

# **Remuneration Policy**

**AUSTRIACARD HOLDINGS AG**

**November  
2022**

## 1. Introduction

- 1.1 The company AUSTRIACARD HOLDINGS AG (the “**Company**”) has adopted a Remuneration Policy (the “**Policy**”) for the members of the Management Board pursuant to Article 78a and for the members of the Supervisory Board (and its Committees) pursuant to Article 98a in connection with Article 78a of the Austrian Stock Corporation Act (*Aktiengesetz*) transposing into Austrian Law the provisions of Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement as well as the best practices that apply to listed companies.
- 1.2 The Policy has, upon initiative of the Supervisory Board, been approved also by the General Meeting of the Company’s shareholders held on 30 November 2022 after its approval by the Supervisory Board in its meeting held on 8 November 2022, following the relevant proposal by the Nomination and Remuneration Committee to the Supervisory Board on 8 November 2022.

## 2. Scope

- 2.1 The Policy applies to the following persons (the **Covered Persons**):
  - (i) Members of the Supervisory Board;
  - (ii) Members of the Management Board; and
  - (iii) Members of the Committees of the Supervisory Board, and the Management Board, if applicable.
- 2.2 Remuneration covers any type of compensation or payment, fees and benefits of any kind received by the Covered Persons, which is paid directly by the Company, or indirectly by any affiliated companies pursuant to International Accounting Standard 24 (the “**IAS 24**”), for the provision of professional services (under an employment contract or otherwise), such as salaries, pensions, voluntary retirement benefits, allowances, bonuses, variable remuneration or performance-related benefits or benefits related to contractual terms, such as deferred share bonus plans, share incentive plan, guaranteed variable remuneration and payments related to early termination. Remuneration may consist of components set in money terms, including cash, shares, pre-emption rights, etc, as well as other components of additional remuneration such as health care benefits, use of vehicles, mobile phones etc.

## 3. General Principles

The Policy promotes recurring creation of value for the Group, seeking at the same time alignment between the interests of its employees and shareholders with sound risk management.

- 3.1 **Proportionality:** The remuneration must be proportional to the size, activity, nature and internal organisation of the Company.
- 3.2 **Recruitment, motivation and retention of executive talent:** The Company aims to provide incentives to attract, recruit, motivate and retain on a long-term basis executive talent of the calibre required to implement its strategy. To that aim, the Company, when

setting the remuneration levels for the members of the Management Board, takes into account the prevailing market conditions, the competitive environment (through comparison with the remuneration of executives at companies of similar size, complexity and international reach) as well as the positioning and relativities of pay and employment conditions.

**3.3 Contribution to the business strategy, long-term interests and sustainable growth:**

The remuneration of the Covered Persons (as defined above) is designed to promote the Company's business plan, so that it continues to create long-term value for its clients, shareholders, employees and other stakeholders and promote sustainable growth. The policy intends to achieve the above objectives by ensuring fair and appropriate fixed remuneration and variable remuneration components encouraging sustainable growth instead of short-term gains and excessive risk taking. In this context, the members of the Supervisory Board do not receive variable remuneration.

**3.4 Reward for creation of value:** The remuneration of Covered Persons that perform executive (management) tasks, can include, besides the fixed component, variable components as reward for their contribution to the overall success of the business, the creation of value and the building of a dedicated client base.

**3.5 Prevention of conflicts of interest:** The remuneration of the Covered Persons (as defined above) shall align the interests of the Covered Persons with the interests of the Company and its shareholders and shall not give rise to conflicts of interests or provide incentives to the Covered Persons (as defined above) to promote their interests or third parties' interests to the detriment of the interests of the Company and its shareholders.

**3.6 Risk management:** The remuneration of the Covered Persons (as defined above) encourages the right and proper management of risks by ensuring the appropriate liquidity levels required for the Company's operations and discouraging Covered Persons to gain significantly from short-term successes, which may not be consistent with growing the overall value of the business and/or pose Company's sustainability at risk.

