

# Remuneration Policy

## **1. Scope**

In compliance with the applicable stipulations of the Code of Companies and Associations (WVV) and the Belgian Corporate Governance Code 2020 (Code 2020), this Remuneration Policy applies to the members of the Board of Directors and the members of the Management Team of Van de Velde NV (the company).

This Remuneration Policy has been approved by the General Meeting of 27 April 2022 and applies from 1 January 2022.

This Remuneration Policy will be presented to the General Meeting for approval every four years or in the event of every material change.

The Company may depart from the applicable Remuneration Policy for a limited time, provided that:

- 1° the departure is justified by exceptional circumstances in which such a departure is necessary to serve the long-term interests and sustainability of the Company as a whole or safeguard its viability; and
- 2° the departure is granted by the Board of Directors based on the motivated recommendation of the Nomination and Remuneration Committee.

Insofar as legally permitted, such a departure can relate to any stipulation of this Remuneration Policy.

## **2. Procedure**

### **a. General**

The Board of Directors establishes the Remuneration Policy and any amendments to the Remuneration Policy based on the recommendation of the Nomination and Remuneration Committee. The Board of Directors then presents the Remuneration Policy to the General Meeting for approval.

The Board of Directors establishes the annual remuneration package for executive management within the framework of the Remuneration Policy based on the recommendation of the Nomination and Remuneration Committee. The Board of Directors establishes the relevant KPIs at the beginning of the year in question based on the recommendation of the Nomination and Remuneration Committee.

### **b. Conflicts of interest**

The following steps are taken when establishing and amending the Remuneration Policy to prevent any conflicts of interest:

- The General Meeting has exclusive power to make any decision on the remuneration of the non-executive directors.
- The Nomination and Remuneration Committee is exclusively composed of non-executive directors, the majority of whom are independent directors.
- The executive director and members of the Management Team attend the meetings of the Nomination and Remuneration Committee (without voting rights) only when invited and will never attend in the event of deliberations or decisions on their own remuneration.

- Decisions on compensation by the Board of Directors must be made in due consideration for the rules governing conflicts of interest in the WVV.

### **3. Remuneration Policy for the executive members of the Board of Directors**

Executive directors do not receive any pay for their duties as a director over and above their remuneration as an executive manager.

### **4. Remuneration Policy for non-executive directors and Chairman**

The Nomination and Remuneration Committee makes recommendations to the Board of Directors about the compensation of the non-executive directors, including the Chairman of the Board of Directors. The Board of Directors then presents the final proposal it adopts to the General Meeting for approval.

#### **- Contribution to the corporate strategy, the long-term interests and the sustainability of the Company**

The purpose of the Remuneration Policy of the Company with regard to its non-executive directors is to attract and retain profiles with the right experience and skills in order to assure management with an eye to long-term value creation, by establishing the strategy of the Company, developing effective, responsible and ethical leadership and supervising the performance of the Company.

#### **- Fixed annual compensation**

Non-executive directors receive only a fixed remuneration. A fixed amount is provided for their membership of the Board of Directors and additional amounts are provided for the fulfilment of specific roles as Chairman or member of the advisory committees.<sup>1</sup>

Specifically, the compensation of non-executive directors is composed as follows:

- Chairman Board of Directors: EUR 40.000 fixed annual compensation
- Director: 20.000 EUR fixed annual compensation
- Per membership of the Chairman or a director in the Audit and Risk Committee and/or the Nomination and Remuneration Committee, an additional fixed compensation of 5.000 EUR (7.500 EUR in case of chairmanship of a committee) is provided
- **No other remuneration components**

The non-executive directors receive no performance-related remuneration such as bonuses, long-term compensation, benefits in kind or pension schemes. The non-executive directors are also not awarded options or subscription rights.

Lastly, the non-executive directors do not receive any part of their remuneration in the form of shares. This means the company departs from Recommendation 7.6 of the 2020 Code. This departure is explained by the fact that the family directors, directly or indirectly, are stable shareholders of the Company and, generally, the vision of the non-executive directors is currently deemed to be

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<sup>1</sup> Audit and Risk Committee and Nomination and Remuneration Committee

sufficiently focused on long-term value creation for the Company. The award of the shares to the non-executive directors is deemed unnecessary for that reason. However, the Company will evaluate this recommendation on a regular basis with an eye to possible (need for) future compliance.

