



## **REMUNERATION POLICY 2023-2026 FOR THE BOARD OF DIRECTORS, CEO AND OTHER MEMBERS OF THE EXECUTIVE COMMITTEE<sup>1</sup>**

The Company's Board of Directors, on the proposal of the Remuneration and Nomination Committee, drafted the remuneration policy regarding the members of the Board of Directors, the CEO and the other members of the Executive Committee.

The Board of Directors approved the remuneration policy on **16 February 2023**, on the proposal of the Remuneration and Nomination Committee. Subject to approval by the General Meeting on **25 May 2023**, the remuneration policy will apply from 1 January 2023. This new remuneration policy replaces the previous remuneration policy approved by the General Meeting of 27 May 2021.

In general, the fees paid by the Company to its directors, CEO and other members of the Executive Committee are benchmarked against representative remuneration studies and surveys by specialised international agencies, so that the market conformity of the fees is monitored. In this way, and based on regulatory frameworks (via national legislation or national or sectoral collective labour agreements), the market conformity of the remuneration of all employees within the group is also monitored. The last market review took place at the end of 2021-early 2022.

The group's remuneration policy further aims to be able to attract and retain talented employees, reward employees according to merit and support the sustainability of its operations.

The Extraordinary General Meeting of 21 April 2023 expressly decided to render inoperative the restrictions on variable remuneration and share-related remuneration provided for in Articles 7:91 and 7:121 of the Belgian Company and Associations Code with regard to the directors, the members of the body of daily management and the persons entrusted with the management referred to in Article 3:6, §3, third paragraph of the Belgian Company and Associations Code. This deviation from Articles 7:91 and 7:121 of the Belgian Company and Associations Code was also included in the Company's articles of association.

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<sup>1</sup> *The Dutch Version of the remuneration policy 2023-2026 is regarded as the sole official version*



## **1. Remuneration for the exercise of a Board Membership**

### **Decision-making process and measures to avoid or manage conflicts of interest**

The General Meeting determines the remuneration of the directors, on the proposal of the Board of Directors. The Board of Directors approves its proposal on the recommendation of the Remuneration and Nomination Committee.

The Remuneration and Nomination Committee determines the remuneration of Board members, taking into account their responsibilities, commitment, associated risks and relevant benchmarks.

Only the General Meeting has authority regarding the remuneration of directors. This exclusive competence ensures that there are no conflicts of interest.

Finally, no variable remuneration is granted to members of the Board of Directors, further preventing conflicts of interest. Directors may not receive performance-related remuneration directly linked to the Company's results, in order to guarantee their independence and avoid short-term payouts compromising the Company's long-term vision.

### **Remuneration component**

Members of the Board of Directors are entitled to an annual fixed remuneration, as well as an additional annual fixed remuneration per membership they take up in a specialised committee of the Board (Audit Committee, Remuneration and Nomination Committee and Sustainability Committee).

The director who chairs the Board of Directors or a specialised committee is entitled to a higher annual fixed remuneration.

The General Meeting will approve the amounts of these fixed fees, upon proposal by the Board of Directors.

Directors are not entitled to any variable or performance-related remuneration or any other remuneration for the mere exercise of their directorship. The Board has considered whether, in line with the recommendation of the Corporate Governance Code 2020, it wishes to pay part of the non-executive directors' remuneration in shares. The Board decided not to introduce this at present, given the limited nature of the fees paid.



## **2. Remuneration of the CEO and the members of the Executive Management**

### **Decision-making process and measures to avoid or manage conflicts of interest**

The remuneration of the CEO and the other members of the Executive Committee is determined by the Board of Directors on the proposal of the Remuneration and Nomination Committee.

In general, the remuneration of the CEO and the other members of the Executive Committee is checked against representative remuneration studies and surveys by specialised international agencies, with a view to monitoring the market conformity of the remuneration.

This remuneration aims to (i) attract, motivate and retain highly qualified and promising management, (ii) remunerate management according to their merits, and (iii) promote business sustainability and value creation in the short, medium and long term.

The Remuneration and Nomination Committee is composed exclusively of non-executive directors and a majority of its members are independent directors. This helps avoid conflicts of interest in terms of designing, adjusting and implementing the remuneration policy vis-à-vis the members of the Executive Management.

