

REMUNERATION POLICY FOR MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD OF FACC AG

MANAGEMENT BOARD

ESTABLISHMENT OF PRINCIPLES FOR THE REMUNERATION POLICY OF THE MANAGEMENT BOARD

The following principles (remuneration policy) governing the remuneration of the members of the Management Board of FACC AG were established by the Supervisory Board following a proposal of the Personnel and Compensation Committee in accordance with C-Rule 43 of the Austrian Code of Corporate Governance (ÖCGK) and are to be adopted upon submission to the Annual General Meeting of FACC AG.

The remuneration policy is to be submitted to the Annual General Meeting to the vote not less than once in every four financial years in accordance with Section 78b (1) of the Austrian Stock Corporation Act (AktG).

OBJECTIVE

Pursuant to Section 78a of the Austrian Stock Corporation Act, the Supervisory Board is required to establish principles for the remuneration of the members of the Management Board (remuneration policy) which are designed to promote the business strategy and the long-term development of the company, and to explain by which means these contribute to this goal.

This is to include a description of the various fixed and variable remuneration components that may be granted to the members of the Management Board along with all bonuses and other benefits in whatever form, stating their respective proportions. The company pursues a sustainable and profitable growth strategy based on the three core elements "innovation and customer benefit", "competence and stability" and "growth and diversification".

The variable remuneration, which comprises quantitative and qualitative components, is performance-related and takes into account such components as well as any other corporate objectives of significance to the company. The interests of the shareholders are safeguarded in that members of the Management Board receive performance incentives in the form of variable remuneration of either a financial or non-financial nature.

In the event of deviations from the expected earnings, the variable remuneration is either reduced or waived accordingly. The long-term focus of the Management Board is ensured by setting ambitious targets, promoting long-term growth factors and capping variable remuneration at 100 % of annual gross base salary.

REMUNERATION COMPONENTS

According to the remuneration policy, the members of the Management Board receive the following remuneration components:

- fixed remuneration components which are not performance-related
- variable remuneration components subject to the fulfillment of financial and non-financial performance criteria, whereby the latter are set annually by the Supervisory Board

FIXED REMUNERATION COMPONENTS

The fixed remuneration components comprise a basic salary, benefits in kind and fringe benefits as well as pension contributions.

BASIC SALARY

The fixed basic remuneration of the members of the Management Board is paid out as a salary in the form of 14 monthly payments per year. Various factors must be taken into account in determining the basic salary: The size of the basic salary depends on the responsibilities and tasks of the individual Management Board members as well as on the overall structural position of FACC AG. Remuneration is set at a competitive level in order to attract and retain qualified board members.

BENEFITS IN KIND AND FRINGE BENEFITS

Company car

The company provides each Management Board member with a car in the upper middle price range, which may also be used for private purposes, for the duration of the employment contract.

Accident and disability insurance

The company takes out accident insurance on behalf of the members of the Management Board covering death, disability and accidents. The respective insurance premiums are to be paid by the company.

D&O insurance

The members of the Management Board are guaranteed D&O insurance (liability insurance for managers) with coverage commensurate with the associated risks. The respective insurance premiums are to be paid by the company.

Pension contributions

Apart from Mr. Wang, the board members are entitled to be included in the pension plan for board members from the age of 50. This provides for a direct pension claim against the company. It is a defined contribution pension commitment by means of reinsurance. For this purpose, the company pays pension contributions in the form of premiums into the pension reinsurance. The pension amount is essentially based on the premiums paid and the investment success. The retirement age is set at the earliest at the age of 60. Pension contributions are paid at a competitive level in order to attract and retain qualified board members. The use of pension reinsurance limits the risks of the company. After the termination of the employment relationship, the company does not incur any future burdens from the title of the company pension scheme or any entitlements of the board members.