**3.7 Remuneration practices in the Company:** The Company intends to ensure that all employees are paid appropriately in the context of their role, experience and performance and that a fair and reasonable remuneration is paid to the most suitable persons for each position. While determining the remuneration of the Covered Persons, the Company aims to ensure that the practices and the structure of remuneration in the Company are largely consistent, noting though that the remuneration of the members of the Supervisory Board and Management Board must be different than the remuneration paid to other employees due to their role and responsibility, as well as their ability to affect Company's performance.

**3.8 Transparency:** Any additional remuneration paid to the members of the Supervisory and Management Board participating to Committees is presented in a separate section of the Annual Remuneration Report and is approved by the Company's General Meeting as separate remuneration items.

#### **4. Remuneration of members of the Management Board**

**4.1** The members of the Management Board receive remuneration reflecting their management role.

- 4.2 **Fixed and variable remuneration:** Remuneration of the members of the Management Board may include fixed and, as the case may be, variable components, in order to incentivize and recognise the execution of the Company's strategy and reward the achievement of annual financial and operational objectives. The Company ensures that the fixed and variable components are appropriately balanced in order to discourage excessive risk taking.
- 4.3 **Fixed base remuneration:** Fixed base remuneration is determined after due consideration of the levels of fixed remuneration paid by other (comparable) companies of similar size and business for similar positions education, skills required for the position, experience, position and responsibilities of the member of the Management Board, individual performance, Company's performance, salary and employment conditions in the Company as broader economic and inflationary conditions in the country of residence of the member of the Management Board. When considering the eligibility of the members of the Management Board for an increase of the fixed base remuneration, the Nomination and Remuneration Committee takes into account the responsibilities of the role, any increases awarded to the wider workforce of the Company and its Group, the individual and Company performance and the overall financial outlook.
- 4.4 **Variable remuneration:** The members of the Management Board may receive variable remuneration so that their remuneration is linked to the successful implementation of the Company's corporate strategy, the achievement of the Company's business targets, as well as the creation of long-term value. In particular, variable remuneration is linked to the achievement of quantitative and qualitative business targets of the Company and shall be freely revocable by the Company (subject to the provisions of the applicable laws), which is in any case under no obligation to pay variable remuneration if the Company's performance does not permit such payment. The Company may also link variable remuneration to members of the Management Board to Environmental, Social and Governance (ESG) metrics and sustainable development targets which may add long-term value to the Company. In such case, the Company ensures any ESG indicators used are comprehensive, reliable and consistent.
- 4.5 **Elements of variable remuneration:** The variable remuneration to be awarded to the members of the Management Board includes the following:
- (i) **Annual bonus in cash:** The agreements with the members of the Management Board may allow for the provision of annual bonus in cash, which aims to reward the achievement of financial and operational objectives on an annual basis. For the purposes of granting the annual bonus, the Nomination and Remuneration Committee determines the specific annual financial targets for a three-year period, which are aligned with the Company's business strategy, and/or any non-financial targets which have to be clear and sufficiently detailed. Annual bonuses in cash are paid, only if the members of the Management Board meet the targets set by the Nomination and Remuneration Committee, provided that the Company has profits. The annual bonus in cash shall not exceed 130% of their annual fixed base remuneration.
  - (ii) **Performance Share Plan:** The Group has introduced the following performance share plans:

- (a) Mr. Panagiotis Spyropoulos, member of the Company’s Management Board, is entitled, among other members of the management team, to acquire shares in a newly established subsidiary of the Company or AUSTRIA CARD-Plastikkarten und Ausweissysteme Gesellschaft m.b.H., registered under FN 98272 v with the Austrian commercial court. Further, according to this program, the holders of exercisable options have the right to acquire shares free of charge within a certain period after their grant in fiscal year 2026. The total number of options to be granted depends on the return on invested capital (“ROIC”) achieved in fiscal year 2025 compared to the fair value of the Digital Security Division & Information Management Division as of December 31, 2020. ROIC is calculated using a defined formula based on the audited consolidated financial statements for fiscal year 2025.

<b>Options in % of share capital</b>	<b>Minimum annual Net ROIC</b>
0%	< 8.4%
2%	8.4%
4%	11.8%
6%	14.9%
8%	17.6%
10%	20.1%

Starting from January 1, 2022, 25% of the options will vest at the end of each of the calendar years 2022, 2023, 2024 and 2025, with the number of options granted not being determined until 2026 and may be 0. If program participants leave as defined ‘bad leavers’ before the end of 2025, they will lose all options. If program participants leave as ‘good leavers’, they retain the options that have vested by then, but the remaining unvested options are cancelled without consideration.

