must be presented to the Annual General Meeting for voting at least every fourth financial year.

## 2 Objective

The remuneration policy is intended to ensure the following: that the total remuneration for the members of the Executive Board is appropriate in relation to the position of the Company and to the customary remuneration in comparable companies; that it creates incentives to promote the sustainable development of the Company; and that it supports the corporate strategy and the Company's long-term development.

The remuneration for the members of the Executive Board must be sufficiently attractive to interest suitably qualified persons in activities in a comparable, regionally active listed company with an investment portfolio that focuses on the energy industry. Consequently, the remuneration must be competitive and in line with market benchmarks. It should also be noted that the assumption of a position on the Executive Board does not constitute a full-time position in the Company.

The remuneration reflects the duties arising from the overall responsibility of the Executive Board but can, at the same time, reflect the specific responsibilities of the individual Executive Board members as defined in the allocation of responsibilities. Other key factors include the length of service and, where appropriate, the assumption of a function as spokesman or chairman of the Executive Board.

The remuneration policy creates incentives for the members of the Executive Board to actively develop and pursue the corporate strategy, to safeguard the Company's sustainable development over the long-term and to avoid disproportionately high risks. The determination of the remuneration must also ensure that excessive risk-taking and an overemphasis on short-term profits is avoided. Ambitious goals must, however, also be set to create an incentive for exceptional performance. The overriding goal is the positive, long-term development of the Company.

## 3 Remuneration components

The members of the Executive Board receive only fixed remuneration components that are not performance-related. Since there are no variable remuneration components, the fixed components represent 100% of the total remuneration.

## **4 Fixed remuneration components**

Fixed remuneration comprises the base salary and D&O insurance coverage as a fringe benefit.

### **4.1 Base salary**

Various factors are included in the measurement of the base salary: Above all, this remuneration component reflects the principal acceptance of a position on the Executive Board and the related overall responsibility of the individual Executive Board members. Furthermore, the base salary is aligned with the customary market-based remuneration of executive board members.

In the context of this market comparison, which should, in particular, include other comparable listed companies in Austria, the specific characteristics of Burgenland Holding must also be taken into account. These characteristics can be derived, in particular, from the regional markets and the Company's investment portfolio as well as specific corporate key figures. The exercise of an Executive Board mandate does not constitute a full-time position due to the Company's relatively limited business activities, and this factor must also be taken into account when developing the basic salary.

In consideration of these requirements, the base salary must ensure competitive salaries which allow the Company to recruit and retain suitable managers.

The basic salary should be designed to support the Company's long-term positive development and to avoid a focus on short-term effects. It should take into account both financial and non-financial criteria, including criteria related to the Company's social responsibility – e.g. environmental as well as social factors.

Overall, these objectives are intended to support the current business strategy and long-term development of Burgenland Holding.

### **4.2 D&O insurance**

The Executive Board members can be provided with D&O insurance (directors and officers liability insurance) and legal protection insurance with adequate risk coverage. As an affiliated company of EVN AG, the members of the Supervisory Board can be included in the D&O insurance of EVN AG. The related premiums are to be carried by the Company or reimbursed by EVN AG.

### **4.3 Post-employment benefits**

There is no Company pension plan for members of the Executive Board apart from any legally binding entitlements. Furthermore, there are no entitlements/benefits in the event their function is terminated.

## **5 Variable remuneration components**

There are no variable compensation components. For this reason, no further details are provided on this point, in particular with regard to a clawback of variable remuneration components.

## **6 Remuneration and employment conditions for employees**

The Company does not currently employ any staff of its own. In the event that the Company employs its own employees, the monthly basic salary of an Executive Board member shall, in order to ensure a reasonable relationship between the remuneration of the Executive Board and the remuneration and employment conditions of the Company's employees, not exceed 20 times the average monthly basic salary of the employees of Burgenland Holding, calculated on a full-time basis.

## **7 Term of office and termination of the contracts with the Executive Board members**

### **7.1 Term of office and termination**

The duration of the contracts (employment contracts) with the Executive Board members generally equals five years. In any event, it is linked to the term of office.

If an Executive Board member is dismissed for good cause, the employment contract may be terminated by the Company with immediate effect.

### **7.2 Consequences of termination**

If the employment contract ends during a financial year, the Executive Board member is entitled to remuneration for the current month. This does not apply in the event of justified termination of the employment contract due to the fault of the Executive Board member or premature, unjustified resignation.

The Executive Board members are covered by an employee severance compensation and pension scheme in accordance with Austrian law (“Betriebliche Mitarbeiter- und Selbständigenvorsorgegesetz”). The Company is required to make contributions to the employee severance compensation and pension fund at the amount defined by legal regulations. There are no other contractual agreements.

In accordance with C-Rule 27a of the ACGC, claims for compensation in the event of premature dismissal are limited to a maximum of 24 months’ remuneration or, if shorter, to the remaining term of the employment contract.

Information on post-employment benefits is provided under Point 4.3.

## **8 Procedure for remuneration policy**

This remuneration policy was approved through a resolution of the Supervisory Board on 10 February 2020 and will be presented to Burgenland Holding’s 31st Annual General Meeting for voting.

The Executive Board reports each year – if necessary, together with additional persons – on remuneration to the Personnel Committee, which can initiate a revision of the remuneration policy if required.

The Personnel Committee consists solely of independent members of the Supervisory Board. They are required to report any conflicts of interest on their own initiative and must abstain from voting in such cases.

At least every fourth financial year, the Personnel Committee – if necessary, together with internal and external experts – reviews the remuneration policy and evaluates whether a revision is necessary.

Following this review and evaluation, the Personnel Committee must make a recommendation on the remuneration policy to the Supervisory Board. The same applies to premature, material changes in the remuneration policy.

The Supervisory Board must then pass a resolution on the remuneration policy and submit an appropriate proposal to the Annual General Meeting.

The remuneration policy must be presented to the Annual General Meeting for voting.

## **9 Temporary deviation from the remuneration policy**

Deviation from this remuneration policy is only possible under exceptional circumstances and for a temporary period and may only involve Points 4.1 and 5. The Annual General Meeting must be informed of any deviations, together with an explanation of the underlying exceptional circumstances.

The following, in particular, are considered to be exceptional circumstances:

- Significant changes in the legal or regulatory environment
- The unforeseen resignation or dismissal of an Executive Board member for good cause when the selection of a comparable successor does not appear possible within the framework of this remuneration policy
- Significant economic upheavals or changes, respectively war-like or terrorist incidents

In such cases, the Personnel Committee or the Supervisory Board must pass a resolution as to whether an exceptional circumstance exists and deviation from the remuneration policy is necessary to protect the Company's long-term development or profitability. If the Personnel Committee or Supervisory Board determines this is the case, it can enter into correspondingly different contractual obligations of the Company towards the Executive Board members.

## **10 Major changes in the remuneration policy**

Since the current remuneration policy was approved for the first time, no information is provided on this point.