VARIABLE REMUNERATION COMPONENTS

GENERAL INFORMATION

The members of the Management Board are entitled to variable remuneration, which depends on the economic development of FACC AG and on the attainment of individually agreed goals. The performance criteria are to be aligned with the company's sustainable growth strategy, guarantee performance-related remuneration and promote a responsible management culture. Fairness is achieved by payment in the following year and by applying tested and proven criteria. The performance criteria ensure a proper balance between financial, efficiency and sustainability indicators, thus reflecting the company's sustainable growth strategy. The following performance criteria for variable remuneration are set out in more detail below. In addition to quantitative criteria, there are also qualitative criteria such as those relating to product innovation and market development or strategic corporate development. The variable remuneration is capped at 100 % of the respective annual gross base salary.

PERFORMANCE CRITERIA

Quantitative targets (financial performance criteria)

EBIT

Working Capital

Economic Value Added (EVA)

ROCE

The quantitative targets essentially have the respective weighting and are multiplied by a growth factor. The attainment of the quantitative targets is assessed on the basis of the audited consolidated financial statements for the year under review.

Qualitative targets (non-financial performance criteria)

Qualitative targets set annually, such as in the areas of product innovation and market development or strategic corporate development. A fixed amount is agreed for each qualitative target, which is redefined annually and paid out once the target has been attained.

Taking these performance criteria into account, the fixed remuneration must be at a competitive level, which ensures the motivation and availability of qualified managers for this position of a member of the Management Board.

Payment of the variable remuneration components

The variable remuneration is always paid out in full in the following year based on the assessment of target achievement, whereby the audited consolidated financial statements for the year to be assessed are to be used for the quantitative targets. Fairness is ensured by the payment in the following year and on the basis of tested and proven performance criteria

Possibility of reclaiming variable remuneration components

Variable remuneration components may be reclaimed from the Management Board members.

LONG-TERM INCENTIVE PLAN

No stock options program has been put in place for the members of the Management Board; in particular, there is no stock options program or other program for the preferential transfer of shares. The company reserves the right to introduce such a program, for example to increase the commitment and motivation of managers.

REMUNERATION AND EMPLOYMENT TERMS FOR EMPLOYEES

The remuneration models for employees are designed such that the respective national remuneration regulations are observed. The terms of employment are intended to create an environment in which employees can perform, develop and dedicate themselves. The terms of remuneration provide compensation that enables the company to recruit and retain competent and high-performing employees. The basic monthly salary of a Management Board member, calculated on a full-time basis, stands in an appropriate relationship to the remuneration and employment terms for the company's employees. Those holding executive positions are entitled to variable remuneration, which is performance-related and subject to comparable financial performance criteria at Management Board level.

TERM AND TERMINATION OF MANAGEMENT BOARD CONTRACTS

The employment contracts of the members of the Board of Directors are limited contractual relationships and the time limits are within the limits of the stock corporation law. The service contracts are not subject to an ordinary right of termination and therefore end due to the lapse of time or premature termination for an important reason. The board members have a contractual right to a severance payment dependent on the length of service, which is modeled on the mechanisms of Section 23 AngG. Severance payments are made at a competitive level to attract and retain qualified board members. The severance payment is a maximum of one year reference.

PROCEDURES RELATING TO THE REMUNERATION POLICY

This remuneration policy was established by the Supervisory Board and will be submitted to the Annual General Meeting of FACC AG for a vote. The Management Board reports annually to the Compensation Committee on the subject of remuneration and if necessary with the involvement of informants. The Committee consists exclusively of members of the Supervisory Board, who can initiate a review of the remuneration policy if required. They must report any conflict of interest of their own accord and, if necessary, abstain from voting. The Compensation Committee shall review the remuneration policy not less than once in very four financial years, if necessary with the involvement of internal and external experts, and assess whether a revision is warranted. The Compensation Committee shall then establish the remuneration policy. The same shall apply in the event of any premature substantial change in the remuneration policy. The remuneration policy will then be submitted to the Annual General Meeting for a vote.

DEROGATIONS FROM THE REMUNERATION POLICY IN EXCEPTIONAL CIRCUMSTANCES

The Supervisory Board of FACC is entitled to deviate from this remuneration policy if this is necessary in exceptional circumstances.

In the event of a deviation from the remuneration policy, a new remuneration policy must be presented at the next annual shareholders' meeting. At the same time, the remuneration committee of the Supervisory Board must determine that there are exceptional circumstances in which the deviation from the remuneration policy is necessary for the long-term development of the Company or to ensure its profitability.