- (b) Mr. Panagiotis Spyropoulos, member of the Company’s Management Board and CEO, is entitled, among other executives that are not Covered Persons, to acquire common nominal voting shares of INFORM P. LYKOS HOLDINGS S.A., a subsidiary of the Company, based on a share option plan, the total nominal value of which for all beneficiaries will not exceed 1/10 of the issued and paid-up share capital of INFORM P. LYKOS HOLDINGS S.A. (with a pre-determined ratio of 40% of the total number of the shares to be granted under the Programme for Mr Panagiotis Spyropoulos). Mr. Spyropoulos will have the right to receive shares of INFORM P. LYKOS HOLDINGS S.A. upon INFORM P. LYKOS HOLDINGS S.A.’s reaching financial targets that are dependent on the return on invested capital (“ROIC”) on 31.12.2025, compared to the fair value of I INFORM P. LYKOS HOLDINGS S.A.’s group as of December 31, 2020. ROIC is calculated using a defined formula based on the audited financial statements of the INFORM P. LYKOS HOLDINGS S.A.’s group for fiscal year 2025.

<b>Shares in % of share capital</b>	<b>Minimum annual Net ROIC</b>
0%	< 8.4%
2%	8.4%

4%	11.8%
6%	14.9%
8%	17.6%
10%	20.1%

Starting on January 1, 2022, 25% of the rights to acquire shares will vest at the end of each of the calendar years (provided that the beneficiaries will not leave a 'bad leavers') 2022, 2023, 2024 and 2025, with the number of shares to be awarded to be determined after 31.12.2025, noting that under circumstances no shares may be granted. If the beneficiaries leave as defined 'bad leavers' before the end of 2025, then they will lose all rights to shares. If program participants leave as 'good leavers', they retain the right to granting of shares that have vested by then, but the remaining unvested rights of shares are cancelled without any right of consideration.

(iii) **Other benefits:** The Company may grant additional benefits to the members of the Management Board based on benchmarking against relevant market comparators, such as a company car, private health insurance policy and travel and fuel allowance, while the Company may consider additional benefits in order to attract, recruit, motivate and retain on a long-term basis executive talent.

4.6 **D&O insurance:** The members of the Management Board are covered by Directors & Officers (D&O) insurance taken by the Company to adequately protect them from claims which may arise from decisions and actions taken as part of their duties.

4.7 **Clawback:** The agreements between the Company and the members of the Management Board may provide for the Company's right to demand return of the variable remuneration elements, in whole or in part, within three years from their payment. Subject to the provisions of the applicable laws, the Company may decide, to apply clawback provisions up to 100% of the variable remuneration elements in case of:

- Preparation of inaccurate financial statements or other financial information by the Covered Person, on which the payment of the bonus or other variable remuneration was based;
- Regulatory sanctions imposed to the Company, to the extent attributable to an act or omission of the Covered Person;
- Fraudulent inducement of the bonus criteria by the covered Persons; and
- Criminal offenses pursuant to any applicable criminal laws against the assets of the Company.

## 5. Term and termination of appointment of the members of the Management Board

5.1 The term of the members of the Management Board is determined in the relevant resolution of the competent corporate bodies but may not exceed five (5) years in any case. A re-election of the Management Board member upon expiration of the term is permissible.

5.2 The members of the Management Board are subject to the legal provisions regarding the end of term of appointment, the notice period and any amounts payable to them

upon end of their term under the applicable laws. The Company may grant severance indemnity to the members of the Management Board in the event of termination without serious cause. The severance indemnity may not exceed the annual fixed base remuneration plus the maximum short-term bonus for a up to two (2) years.

