

# Remuneration Report for members of the Management Board and Supervisory Board of FACC AG

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## ECONOMIC DEVELOPMENT OF FACC AG

In the 2024 financial year, the FACC Group generated revenue of EUR 884.5 million, corresponding to growth of EUR 148.3 million compared to the previous year (2023: EUR 736.2 million).

Revenue increased by around 20 percent compared to the previous year. This growth was mainly due to a constant increase in the number of customer call-offs and growing demand in connection with new projects. All three segments benefited from the overall positive market trend. The revenue distribution reflects the general market demand. In Aerostructures and Cabin Interiors, the Airbus A320 family remains the top-selling platform. Projects for the Airbus A220 as well as projects for the business jet manufacturers Bombardier and Embraer also recorded growth. In the Engines & Nacelles segment, significant revenue was generated last year with the engine manufacturers Pratt & Whitney and Rolls Royce, with the supply of fan cowlings to the customer Collins, and due to the increasing rates in connection with the AAM projects.

Reported earnings before interest and taxes (EBIT) stood at EUR 28.3 million in the 2024 financial year (2023: EUR 17.5 million), which is in line with management's expectations. In some areas, projects in the start-up phase are leading to higher costs. In other segments, one-off costs for relocation projects (relocation of production from Austria to Croatia or China) had a negative impact on earnings. However, the savings effects from these production relocations will gradually lead to a sustainable increase in profitability from 2025 onwards.

Due to the ongoing high cost increases caused by inflation, particularly with regard to personnel and material costs, further efficiency-enhancing measures are essential to secure a sustainable improvement in earnings. Economies of scale, increasing productivity, reducing material costs by reorganizing the supply chain, reducing fixed costs, and accelerating the increase in capacity utilization at the new Plant 6 in Croatia are key issues in this regard.

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## 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 resolution of the Supervisory Board following

a proposal of the Personnel and Compensation Committee in accordance

with Rule C-43 of the Austrian Code of Corporate Governance (ÖCGK) and shall be adopted upon submission to the Annual General Meeting of FACC AG.

According to Section 78b para. 1 of the Austrian Stock Corporation Act, the remuneration policy must be submitted to the Annual General Meeting for resolution at least every four financial years and was first approved at the Annual General Meeting for the financial year 2019.

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## OBJECTIVES

According 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.

The remuneration principles are 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-based and considers 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 sustainable growth factors, and capping variable remuneration at 100 % of the annual gross basic salary.

## THE MANAGEMENT BOARD

### REMUNERATION COMPONENTS

Total remuneration comprises fixed and variable components. While fixed remuneration is granted independently of the company's performance, variable remuneration is contingent on the fulfillment of certain verifiable performance criteria.

- Fixed non-performance-related remuneration components
- 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, pension benefits, severance payments, benefits in kind and fringe benefits.

#### 1. BASIC SALARY

The 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 considered 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 to attract and retain qualified board members. Total remuneration (fixed remuneration incl. share in profits and benefits in kind) for the 2024 financial year amounted to kEUR 1,875.

#### 2. 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. The gross insurance premium per Management Board member for the 2024 financial year was EUR 147. Accident insurance for the Management Board is concluded as part of a collective accident insurance policy for selected managers of the FACC Group.

##### 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. The insurance premiums paid in the 2024 financial year amounted to kEUR 242.

##### Pension contributions

With the exception of Tongyu Xu, Management Board members are entitled to be included in the pension plan for Management Board members from the age of 50. This confers a direct pension claim against the company and represents a defined contribution pension commitment by means of reinsurance. For this purpose, the company pays pension contributions in the form of premiums to the pension reinsurance. The pension amount is essentially based on the premiums paid and the investment success. The retirement age is set at the age of 60 at the earliest. Pension contributions are paid at a competitive level to attract and retain qualified Management Board members. The use of pension reinsurance limits the risk exposure 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 from any entitlements of the Management Board members.

##### **Pension contributions p.a. (in kEUR)**

Robert Machtlinger	170
Andreas Ockel	100
Florian Heindl	0
Tongyu Xu	0

In addition, the Management Board members are entitled to statutory severance payments. In the 2024 financial year, the expense for allocations to provisions for severance entitlements amounted to kEUR 130.