SIGNIFICANT CHANGES TO THE REMUNERATION POLICY

As this remuneration policy has been established for the first time, this point does not apply.

SUPERVISORY BOARD

ESTABLISHMENT OF PRINCIPLES FOR THE REMUNERATION POLICY OF THE SUPERVISORY BOARD

The following principles (remuneration policy) governing the remuneration of the members of the Supervisory Board of FACC AG elected by the Annual General Meeting and of the members of the Supervisory Board of FACC AG delegated according to the Articles of Association of FACC AG were established by the Supervisory Board and are to be adopted upon submission to the Annual General Meeting of FACC AG. The remuneration policy is to be submitted to the Annual General Meeting for a vote not less than once in every four financial years in accordance with Section 98a in conjunction with Section 78b (1) of the Austrian Stock Corporation Act.

OBJECTIVE

The remuneration policy is designed to ensure that the members of the Supervisory Board receive remuneration for their services that is commensurate with their duties, responsibilities and the position of the company. It should promote the business strategy and the long-term development of FACC AG whilst ensuring the objectivity and independence of the Supervisory Board.

The remuneration of the Supervisory Board must be in line with the market and be sufficiently competitive to attract suitably qualified individuals to work for a listed company operating internationally. It should promote the long-term development of the company and facilitate the implementation of its sustainable growth strategy. Moreover, it must allow for a balanced composition of the Supervisory Board regarding professional and personal qualifications, with particular attention being paid to the representation of both genders, a balanced age structure and diverse professional backgrounds of the members.

REMUNERATION COMPONENTS

The remuneration is decided by the Annual General Meeting. For members of the Supervisory Board who have not served for the entire financial year, remuneration is paid on a pro-rata basis (calculated on a monthly basis). The fixed annual remuneration is paid in full after the Annual General Meeting. The attendance fee is paid after each meeting. The total remuneration comprises the components listed below; no performance-related remuneration or share-based remuneration is granted.

FIXED ANNUAL BASIC REMUNERATION

The fixed basic remuneration for supervisory activities varies, particularly in relation to function (chairman, member of the Supervisory Board).

ATTENDANCE FEE

Each member of the Supervisory Board receives an attendance fee for Supervisory Board meetings and Annual General Meetings for each meeting attended.

D&O INSURANCE

The members of the Supervisory Board are guaranteed D&O insurance with coverage commensurate with the associated risks. The respective insurance premiums are to be paid by the company.

PROMOTING THE BUSINESS STRATEGY AND LONG-TERM DEVELOPMENT

The remuneration policy promotes a balanced and diverse composition of the Supervisory Board, thereby fostering sustainable corporate development.

TERMS OF OFFICE OF SUPERVISORY BOARD MEMBERS

New Supervisory Board members are invariably elected for the maximum term of office as defined in Section 87 (7) of the Austrian Stock Corporation Act, unless otherwise resolved by the Annual General Meeting. No contractual relationships under labor law exist between FACC AG and the members of the Supervisory Board other than the appointment resolutions of the Annual General Meeting.

DEROGATIONS FROM THE REMUNERATION POLICY IN EXCEPTIONAL CIRCUMSTANCES

In exceptional circumstances, the company may temporarily adjust the volume of the fixed remuneration and the attendance fees in line with the economic position of the company if this serves to ensure the long-term development and profitability of the company.

PROCEDURES RELATING TO THE REMUNERATION POLICY

The Compensation Committee shall adopt a resolution on the remuneration policy and submit a proposal to the Annual General Meeting for every significant intended change to its remuneration policy, but not less than once in every four financial years. The remuneration policy shall then be submitted to the Annual General Meeting for a vote. The Annual General Meeting shall take a binding decision on the remuneration entitlements of the members of the Supervisory Board, thereby avoiding conflicts of interest in relation to the remuneration policy among the Supervisory Board members.

SIGNIFICANT CHANGES TO THE REMUNERATION POLICY

As this remuneration policy has been established for the first time, this point does not apply.