## 6. Remuneration of the members of the Supervisory Board

- 6.1 **Fixed base remuneration:** The members of the Supervisory Board receive fixed base remuneration for the time commitment required for the performance of their duties as members of the Supervisory Board. Additional fixed base remuneration is paid to the members of the Supervisory Board that are members of the Committees of the Supervisory Board to reflect their increased time commitment. The fixed base remuneration is not performance-based. Instead, it considers the responsibilities of the role (e.g. the fixed base remuneration for the Chairman of the Supervisory Board and the Chairman of each Committee of the Supervisory is higher than the remuneration received by the members), the skills and knowledge required as well as the expected time commitment and broader economic and inflationary conditions. Periodic benchmarking against relevant market comparators, reflecting the size and complexity of the role, is used to provide context when setting fixed remuneration components of the members of the Supervisory Board.
- 6.2 **Fixed attendance fees per meeting:** The members of the Supervisory Board receive fixed attendance fees for the participation in each meeting of the Supervisory Board, which reflect the time commitment required for the participation in the meetings, including preparation of the meetings and travelling to the place where the meetings are held.
- 6.3 **No variable remuneration:** The members of the Supervisory Board do not receive any variable remuneration. The members of the Supervisory Board do not participate in any pension plans nor receive any other benefits in kind.
- 6.4 The members of the Supervisory Board may receive additional remuneration for extra services offered to the Company as far as permissible under the Articles of Association of the Company, the Rules of Procedure of the Supervisory Board and the applicable Austrian laws. Where the members of the Supervisory Board receive non-significant additional remuneration by the Company, or by an affiliated company, in addition to remuneration for their participation in the Supervisory Board's or Committees' meetings pursuant to section 4.1 hereof, their independence in accordance with the criteria set out in the Company's suitability policy in relation to the members of the Management and Supervisory Board (the "**Suitability Policy**") is not affected. The significance of remuneration is determined in relation to both the Company and the member of the Supervisory Board. In particular: (a) for the Company, remuneration is considered significant, if it impacts or may impact materially the financial condition or the performance or the business activity or in general the financial interests of the Company; and (b) for the member of the Supervisory Board, the significance of the remuneration is determined on a case-by-case basis, taking into consideration criteria such as frequency of payment and amount of remuneration. Any occasional or ad hoc remuneration of minor value, in cash or in kind, or any fixed remuneration of minor value which is not liable to affect the financial condition of the members of the

Supervisory Board, does not preclude per se the independence of the member of the Supervisory Board.

- 6.5 **Expenses:** The members of the Supervisory Board may claim reasonable business (including travel, accommodation and vocational training) expenses within the terms of the Company's expenses policy and be reimbursed on the same basis as all employees.
- 6.6 **D&O insurance:** The members of the Supervisory Board are covered by Directors & Officers (D&O) insurance taken by the Company to adequately protect them from claims which may arise from decisions and actions taken as part of their duties.
- 6.7 The remuneration of the members of the Supervisory Board is paid in quarterly intervals.
- 6.8 The fixed base remuneration is reviewed regularly and is subject to a resolution by the Annual General Meeting of the Company at least every four years.

## **7. Term and termination of appointment of the members of the Supervisory Board**

- 7.1 The term of the members of the Supervisory Board is determined in the relevant resolution of the General Meeting of the Company, but ends in any case at the end of the Annual General Meeting, that decides on their discharge for the fourth fiscal year following their election.
- 7.2 The members of the Supervisory Board are subject to the legal provisions regarding the end of term of appointment, the notice period and any amounts payable to them upon end of their term under the applicable laws and do not receive any additional remuneration or indemnity, such as severance indemnity.

## **8. Role of the Nomination and Remuneration Committee**

- 8.1 The Nomination and Remuneration Committee approves the Policy, which is submitted to the Supervisory Board for its approval. Upon approval of the Policy by the Supervisory Board, the Policy is further submitted for resolution with recommending character by the General Meeting.
- 8.2 The Nomination and Remuneration Committee shall re-evaluate the Policy at least on an annual basis and shall submit any amendment proposals to the Supervisory Board.