### 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 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 the application of 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 payout of variable remuneration components is conditional on the distribution of dividends. For all members of the Management Board, maximum bonus payments are set at 70 % of any dividend payments of the respective financial year. The variable remuneration is capped at 100 % of the respective annual gross basic salary. In addition to quantitative criteria, qualitative criteria are defined based on the departmental responsibility of the respective Management Board member.

## PERFORMANCE CRITERIA

	Component	Weighting	Valuation	Maximum value	Details
Base	Base	N/A	Net profit x percentage x (1-discount)	7%	Net profit ⇒ Value from audited, consolidated financial report Percentage ⇒ EBIT target value (0 - 7%) 0% if, EBIT margin < Bottom line x 0,8 (ref. target value categories) 0% if, asset turnover < 0,9 in 2023 + 2024, < 1 in 2025 0% if, Free Cash-flow < 0 Discount ⇒ minus 5%, if receivables ratio > Ø budget target minus 5%, if inventory ratio > Ø budget target
	EBIT Index	60%	EBIT margin / target value (bottom line) Margin	1,5	target value categories: - Excellence line [7%] - Bottom line [5%] - Bottom line x 0,8 [3%] (< Bottom line x 0,8 = 0)
Financial	FCF Index	30%	FCF > Target value = 1 or FCF > 10 MEUR ⇒ FCF / 10 MEUR	1,5	
	ESG Index	10%	Environment ⇒ 50% Weighting Social ⇒ 30% Weighting Governance ⇒ 20% Weighting	1,5	50% CO2 reduction by 2030 (base 2007/08) 15-20 different nationalities in management Internal CSR rating of the top 300 suppliers
ESG	<b>Bonus = Base x (60% x EBIT Index + 30% x FCF Index + 10% x ESG Index)</b>				
Formula					

### EBIT margin

The EBIT margin is the most important financial indicator. It serves as a basic benchmark for bonus payments. Bonuses thus increase or decrease according to a staggered calculation system linked to the EBIT margin. For the 2024 financial year, the minimum benchmark to be achieved for bonus payments is an EBIT margin of 4.8 %. The EBIT index is capped at a maximum value of 1.5.

### Free cash flow

Free cash flow is an indicator that serves as a basic benchmark for bonus payments, whereby a bonus is only paid out if the free cash flow is positive. It also serves as a grading factor for the size of the bonus to be paid out, calculated using the ratio of the free cash flow actually achieved to a fixed amount of EUR 10 million.

The FCF index is limited to a maximum value of 1.5.

### ESG index

As part of its commitment to environmental, social and corporate governance (ESG) matters, FACC AG presents the progress made with regard to important ESG criteria in this Remuneration Report. With regard to the environment, FACC has set itself the goal of reducing its CO<sub>2</sub> emissions by 50 % by 2030 (relative to the period 2007/2008). This underscores the company's commitment to environmental protection and sustainable action. In the social area, FACC is actively promoting diversity by ensuring that at least 15 different nationalities are represented across all management levels of the company. This broad diversity not only strengthens our corporate culture, but also promotes intercultural exchange and understanding. We have taken significant measures in the area of corporate governance, including the development of an internal CSR rating for our top 300 suppliers. This governance measure strengthens our supply chain responsibility and helps to ensure sustainable practices along our value chain. The overall score is

based on a weighting of 50 % for the environment, 30 % for social matters and 20 % for governance, reflecting our all-embracing commitment to ESG principles. The ESG index is capped at a maximum value of 1.5.

### Asset turnover ratio

The asset turnover ratio – the ratio of annual revenue to total assets – serves as a basic benchmark for bonus payments. For the 2024 financial year, a bonus shall be paid if the ratio is greater than or equal to 0.9.

### Working capital

The key ratios of receivables to revenue, and inventories to revenue, reduce the bonus to be paid out by 5 % in each case if they exceed the limits specified for the respective financial year. For the 2024 financial year, these limits were 14.4 % and 15.8 % respectively. The quantitative targets are weighted accordingly and multiplied by a growth factor. The audited consolidated financial statements for the year under review are used as the basis for assessing the achievement of the quantitative targets.

