



# Remuneration Policy

Of B&S Group S.A.

B&S Group S.A. (the “Company”) has a two-tier board consisting of an executive board (the “Executive Board”) and a supervisory board (the “Supervisory Board”). This remuneration policy (the “Remuneration Policy”) is issued by the Supervisory Board upon recommendation by the Selection, Appointment and Remuneration Committee (the “Committee”). The Remuneration Policy was proposed by the Supervisory Board and subsequently adopted by the general meeting of shareholders of the Company on May 18, 2021.

## 1. Introduction

The objective of this Remuneration Policy is to provide a remuneration structure that will allow the Company to attract, motivate and retain highly qualified expert executives by offering them a balanced and competitive remuneration that is focused on sustainable results and is aligned with the long term strategy of the Company. The amount, level, and structure of remuneration offered under this policy should also contribute to the Company’s strategy, long-term interests and sustainability by (i) driving strong business performance, promoting accountability, and incentivizing the achievement of short and long-term performance targets with the objective of furthering long-term value creation in a manner consistent with the Company’s identity, mission, and values, (ii) assuring that the interests of the Executive Board members and the Supervisory Board members are closely aligned to those of the Company, its business and its stakeholders, and (iii) ensuring overall market competitiveness of the remuneration packages, while providing the Company’s Supervisory Board and its Committee sufficient flexibility to tailor the Company’s remuneration practices on a case-by-case basis, depending on the market conditions from time to time.

In determining the amount, level, and structure of remuneration packages under this policy, the Supervisory Board and the Committee shall consider, among other matters, (i) the employment conditions of the employees of the Company and its subsidiaries, including their remuneration and the development of relevant internal pay ratios, compared to those of the Executive Board members and the Supervisory Board members, in order to strive for a balanced and fair remuneration practice while observing the objectives outlined above, (ii) scenario analyses carried out in advance of variable remuneration components and the consequences they could have on the level of remuneration, (iii) the financial and non-financial indicators relevant to the long-term objectives and strategy of the Company, (iv) risks for the Company’s business which may result from variable remuneration, (v) relevant market information (such as industry standards and peer group data), (vi) pre-existing arrangements with the members of the Executive Board and Supervisory Board, (vii) the respective positions which the members of the Executive Board and Supervisory Board serve within the Company’s organization, and (viii) if applicable, any remuneration payable by the Company or any of its subsidiaries to the members of the Executive Board and the members of the Supervisory Board in any other capacity.

Furthermore, advice from renowned executive search firms; information about market levels in other Dutch or Luxembourg headquartered companies of similar scale and complexity; and/or preceding performance of the members of the Executive Board (if applicable), are also taken into account.

The amount, level and structure of remuneration packages for the members of the Executive Board shall be determined by the Supervisory Board at the recommendation of the Committee in accordance with this policy. The amount, level and structure of remuneration packages for the Supervisory Board members shall be determined by the General Meeting of shareholders in accordance with this policy at the proposal of the Supervisory Board, which proposal shall be based on a recommendation of the Committee.

The Committee shall prepare its recommendations as described above in accordance with this policy, including the remuneration philosophy described above, and any such recommendation shall cover the remuneration structure, the amount of the fixed and variable remuneration components, the performance criteria used, the scenario analyses that have been carried out and the relevant internal pay ratio(s). Before making a recommendation relating to the remuneration package of a member of the Executive Board, the Committee shall take note of the views of such member with regard to the amount, level and structure of his or her remuneration.

## Summary of changes

The May 2020 review of the Remuneration Policy has involved several aspects, taking into account the long-term strategy and challenges that the Company will meet in the next few years (such as, but not limited to the impact of Covid-19), the Shareholder Rights Directive II<sup>1</sup> and the views of senior stakeholders.

As a result of the May 2020 review, the revised Remuneration Policy demonstrates increased transparency of the fixed and variable remuneration components. Furthermore, the Remuneration Policy includes challenging and realistic performance targets, taking into account the long-term strategy and challenges that the Company will meet. Additionally, a Supervisory Board Remuneration section has been added to the Remuneration Policy.

