



Principles for the remuneration of the members of the Executive Board and the Supervisory Board of Bajaj Mobility AG



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Disclaimer

This is a working translation from the German language provided for purposes of convenience only. In case of any inconsistency, the German version shall prevail.

I. INTRODUCTION

The remuneration system of Bajaj Mobility AG implements the recommendations of the Austrian Code of Corporate Governance (ÖCGK) and the legal requirements of the Austrian Stock Corporation Act (Sections 78a ff and 98a) and was drawn up in accordance with EU Directive 2017/828.

The purpose of this remuneration policy is to remunerate the members of the company's administrative bodies appropriately in accordance with their area of activity and responsibility as defined by law, the articles of association or the company's rules of procedure and in compliance with legal requirements. The remuneration policy is intended to promote the company's business strategy and long-term development.

II. BUSINESS STRATEGY AND LONG-TERM DEVELOPMENT

Bajaj Mobility AG is the parent company of the Bajaj Mobility group and acts as a managing holding company. Bajaj Mobility AG is the umbrella company for Europe's leading manufacturer of powered two-wheelers, producing a complete premium brand range of KTM, GASGAS and Husqvarna Motorcycles. The group's innovative strength makes it a pioneering leader in technology for two-wheeled mobility through its motorcycle brands and complements its premium brand segment with the high-performance components of the WP brand. Following the strategic partnership with Bajaj in India, the company has been able to diversify its production capacities in recent years and increase its competitiveness in the global market.

III. REMUNERATION OF THE EXECUTIVE BOARDS

1) PRINCIPLES OF EXECUTIVE BOARD REMUNERATION

When determining the total remuneration for the members of the Executive Board, the Supervisory Board must ensure that the remuneration is commensurate with the tasks and performance of the individual Executive Board member, the situation of the company and the usual remuneration, and that long-term incentives for sustainable corporate development are taken into account. For this task the Supervisory Board and the Remuneration Committee may seek assistance from external remuneration consultants.

The remuneration of the members of the Executive Board in principle results from agreements under private law concluded between the member of the Executive Board and the company, which is represented by the Supervisory Board.

The remuneration policy is reviewed regularly by the Supervisory Board. When drawing up the remuneration policy, particular consideration was given to the size of the company and the subsidiaries under its management, the internal organization, compliance with the strategy, and the interests and values of the company. The remuneration should reflect the scope and complexity of the business as well as the role and responsibility of the Executive Board members and be competitive in the market. The criteria are position, assumption of management tasks, professional and personal qualifications and relevant experience.

None of the current members of the Executive Board of Bajaj Mobility AG receives any direct remuneration from the company.

The remuneration paid to the members of the company's Executive Board as described above consists of a fixed remuneration component that is not performance-related, fringe benefits and variable components.

2) REMUNERATION OF THE EXECUTIVE BOARD

The remuneration includes in each case

- » non-performance-related remuneration (fixed remuneration),
- » fringe benefits and
- » performance-related remuneration (variable remuneration).

Further the members of the Executive Board can be included in stock option programs of the company.

a) Fixed Remuneration

Each member of the Executive Board receives a basic salary, which consists of an annual fixed salary and is paid in 14 equal instalments.

The basic salary is a fixed monthly salary at a competitive level that incentivises the members of the Executive Board to act for the benefit of the shareholders and employees as well as the company.

The remuneration includes a lump-sum payment for all services rendered in excess of normal working hours. Salary adjustments of members of the Executive Board in accordance with salary increases of the collective bargaining agreements are excluded. In the event of a significant increase in the Austrian consumer price index (VPI), adjustments can be made to the fixed remuneration of the Executive Board members.

No additional remuneration is granted for intragroup mandates and positions.

b) Fringe Benefits

Fringe benefits can include the following components:

- » use of an appropriate company car in accordance with the company's company car policy, which may also be available for private use.
- » D&O insurance (directors' and officers' liability insurance).
- » accident insurance to provide insurance cover in the event of death and disability.
- » personal liability insurance to cover the statutory liability of board members.
- » insurance cover for claims for damages by third parties due to financial losses suffered by the company or by third parties due to breaches of duty by executive bodies.
- » private health and accident insurance, legal expenses insurance or international health insurance.
- » pension fund payments exceeding statutory social security contributions.

c) Variable Remuneration

The members of the Executive Board are entitled to a variable remuneration component. This variable remuneration may consist of a target achievement bonus and/or a bonus as part of a long-term incentive plan. The variable remuneration can be granted as cash payments and/or in the form of share options as part of an employee share ownership program.

The variable remuneration components can be defined in advance in individual contracts in such a way that they can be linked to measurable, sustainable, long-term or multi-year performance criteria so as not to encourage the taking of inappropriate risks. The criteria can relate to individual business units or to the entire Bajaj Mobility Group.

In the case of individual members of the Executive Board, the company may also decide not to grant variable remuneration if this is in the company's best interests.