- **Agreements of the non-executive directors**

The non-executive directors are nominated for a maximum term of 4 (four) years. They are compensated on an independent basis (as director) and may be dismissed at will without any form of compensation. There are no agreements that provide in any other way for notice periods or compensation for non-executive directors.

## ***5. Remuneration Policy for the members of executive management***

### ***a. General***

On the date of approval of this Remuneration Policy, executive management is entrusted to the Management Committee, which is chaired by the CEO.

The level and structure of the remuneration of the CEO and other members of executive management must be such that qualified experts are attracted and retained and are able to contribute in a motivated way to the sustainable business strategy of the Company. Due consideration is also given to the nature and scope of their individual responsibilities. To this end, the job weighting and the corresponding appropriate salary package on the relevant market are proposed by an international HR consultancy. The compensation is regularly benchmarked by the Nomination and Remuneration Committee by means of a relevant random check of listed companies.

An appropriate part of the remuneration package must be linked to the performance of the Company and individual performance to align the interests of the CEO and the other members of executive management with the interests of the Company and its shareholders.

Based on a contradictory stipulation in the Articles of Association, article 7:91 paragraph 2 Wv is not applied. The conditions regarding variable remuneration for the members of the Management Committee and the CEO, including the applicable periods to which they relate, are established by the Board of Directors, based on the recommendation of the Nomination and Remuneration Committee.

Other principles on which this Remuneration Policy is based:

- In principle, awarded shares are not deemed to have been acquired and options and other rights to acquire shares must not be exercised during the three years following their award.
- The obligations of the Company within the framework of the early departure schemes are examined closely to avoid poor performance being rewarded.

### ***b. Components of the remuneration***

The total remuneration of the CEO and the other members of executive management comprises of:

- Fixed compensation. This fixed compensation depends on the individual responsibilities, experience and skills of the person in question.
- Variable compensation. Payment is made in cash or through a warrant plan (OTC product) as the person in question chooses.
- Other benefits include: depending on the status under social law, this may be a fixed reimbursement of expenses, a company car with fuel card in accordance with the car policy of

the Company, meal vouchers, group insurance (defined contribution pension plan with death and disability cover) and hospitalisation insurance. The members of executive management that are employed on the basis of a contract of employment automatically become members of the pension scheme of the Company.

- Share-based compensation (option plan).

The relative size of the components of the remuneration is as follows:

Remuneration component in proportion to the fixed compensation	Executive management (excl. CEO)	CEO
Short-term variable compensation (on target)	25% of the fixed compensation	33% of the fixed compensation
Options	5000 per person/year	40.000 when appointed
Pension scheme (employees)	4% of fixed compensation limited to the pension scheme maximum <sup>2</sup> and 5% of the annual salary above the pension scheme maximum threshold.	0%
Benefits in kind (employees)	5% of fixed compensation	0%

*c. Note about fixed compensation*

The Board of Directors establishes the fixed compensation when the appointment is made, based on the recommendation of the Nomination and Remuneration Committee. In doing so, consideration is given to the status under social law, experience, skills, job weighting and the aforementioned benchmarking conducted by the Nomination and Remuneration Committee.

This fixed compensation is evaluated annually by the Nomination and Remuneration Committee, which may recommend a change to the Board of Directors.

*d. Note about variable compensation*

An annual variable compensation is awarded to the CEO and the other members of executive management in proportion to the achievement of targets set annually by the Nomination and Remuneration Committee relating to the financial year for which the variable compensation is payable.

These targets are based partly on objective parameters that are closely linked to the results of the Van de Velde group (such as turnover, EBITDA and other KPIs to be established annually, depending on the annual budget, which is based on the strategic priorities) and partly on individual targets that are closely linked to the responsibilities of the member in question.

Annually, the Nomination and Remuneration Committee evaluates the degree to which the targets<sup>3</sup> have been achieved and its findings are presented to the Board of Directors for approval.

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<sup>2</sup> For 2021 €60.026,75

<sup>3</sup> The audited figures are used to determine whether the targets relating to the results of the Group have been achieved.

This variable compensation is awarded only if the member of executive management in question continues to provide services to the Company on 31 December of the year in question.