In October 2020 the following subjects were updated: performance incentives, Executive Board management service agreements duration and notice periods and termination agreements.

In May 2021, 'Share Appreciation Rights' were added as a long-term variable remuneration component for eligible Executive Board members, to stimulate long-term commitment and value creation. Furthermore, the conditional award of variable remuneration and a claw back arrangement, have been added.

## 2. Remuneration of members of the Executive Board

The remuneration packages of Executive Board members, following the adoption of the Remuneration Policy, contain the components described below.

With respect to the variable remuneration, the mix of short-term and long-term variable remuneration components comprised in a remuneration package for an Executive Board member should support both long-term value creation and the achievement of short-term Company objectives, including (i) rewarding the achievement of strategic milestones for the Company and its business, (ii) providing award opportunities for substantial contributions to the success of the Company and its business, and/or (iii) promoting and incentivizing continued service within the Company's organisation.

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<sup>1</sup> As implemented in the Law of 1 August 2019 amending (the amended) law of 24 May 2011 on the exercise of certain rights of shareholders at general meetings of listed companies.

The remuneration structure of the members of the Executive Board may consist of the following components:

- fixed directors fees;
- a variable component:
  - short-term variable component: an annual bonus (performance cash incentive or 'PI'); and/or
  - long-term variable component: "Share Appreciation Rights".
- pension and fringe benefits; and
- termination arrangements.

In case the Executive Board member and the Company mutually agree, members of the Executive Board may also receive no remuneration.

### **Fixed Directors fees**

The fixed directors fees for the members of the Executive Board support the recruitment and retention of board members of the calibre required to develop and implement the Company's strategy. It reflects the individual's skills, experience, performance, and the role within and complexity of the Company as well as scarcity of talent. The fixed component is assessed periodically against a group of comparable companies. The selection of the comparative group and the collating of required information might be carried out by an external advisor. The fixed component is payable in cash on a monthly basis and may be subject to indexation.

### **Variable compensation**

The variable component of the remuneration is performance-related. Performance targets and conditions are derived from the Company's strategy and annual business plans and comprise financial, strategic, and operational objectives supporting the achievement of the Company's growth ambition and underlining the importance of achieving profitable growth. The objective of the variable remuneration is outlined above. The targets are assigned prior to the relevant year and the Supervisory Board assesses realization after year-end using the Company's annual report including the independent auditor's report to the annual financial statements. The variable component of the total remuneration package consists of short- and/or long-term components.

**Short-term variable component** The short-term variable remunerational component incentivizes year-on-year delivery of financial, strategic, and/or operational objectives selected to support the annual business strategy, and the ongoing enhancement of shareholder value. The ability to recognize performance through an annual, short-term bonus enables management of cost base flexibility and reaction to events and market circumstance. As a short-term variable remuneration component, certain Executive Board members are eligible for an annual performance cash incentive. The total annual performance cash incentive shall not exceed 50% of their fixed director's fee. The short-term bonus scheme for the Executive Board members consists of financial performance targets (such as for example budget, turnover, profit margin, EBITDA and cash flow) and/or non-financial performance targets, in particular relating to professional growth and strategic milestones. The performance criteria are as follows:

Table 1: Performance criteria Executive Board

Criteria	CEO	CFO	MD(*)
<b>Financial performance targets</b>			
1. Profit before tax	X	X	X(*)
2. Good working capital management		X	X(*)
<b>Non-financial performance targets</b>			
3. Successful execution of the Company strategy	X		X(*)
4. Quality of information, administrative organisation and internal control		X	

(\*) relating to the business operations (including sales) in Dubai.

The performance targets are challenging, yet realistic, and measure the success of the execution of the strategy of the Company.

The financial performance targets (1 and 2) contribute to the Company's overall focus on long-term value creation by pursuing sustainable and profitable growth.

The non-financial performance target related to strategy (3), should contribute to the Company's goal of expansion of its role as value adding distribution partner whilst creating sustainable and profitable growth. This performance target supports overall focus on long-term value creation.

The non-financial performance target related to the quality of information, administrative organization and internal control (4), supports investor communication and expectations, for the benefit of the Company's relations with the investor community. Furthermore, a sound administrative organization and good internal controls contribute to long-term value creation.