The Supervisory Board reserves the right to grant special bonuses in addition to the aforementioned variable remuneration for exceptional performance, provided that such exceptional performance is expected to yield future benefits for the company. Any such special bonuses are intended to motivate the members of the Executive Board to manage the company in a long-term and sustainable manner.

Target Achievement Bonus

A target achievement bonus is paid out in the following year based on the assessment of target achievement.

The criteria of the target achievement bonus comprise budget and non-budget targets of the Bajaj Mobility Group for the respective financial year, whereby the applicability, weighting and amount of these criteria can be determined individually depending on the area of responsibility of the respective Management Board member. The criteria can relate to individual business units or to the entire Bajaj Mobility Group.

Specific thresholds or ranges are set in advance for agreed targets, which are used to measure fulfilment or non-fulfilment or the relationship between over- or under-fulfilment of the target value and the corresponding increase or decrease in the payment of variable remuneration components.

Long Term Incentive Plan (LTIP)

The Supervisory Board expects the Executive Board to adopt a holistic approach, in which non-financial considerations are integral to sustainable and successful corporate governance. Accordingly, the Supervisory Board can also grant members of the Executive Board a variable remuneration component as part of a long-term incentive plan.

The purpose of the bonus as part of a long-term incentive plan is to ensure the sustained positive development of the company's targets. To this end, individual LTIP targets shall be agreed upon with the members of the Executive Board. The LTIP bonus vests at the end of a multi-year bonus period (vesting period).

For agreed LTIP bonus targets, specific thresholds or ranges are set in advance, which are used to measure fulfilment or non-fulfilment or the relationship between over- or under-fulfilment of the target value and the corresponding increase or decrease in the payment of variable remuneration components.

Possibility of reclaiming variable remuneration components

Variable remuneration components can be reclaimed from the members of the Executive Board. The relevant reasons are set out in the company's Clawback Policy.

d) Residency

The company may agree with the members of the Executive Board that any accommodation costs incurred for local accommodation at the company's seat or anywhere else where the physical presence of the respective member of the Executive Board is useful shall be borne by the company.

3) REMUNERATION AND EMPLOYMENT CONDITIONS OF EMPLOYEES

To ensure an adequate relationship between the remuneration of the Executive Board and the remuneration and employment conditions of the company's employees, the monthly basic salary of a member of the Executive Board should not exceed 20 times the average monthly basic salary of the group's employees working in Austria, calculated on a full-time basis.

4) DETERMINATION, REVIEW AND IMPLEMENTATION OF THE REMUNERATION POLICY

The remuneration policy is adopted by the Supervisory Board and put to a vote at the Annual General Meeting at least once every four financial years.

The remuneration policy was drawn up by the Supervisory Board for the first time in 2020 and submitted to the Annual General Meeting on May 15, 2020 for approval. The 2020 Annual General Meeting approved the remuneration policy for the Executive Board and Supervisory Board. At the Annual General Meeting on April 19, 2024, a new remuneration policy was put to the vote and approved with a majority of

around 94.84 %. The next vote on the remuneration policy would not be required until the 2028 financial year in accordance with legal requirements.

In the meantime, there have been significant changes both in the ownership structure and in the composition of Bajaj Mobility AG's governing bodies. The newly constituted Audit Committee and Supervisory Board of Bajaj Mobility AG have therefore decided to review the existing remuneration policy at an early stage and to propose to the Annual General Meeting that details of the existing remuneration policy be amended.

Should the Remuneration Committee deem further changes to the remuneration policy necessary, these will be proposed to the Supervisory Board and subsequently put to a vote at the Annual General Meeting.

5) TERMS OF OFFICE OF THE EXECUTIVE BOARD

As a rule, members of the Executive Board are appointed or reappointed, and their contracts are concluded, for the maximum term permitted by law. By way of exception, a shorter term may also be agreed.

6) TERMINATION OF AN EXECUTIVE BOARD MANDATE

The executive board and employment contracts are fixed-term contracts concluded for a specific duration, which may be terminated by either party with immediate effect during the term for good cause (in particular reasons under Sections 25, 26, 27 AngG). In such cases, the employment contract also ends upon the termination of the executive board member's position.

In the event of dismissal by the company or resignation by the board member without good cause, any existing employment contract (or secondment agreement) shall also terminate, subject to the granting of a reasonable grace period where applicable.

In the event of early dismissal or resignation by the board member without good cause, the fixed basic remuneration for the remaining term of the contract must generally be paid. Individual agreements may provide for a lower severance payment.

If change-of-control clauses are included in employment contracts of the Executive Board members, the associated compensation payments do not exceed the compensation payments for premature dismissal without good cause.

7) DEVIATIONS FROM THE REMUNERATION POLICY

In order to ensure the long-term development of the company, the Remuneration Committee or the Supervisory Board may temporarily deviate from this remuneration policy in exceptional circumstances in accordance with Section 78a (8) Austrian Stock Corporation Act (AktG). Exceptional circumstances exist if a deviation from the remuneration policy is necessary for the long-term development of the company.