### Qualitative targets (non-financial performance criteria)

The Supervisory Board can set qualitative targets annually for each member of the Management Board according to their departmental responsibilities. A fixed amount is agreed for each qualitative target, which is redefined annually and paid out once the target has been attained.

Considering the quantitative and qualitative performance criteria, the fixed remuneration must be at a competitive level which ensures the motivation and availability of qualified managers for the position of Management Board member.

## Payment of variable remuneration components

Variable remuneration is always paid out in full in the following year depending on the assessment of targets achieved, whereby quantitative targets shall be based on the audited consolidated financial statements for the year under review. Fairness is ensured by payouts in the following year and by applying established and tested criteria. Payments at the Management Board and Vice President executive levels are made according to the following bonus plan: 70 % of the bonus is paid out following the shareholders' meeting of the respective financial year. The remaining 30 % are paid out after the shareholders' meeting of the consecutive financial year, contingent on fulfillment of the prerequisites. Fairness is ensured by payment in the following year and the application of established and tested performance criteria. No performance-related remuneration was paid in the 2024 financial year due to the failure to achieve the defined targets.

The following shares are distributed to the members of the Management Board:

CEO: 30 %                      COO: 25 %

CFO: 25 %                      CSO: 20 %

## Possibility of reclaiming variable remuneration components

Variable remuneration components may be reclaimed from members of the Management Board according to defined criteria.

## Management Board remuneration p.a. for 2024 (in kEUR)

	Robert Machtlinger	Andreas Ockel	Florian Heindl <sup>1)</sup>	Tongyu Xu <sup>2)</sup>	Zhen Pang <sup>3)</sup>
Basic salary	427	410	230	206	122
Profit sharing/bonus	0	0	0	0	0
Grant for group health insurance	1	0	0	0	0
<b>Interim total</b>	<b>428</b>	<b>410</b>	<b>230</b>	<b>206</b>	<b>122</b>
Benefit in kind company car	12	12	6	5	4
Benefit in kind company apartment	0	0	0	10	6
Other benefits in kind	0	0	0	12	11
<b>Interim total</b>	<b>440</b>	<b>422</b>	<b>237</b>	<b>232</b>	<b>143</b>
Severance payments	7	24	36	33	31
<b>Pension contributions</b>	<b>170</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>617</b>	<b>546</b>	<b>273</b>	<b>264</b>	<b>174</b>

<sup>1)</sup> Member of the Management Board as of 1 May 2024

<sup>2)</sup> Member of the Management Board as of 15 May 2024

<sup>3)</sup> Member of the Management Board until 14 May 2024

## Management Board remuneration p.a. for 2023 (in kEUR)

	Robert Machtlinger	Andreas Ockel	Aleš Stárek	Zhen Pang
Basic salary	427	390	315	317
Profit sharing/bonus	0	0	0	0
Grant for group health insurance	1	0	0	0
<b>Interim total</b>	<b>428</b>	<b>390</b>	<b>315</b>	<b>317</b>
Benefit in kind company car	12	12	12	11
Benefit in kind company apartment	0	0	0	16
Other benefits in kind	0	0	0	21
<b>Interim total</b>	<b>440</b>	<b>402</b>	<b>327</b>	<b>365</b>
Severance payments	26	53	140	46
Pension contributions	170	100	60	0
<b>Total</b>	<b>635</b>	<b>554</b>	<b>527</b>	<b>410</b>

## 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 instance to increase the commitment and motivation of its managers.

## REMUNERATION AND EMPLOYMENT TERMS FOR EMPLOYEES

The remuneration models for employees are designed so as to ensure 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 the Management Board level.

## SIGNIFICANT CHANGES TO THE REMUNERATION POLICY FOR THE MANAGEMENT BOARD

No significant changes have been made to the remuneration policy adopted at the 9<sup>th</sup> Annual General Meeting.