The CEO and other members of the Executive Management are not invited to participate in discussions of the Remuneration and Nomination Committee on their own individual remuneration.

The CEO does not participate in deliberations and votes within the Board of Directors on his or her own remuneration. Reference is also made to the rules on conflicts of interest set out in Article 7:96 of the Belgian Company and Associations Code.

### **Remuneration component**

The remuneration of the CEO and other members of the Executive Committee consists, in principle and depending on their social status, of a basic remuneration, an annual variable remuneration and a long-term variable remuneration (long-term incentive). These remunerations are supplemented, only for those with employee status, by a company car and fuel card and other remuneration components, such as pensions and insurance, all in line with the Company's applicable guidelines.

The members of the Executive Committee do not receive share options, subscription rights or any other rights to acquire shares.



### Basic remuneration

The basic compensation aims to remunerate the manager for the performance of his or her respective function in accordance with his or her specific competences and experience in the position.

Base remuneration is determined on the basis of relevant benchmark exercises where the Company aims for a level of remuneration in line with the median of the relevant market. The same policy is applied to all employees of the Company.

As this is the case for the (other) employees, the basic remuneration for the members of the Executive Committee with employee status is adjusted annually in line with longevity in line with the adjustments required under applicable law (statutory indexations) or the (individual or collective) concluded agreement.

### Annual variable remuneration

The CEO and the other members of the Executive Committee are awarded an annual variable remuneration in cash depending on the achievement of annually set targets relating to the financial year for which the variable remuneration is due, and in accordance with the modalities set out below.

Approximately 75% of the annually set targets are linked to the company's performance (including financial performance). The remaining approx. 25% are targets linked to individual performance (including ESG-related performance).

The financial targets are based on objective parameters and are closely linked to the group's results and the role played by the CEO and the other members of the Executive Committee in achieving those results. The main parameters that can be used for this purpose are volume, revenue, FCF, (U)EBITDA, EBIT, EAT, (U)EBITDA/Net debt and ROCE.

Which of these parameters are utilised in a given year and what are the targets to be achieved in relation to these parameters are reviewed annually by the Remuneration and Nomination Committee and submitted to the Board of Directors for approval.

The recognition of both collective success and individual performance contribute to the long-term importance and sustainability of the company and the successful achievement of its strategy. The collective and individual performance targets establish a close link between the interests of the CEO and Executive Committee members on the one hand and the Company and its shareholders on the other.



The potential annual variable remuneration at 100% payout (at target) concerns an amount equal to 25% or less of the total remuneration, depending on the position and the classification of the position compared to the relevant benchmark. This share is contractually determined individually and aims at a market-based annual variable remuneration.

If in a given year less than the minimum target to be achieved is achieved, the right to the variable remuneration linked to that target lapses for that year. On the other hand, if the target to be achieved is exceeded, up to 150% of the variable remuneration linked to it may be awarded.

In addition to the system of annual variable remuneration, the Board of Directors retains the authority, on the proposal of the Remuneration and Nomination Committee, to grant the CEO and/or the other members of the Executive Committee, or a number of them, an (additional) bonus for specific performance or merit, without however exceeding the total budget for annual variable remuneration for the CEO and the other members of executive management for the financial year concerned. These modalities generally also apply to other employees of the group to whom an annual variable remuneration is granted. Such (additional) bonus does not exceed 25% of the Executive Committee member's annual fixed remuneration.

If variable remuneration is granted on the basis of data that is subsequently found to be incorrect, the Company will invoke the possibilities of common law. There are no specific agreements or systems entitling the Company to reclaim the variable remuneration paid.

#### Other elements of remuneration

In addition to the basic remuneration, annual variable remuneration and long-term variable remuneration, the group provides Executive Committee members with employee status with a company car with fuel card, a telephone with subscription and a tablet. These may be used for private purposes, in accordance with the group's policy which also applies to other employees, and are treated in accordance with the relevant legal rules.

These other elements amount to a maximum of 15% of the Executive Committee member's annual fixed remuneration.



## Pensions and insurances

Some members of the Executive Committee with employee status have joined a group insurance plan or alternative (statutory) pension plan, which is a defined contribution plan, and into which fixed contributions are paid by the group.