If the CEO achieves all targets set, the variable amount earned corresponds to from 33% (on target) up to 50% of the fixed compensation. If another member of executive management achieves all targets set, the variable amount earned corresponds to from 25% (on target) up to 37.5% of the fixed compensation.

- ***No claw-back***

There are no specific agreements or systems that give the Company the right to claw back paid variable compensation that has been awarded unjustly based on data that have since been proven to be incorrect. This means the company departs from Recommendation 7.12 of the 2020 Code. This departure is explained by the fact that the Company will invoke the common law option in such cases.

e. *Note about share-based compensation*

Plans in which members of executive management are compensated in shares, share options or any other right to acquire shares are subject to prior approval by the Board of Directors.

The Board of Directors approved the 2020 option plan, as a result of which the Nomination and Remuneration Committee can award options to shares of the company to the executive management for 5 (five) years. For the executive management (excluding CEO), the Nomination and Remuneration Committee awards up to 5.000 options per year to the members in question. For the CEO, there were 40.000 options awarded as an advance for this award within 3 months after his appointment. These options are awarded free of charge. The exercise price of the options is, per share, equal to the lowest amount of (i) the average of the closing prices of the share on the market over the thirty calendar days prior to the date of the offer or (ii) the closing price of the final trading day prior to the date of the offer. The options are valid for a term of 10 (ten) years. The Company and the option holder may decide by mutual agreement to reduce the term of validity of the options below 10 (ten) years, but it can never be reduced below 5 (five) years. The options are not exercisable before the end of the third calendar year following the year in which the options are offered. For the CEO, this term was extended until the fourth calendar year following the year in which the options are offered.

The Company does not consider this form of share-based compensation to be without risk for the members of executive management, as, insofar as they are subject to Belgian personal income tax, they pay tax on the options they accept when these options are awarded, without knowing for sure whether the options will have value when they are exercised. The Company covers the risk of loss of this tax in the event of out-of-the-money options.

This share-based remuneration contributes to the business strategy, the long-term interests and the sustainability of the Company because this awarded benefit will only have value if the long-term price of the underlying shares rises after the options are awarded.

f. *Participation requirement*

No minimum threshold has been set for shares that must be held by the members of the executive management. This means the company departs from Recommendation 7.9 of the 2020 Code. This departure is explained by the fact that the interests of the executive management are currently deemed to be sufficiently oriented to long-term value creation given the existing long-term incentive programme in the form of an option plan. Setting a minimum threshold for shares that must be held

by the members of the executive management is deemed unnecessary for that reason. However, the Company will evaluate this recommendation on a regular basis with an eye to possible (need for) future compliance.

*g. Agreements with the members of executive management*

Some of the members of executive management are appointed on the basis of a management agreement, others on the basis of a contract of employment. The notice period in management agreements is no more than 3 (three) months. The legal notice arrangement applies to contracts of employment.

*h. Pensions*

The members of executive management that are employees benefit from a pension scheme. This is a defined contribution plan by which Van de Velde pays annually 4%<sup>4</sup> of the annual salary limited to the pension scheme maximum and 5% of the annual salary above the legal pension scheme maximum threshold. This pension scheme also provides death cover of 3 (three) times the annual salary plus 50% of the annual salary for each child and a guaranteed income of 75% of the annual salary.

***6. Note about the charging of pay and working conditions of the employees of the Company when establishing the Remuneration Policy***

Consideration was given to the pay and working conditions of the employees of the Company when establishing this Remuneration Policy. The Company ensures consistency between the remuneration of the directors and the remuneration of other employees such that it is able to attract, reward and retain the talent it needs, with due consideration for the market conditions for each category of employee. It does so in the way set out below.

Like the remuneration of the members of executive management, the pay of the majority of the white-collar employees consists of fixed and variable remuneration, where applicable supplemented by perks such as meal vouchers, a company car, a mobile phone and membership of a group insurance scheme.

The actual compensation obviously always depends on the position and the status under social law of the person in question and the local laws the employee in question is subject to.

The variable compensation of the employees with leadership responsibilities consists of:

- compensation linked to collective performance targets as applicable to the members of executive management, and
- compensation linked to individual performance targets.

Depending on the place of employment, the variable compensation is paid in cash or by the award of warrants (OTC products) under a warrant plan, with due consideration for the local laws and the position.

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<sup>4</sup> Amount for 2021 = EUR 60.026,75.