## FIXED ANNUAL BASIC REMUNERATION

The fixed basic remuneration for serving on the Supervisory Board is determined in particular according to functions (chairperson, member of the Supervisory Board), the scope of the preparatory tasks and cooperation with the Management Board. The fixed component ranges between kEUR 25.0 and kEUR 37.5 per year.

## ATTENDANCE FEE

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

## 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. The insurance premiums paid in the 2024 financial year amounted to kEUR 242.

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## THE SUPERVISORY BOARD

### 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 pro rata (calculated monthly). 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. Members delegated by the Works Council do not receive an attendance fee.

Meeting fees 2024

Supervisory Board member	Status	Meeting fee	Extraordinary meeting	103 <sup>rd</sup> meeting	10 <sup>th</sup> AGM	104 <sup>th</sup> meeting	105 <sup>th</sup> meeting	106 <sup>th</sup> meeting	107 <sup>th</sup> meeting	Total	Fixed 2024
			<i>Feb.</i>	<i>March</i>	<i>May</i>	<i>May</i>	<i>June</i>	<i>Sep.</i>	<i>Dec.</i>		
Chengkuan Wang	Chairman/PCC	2,500		-	-	-	2,500	2,500	2,500	7,500	21,875
Jian Wang	Member	2,000*	2,500	2,500	1,250		2,000	2,000	2,000	12,250	30,208
Jiajia Dai	Chairwoman/AC	2,200	2,200	2,200	1,100	-	2,200	2,200	2,200	12,100	
Junqi Sheng	Member	2,000	2,000	2,000	1,000	-	2,000	2,000	2,000	11,000	25,000
Weixi Gong	Ind. Member	2,000	-	2,000	-	-	2,000	2,000	2,000	8,000	25,000
Ian Chang	Ind. Member	2,000	1,000	2,000	1,000	-	-	2,000	2,000	8,000	25,000
Tom Williams	Ind. Member	2,000	2,000	2,000	-	-	-	2,000	2,000	8,000	25,000

Resigned in 2024

Tongyu Xu	Vice Chairman	2,300	2,300	2,300	-	-	-		-	4,600	
Jing Guo	Member	2,000	1,000	-	-	-	-		-	1,000	

\*Due to the resignation as Chairman, the attendance fee was reduced from 2,500 to 2,000 as of the 106<sup>th</sup> meeting.

Meeting fees 2023

Supervisory Board member	Status	Meeting fee	99 <sup>th</sup> meeting	9 <sup>th</sup> AGM	100 <sup>th</sup> meeting	101 <sup>st</sup> meeting	102 <sup>nd</sup> meeting	Total	Fixed 2023
			<i>March</i>	<i>May</i>	<i>June</i>	<i>Sep.</i>	<i>Dec.</i>		
Jian Wang	Chairman/PCC	2,500	2,500	1,250	2,500	2,500	2,500	11,250	59,375*
Tongyu Xu	Vice Chairman	2,300	-	-	-	2,300	2,300	4,600	
Jiajia Dai	Chairwoman/AC	2,200	-	-	-	2,200	2,200	4,400	
Jing Guo	Member	2,000	2,000	-	2,000	2,000	2,000	8,000	
Junqi Sheng	Member	2,000	2,000	1,000	2,000	2,000	2,000	9,000	25,000
Weixi Gong	Ind. Member	2,000	2,000	-	2,000	2,000	2,000	8,000	25,000
Ian Chang	Ind. Member	2,000	2,000	1,000	2,000	2,000	2,000	9,000	25,000
Tom Williams	Ind. Member	2,000	2,000	-	-	2,000	2,000	6,000	25,000

Resigned in July 2023

Fusheng Chen	Vice Chairman	2,300	2,300	-	-	-	-	2,300	
Yu Mei	Chairwoman/AC	2,200	2,200	1,100	-	-	-	3,300	

\*Of which EUR 21,875 is attributable to the 2022 financial year

## SIGNIFICANT CHANGES TO THE REMUNERATION POLICY FOR THE SUPERVISORY BOARD

The remuneration policy was adopted at the 9<sup>th</sup> Annual General Meeting and applied in this Report.