The Supervisory Board will determine suitable weightings per year, aligned with the strategic objectives. Financial measures will usually have a weighting of 40% and non-financial measures will usually weigh 60%.

The Supervisory Board evaluates the performance of the Executive Board at least once a year, in which they assess to which extent the performance criteria have been met.

### *Long-term variable component*

As a long-term variable remuneration component, the CEO and CFO are eligible for Share Appreciation Rights (SAR).

The SAR scheme is designed to link the incentive to the Company's share price performance, which stimulates decision-making by the aforementioned Board Members that serves long-term sustainable growth. It also serves to attract and retain Board Members with the needed competence and experience. The Supervisory Board shall in its discretion determine whether SAR shall be granted and how many SAR shall be granted. As a general principle, the Supervisory Board shall take into account benchmark practice of the Company's peer group and/or listed Dutch companies.

The Supervisory Board annually determines the amount of SAR based on the estimated long-term development of the Company. The SAR- term is six years and can only be exercised after a period of three years has passed since they were granted. The application of a vesting period and the SAR themselves, encourages commitment to the Company and long-term sustainability of the business, the strategy and interests of the Company and its stakeholders. If employment ends the SARs will lapse.

## Executive Board management service agreements

The duration of management service agreements of the Executive Board members, their contract term and notice periods for termination, are set out in the table below.

Table 2: Executive Board management service agreements

Name	Effective date of contract	Contract term	Notice period
Mr Schreuders, CEO	May 19, 2020	4 years	Statutory notice period <sup>2</sup>
Mr Groen	May 19, 2020	4 years	Statutory notice period <sup>2</sup>

## Fringe benefits

Fringe benefits for Executive Board members can include use of a company or lease car, cell phone, and laptop.

## Termination arrangements

The management service agreements with members of the Executive Board contain termination arrangements.

The management service agreement with the CEO or CFO contains a severance payment equal to twelve months fixed salary. Payment is only provided in the event of termination on the day after which the Annual General Meeting is held in the year the current term expires, or by notice for termination given by the Company before that date, other than as a result of seriously culpable or negligent behaviour or after two years of illness. In all other cases of termination, e.g. in the event of termination at the CEO or CFO's initiative, the CEO or CFO shall not be entitled to the severance payment.

Management service agreements for other members of the EB require payment of statutory severance payment.

## Claw back

The Supervisory Board has the authority to claim back variable compensation that has been paid out, to the extent such payment was based on incorrect information, including financial statements concerning the achievement of targets or the occurrence of circumstances that the bonus was dependent on.

## Conditionally awarded variable remuneration

If in the opinion of the Supervisory Board, the termination of variable remuneration awarded in a previous year would produce an unfair result due to extraordinary circumstances that occurred during the period in which the predetermined performance criteria have been or should have been achieved, the Supervisory Board has

<sup>2</sup> Articles L-124-1 - L-124 - 7 of the modified Labour Code.

the power to adjust the value of such variable remuneration that would have been payable, thereby applying principles of reasonableness and fairness.

#### **Discretionary adjustments**

The Supervisory Board has the authority to deviate from the policies set out in this Remuneration Policy, in case it considers it necessary or desirable to do so in specific individual cases in order to attract the most qualified members of the Executive Board.

### **3. Supervisory Board members' remuneration**

The remuneration supports attraction of Supervisory Board members who have a broad range of skills and experience that add value to the Company's business and help to oversee and drive the Company's strategy. It recognizes the value of the role and individual skill, performance and experience.

The Supervisory Board members only receive a fixed annual fee that is assessed periodically and shall be subject to approval by the General Meeting. These fees may be subject to indexation. The Company endorses the best practice principle that remuneration packages of the members of the Supervisory Board should reflect the time spent and responsibilities of their role on the Supervisory Board.

The annual base pay for every Supervisory Board member is € 60,000. The Chairman of the Supervisory Board receives an additional annual fee of € 10,000.

The remuneration package for a newly appointed Supervisory Board member will normally be in line with the structure set out in this paragraph.

**B&S**