In the event of an intended deviation from the remuneration policy, a corresponding proposal must be submitted to the Supervisory Board, explaining why an exceptional circumstance exists. Following approval by the Supervisory Board, the Remuneration Committee may conclude deviating contractual obligations with the members of the Executive Board. This exceptional circumstance must be addressed in the next remuneration report to be submitted to the Annual General Meeting.

The Supervisory Board has so far not made use of this option.

IV. REMUNERATION OF THE SUPERVISORY BOARD

1) PRINCIPLES OF REMUNERATION FOR MEMBERS OF THE SUPERVISORY BOARD

The Remuneration Committee or Supervisory Board is responsible for both the preparation and regular review of the remuneration policy for Supervisory Board members. The full Supervisory Board is responsible for drawing up the remuneration policy for the Supervisory Board. In accordance with Section 98 Austrian Stock Corporation Act (AktG), the remuneration of the Supervisory Board is determined annually by the Annual General Meeting.

The Annual General Meeting decides on the total annual remuneration of the Supervisory Board. The total annual remuneration should be distributed among the individual members according to position and consists of attendance fees plus appropriate increases for special tasks (chairmanship, deputy mandates, committee mandates, financial experts).

Attendance fees amounts to:

» per Meeting of the Supervisory Board	EUR	2,000.00
» per audit committee meeting	EUR	2,000.00
» per remuneration committee meeting	EUR	2,000.00
» per ESG-committee meeting	EUR	2,000.00

The appropriate increases for special tasks amount to:

» per chairman-functions	EUR	1,000.00
» per deputy-functions	EUR	500.00

In addition to the attendance fees including the appropriate increases, the members of the Supervisory Board receive reimbursement of cash expenses for expenses actually incurred upon presentation of receipts.

If Supervisory Board members are also shareholders of the company, they are not prohibited from voting on the remuneration of Supervisory Board members.

The Supervisory Board remuneration consists of a total Supervisory Board remuneration approved by the Annual General Meeting, the distribution of which is the responsibility of the Chairman of the Supervisory Board. The stipulation of a value retention clause for the Supervisory Board remuneration is permissible.

Furthermore, the members of the Supervisory Board can be protected up to a certain maximum amount by the company's manager liability insurance, which covers the personal liability of the members of the Supervisory Board in the event of a negligent breach of duty in the performance of their duties as a body of the company. Furthermore, D&O insurance (directors' and officers' liability insurance) can be provided for the members of the Supervisory Board.

There are no contractual relationships under labour law between Bajaj Mobility AG and the representatives on the Supervisory Board and therefore no pension provisions, notice periods or conditions for termination and the payments to be made.

Services provided by Supervisory Board members for the company outside of their Supervisory Board activities (in particular advisory services provided by the respective Supervisory Board members) are remunerated at standard market conditions and are published in the annual report under Related Party Transactions.

2) REMUNERATION AND EMPLOYMENT CONDITIONS OF EMPLOYEES

To ensure an adequate relationship between the remuneration of the Supervisory Board and the remuneration and employment conditions of the company's employees, the annual remuneration of a Supervisory Board member should not exceed twice the average annual gross remuneration of the Group's employees working in Austria, calculated on a full-time basis.

3) DETERMINATION, REVIEW AND IMPLEMENTATION OF THE REMUNERATION POLICY

The remuneration policy is adopted by the Supervisory Board and put to a vote at the Annual General Meeting at least once every four financial years.

The compensation policy was first established by the Supervisory Board in 2020 and submitted for a vote at the Annual General Meeting on May 15, 2020. The 2020 Annual General Meeting approved the compensation policy for the Management Board and the Supervisory Board. At the Annual General Meeting on April 19, 2024, a new compensation policy was put to a vote and approved by a majority of approximately 94.84%. According to legal requirements, the next vote on the compensation policy would not be required until the 2028 fiscal year.

In the meantime, significant changes have occurred both in the ownership structure and in the composition of Bajaj Mobility AG's governing bodies. The newly constituted Audit Committee and Supervisory Board of Bajaj Mobility AG have therefore decided to undertake a review of the existing compensation policy at an early stage and to propose to the Annual General Meeting that certain details of the existing compensation policy be amended.

If, in the view of the Remuneration Committee, further changes to the remuneration policy are necessary, these are proposed to the Supervisory Board and subsequently put to the vote at the Annual General Meeting.

4) TERM OF OFFICE

Unless the General Meeting decides otherwise, new Supervisory Board members are always elected for the maximum term in accordance with Section 87 (7) Austrian Stock Corporation Act (AktG). By way of exception, a shorter term may also be decided. To ensure continuity within the Supervisory Board, care is taken to ensure that terms of office do not expire on the same date. The appointment of Supervisory Board members may be revoked by the Annual General Meeting before the end of the term of office by a resolution passed by a three-quarters majority. In such cases, Supervisory Board remuneration is payable pro rata for the financial year in question.

5) DEVIATIONS FROM THE REMUNERATION POLICY

In the event of exceptional circumstances, the company may temporarily adjust the amount of Supervisory Board remuneration and attendance fees to the company's situation if this is deemed necessary for the long-term development of the company or to ensure profitability.

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