The group also provides the option of subscribing to specific insurance policies for the benefit of the CEO and Executive Committee members with employee status.

Pension and insurance contributions amount to a maximum of 20% of the annual fixed remuneration of the Executive Committee member.

## Long-term variable remuneration (*long term incentive*)

The CEO and the other members of the Executive Committee as well as a limited number of other employees of the group are granted a long-term variable remuneration (a so-called *long term incentive*) ("LTI") in cash according to the modalities below.

The LTI aims at *value creation* - with clear focus on making the company stronger for the future and implementing the strategic plan - and retention.

The LTI is awarded according to financial targets (growth of *equity value*) (approx. 80%) and individual e.g. ESG targets (approx. 20%) over a reference period of at least three years in each case.

If in a given year less than the minimum target is achieved, the right to the variable remuneration linked to that target lapses for that year. On the other hand, if the target to be achieved is exceeded, a maximum of up to 150% of the linked variable remuneration can be granted.

The Board of Directors decides annually, on the proposal of the CEO and the Remuneration and Nomination Committee, who is eligible to participate in an LTI plan. The Board of Directors may decide, on the proposal of the CEO, to make an LTI plan also applicable to other employees of the group.

At 100% payout (at target), the potential LTI amounts to an amount of at least 15% and at most 25% of the total remuneration, depending on the position and the ranking of the position compared to the relevant benchmark. This share is contractually determined individually and aims at a market-based LTI.



The LTI aims to align the interests of the CEO and the other members of the Executive Committee with those of the shareholders.

If variable remuneration is granted on the basis of data that subsequently proves incorrect, the Company will invoke the possibilities of common law. There are no specific agreements or systems entitling the Company to reclaim the variable remuneration paid.

#### Redundancy payments

The CEO and the other members of the Executive Committee are linked to the group by agreements providing for the payment of a redundancy payment in certain circumstances, in line with applicable law, prevailing corporate governance requirements and current market practices. Except in case of mandatory applicable labour law rules, the notice period for the CEO and the other members of the Executive Committee never exceeds 12 months.

#### Contribution to the company's business strategy, long-term interests and sustainability

The Company's remuneration policy for Executive Committee members is aimed at recruiting, rewarding and retaining individuals who contribute to the Company's sustainable business strategy. The structure of the remuneration of the members of the Executive Committee is in line with the Company's vision of its remuneration policy: a transparent and simple structure, which encourages and rewards sound decision-making if it is in line with the long-term strategy of the Company, and thereby aligns the interests of the members of the Executive Management with those of the shareholders.

### **3. Evaluation**

The Board of Directors regularly evaluates its own composition and functioning by means of an evaluation process based on written and oral questioning and led by the Chairman of the Board of Directors.

The Board of Directors annually, in the absence of the CEO and after preparation by the Remuneration and Nomination Committee, evaluates the performance of the CEO and determines the objectives to be achieved by the CEO, in addition to the objectives that serve as the basis for the variable remuneration.

The Board of Directors also evaluates annually, together with the CEO and after preparation by the Remuneration and Nomination Committee, the functioning of the members of the Executive Committee and determines the objectives to be achieved by the members of the Executive Committee, in addition to the objectives that serve as a basis for the variable remuneration.



#### **4. Deviations from this policy**

In exceptional circumstances, the Board of Directors may decide to deviate from this policy if necessary to promote the long-term interests and sustainability of the Company. The Remuneration and Nomination Committee must discuss such deviations, after which it will make a reasoned recommendation to the Board of Directors. Deviations from this policy will be described and explained in the Company's remuneration report.

#### **5. Main changes to the policy**

This new remuneration policy replaces the previous remuneration policy approved by the General Meeting of 27 May 2021.

The main changes concern:

- alignment of the policy with the introduction of the Sustainability Committee;
- deletion of the concrete amounts of directors' fees, for separate approval by the General Meeting;
- definition of the long-term incentive plan for the members of the Executive Committee;
- various adjustments to better align the content of the policy with applicable regulations and existing best practices.

The latest remuneration report (relating to the financial year ended 31 December 2021) was approved with 99.02% of the votes.