## **9. Deviations from the Policy**

- 9.1 Any deviations from the Policy are permitted temporarily under exceptional circumstances pursuant to Article 78a para 2 of the Austrian Stock Corporation Act, if such deviation is necessary to ensure the long-term interests of the Company or its sustainability as a whole or its viability.
- 9.2 Any deviation from the Policy shall be examined and resolved by the Supervisory Board.
- 9.3 Any deviations from Policy itself shall be described in the Remuneration Report that is submitted to the Annual General Meeting, including:
  - (i) an indication of the specific elements deviated or derogated from and a confirmation that the Policy allows these elements to be deviated or derogated from;

- (ii) an explanation of the nature of the exceptional circumstances including an explanation on why the deviation or derogation is necessary to serve the long-term interest and sustainability of the Company as a whole or to assure its viability; and
- (iii) information on the procedure followed and a confirmation that this procedure complies with the procedural conditions that are specified in the Policy for these exceptional circumstances.

## **10. Annual Remuneration Report**

- 10.1 The Management Board and Supervisory Board draws up a remuneration report pursuant to Article 78c of the Austrian Stock Corporation Act, providing a comprehensive overview of the remuneration, including all benefits in whatever form, awarded or due during the most recent financial year to individual members of the Management Board and Supervisory Board, on which the Nomination and Remuneration Committee opines pursuant to the Regulation of the Nomination and Remuneration Committee.
- 10.2 Where applicable, the remuneration report shall contain the following information regarding the remuneration of each member of the Management Board and Supervisory Board:
- (i) the total remuneration split out by component, the relative proportion of fixed and variable remuneration, an explanation how the total remuneration complies with the Policy, including how it contributes to the long-term performance of the Company, and information on how the performance criteria were applied;
  - (ii) the annual change of remuneration, of the performance of the Company, and of average remuneration on a full-time equivalent basis of employees of the company other than the members of the Supervisory Board and the Management Board over at least the five most recent financial years, presented together in a manner which permits comparison;
  - (iii) any remuneration from any undertaking belonging to the same group as defined in Article 189a para 8 of the Austrian Commercial Law (*Unternehmensgesetzbuch*);
  - (iv) the number of shares and share options granted or offered, and the main conditions for the exercise of the rights including the exercise price and date and any change thereof;
  - (v) information on the use of the possibility to reclaim variable remuneration;
  - (vi) information on any deviations from the procedure for the implementation of the Policy and on any derogations applied in accordance with section 9 of the Policy, including the explanation of the nature of the exceptional circumstances and the indication of the specific elements derogated from.
- 10.3 The Company does not include in the remuneration report special categories of personal data of individual members of the Management Board and the Supervisory Board or personal data which refer to their family situation.
- 10.4 The Company's Annual General Meeting resolves on the remuneration report of the most recent financial year with recommending character. The Company shall explain in the following remuneration report how the resolution with recommending character of the Annual General Meeting has been taken into account.

## **11. Approval and revision of the Policy**

- 11.1 The procedure for the approval of the Policy is as follows:
- The Nomination and Remuneration Committee endorses a draft of the Policy, and submits the draft Policy to the Supervisory Board;
  - The Supervisory Board approves and submits the Policy to the General Meeting for its resolution;
  - The Company's General Meeting resolves with recommending character on the Policy.
- 11.2 Upon resolution on the Policy by the General Meeting, the Policy shall be published at the Company's website, and remains publicly available, free of charge, at least as long as it is applicable.
- 11.3 The Nomination and Remuneration Committee shall revisit the Policy on an annual basis, in compliance with the policies and procedures that have been adopted by the Supervisory Board as well as the general corporate strategy of the Company, so that all types of risks, liquidity and capital adequacy of Company are taken into consideration when evaluating the mechanisms adopted for the alignment of the Policy with the risks. The Nomination and Remuneration Committee also recommends corrective actions where weaknesses in the implementation of the Policy are identified.
- 11.4 The members of the Supervisory Board shall act independently when proposing the approval of the Policy by the General Meeting.

## **12. Duration**

- 12.1 The Policy enters into force following approval by the Company's General Meeting and remains in force for four (4) years unless the General Meeting resolves to amend the Policy prior to its expiry.
- 12.2 The Policy is submitted to a binding vote by the Company's General Meeting at every material change and in any case at least every four years in accordance with the procedure set out in section 11 of the Policy.

## **13. Miscellaneous**

- 13.1 The Company retains the right to fulfil its obligations under contracts entered into with Covered Persons prior to the entry into force of this Policy.