



# REMUNERATION POLICY

**B&S GROUP S.A.**

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*This Charter was proposed by the Supervisory Board on April 17, 2020 and subsequently adopted by the general meeting of shareholders of B&S Group S.A. on May 19, 2020*

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## B&S Group S.A. - Remuneration Policy

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 19, 2020.

### 1. INTRODUCTION

The objective of the Remuneration Policy for the members of the Executive Board of the Company is to provide a remuneration structure that will allow the Company to attract, reward and retain highly qualified members of the Executive Board and provide and motivate them with a balanced and competitive remuneration that is focused on sustainable results and is aligned with the long term strategy of the Company. Retaining such high qualified C-level professionals contributes to the Company's long-term sustainability, in which they will lead the Company to expand its role as value adding distribution partner whilst creating sustainable and profitable growth.

The Supervisory Board intends to perform scenario analyses to assess that the outcomes of the variable remuneration of the members of the Executive Board, specifically the CEO and CFO, appropriately reflect performance of the Company, with due regard for the risks to which variable remuneration may expose the Company. Relevant conditions of remuneration of the employees within the Company are also taken into account when determining the remuneration of each Executive Board Member. If applicable, the Supervisory Board also takes into account any remuneration received from companies in the Group of the Company by such Executive Board Member in another capacity. Furthermore, advices 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.

### SUMMARY OF CHANGES

The 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 review, the revised Remuneration Policy demonstrates increased transparency of the various remuneration elements. Furthermore, the Remuneration Policy includes challenging and realistic performance targets, taking into account the long-term strategy and challenges that the Company will meet. For example, the quantitative performance targets are

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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.



focused on generating profit and good working capital management. Additionally, this Remuneration Policy includes a Supervisory Board Remuneration section.

**2. REMUNERATION OF MEMBERS OF THE EXECUTIVE BOARD**

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

- fixed directors fees;
- a variable annual bonus (performance cash incentive or ‘PI’);
- pension and fringe benefits; and
- termination arrangements.

For the avoidance of doubt, the members of the Executive Board may also receive no remuneration, if the Executive Board member and Company both mutually agree.

**Fixed Directors fees**

The fixed directors fees of the members of the Executive Board will be determined by the Supervisory Board, taking into account a variety of factors such as level of responsibility, experience, scarcity of talent, scale and complexity of the Company.

**Variable annual bonus**

The objective of the variable remuneration is to ensure that the key members of the Executive Board (the CEO and CFO), are well incentivised to achieve their performance targets.

The CEO and the CFO are eligible for an annual performance cash incentive. The total annual performance cash incentive of the CEO shall not exceed 0.6% of the consolidated profit of the Company for the year (from continuing operations) before taxation. The total annual performance cash incentive of the CFO shall not exceed 50% of the fixed CFO directors fee. The performance criteria are as follows:

**Table 1: Performance criteria Executive Board**

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



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 the 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 our listed Company. 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 strategy. 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.

### 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 Meulman, CEO	January 1, 2018	4 years	6 months
Mr Kruithof, CFO	May 19, 2020	4 years	6 months
Mr Schreuders	May 19, 2020	4 years	Statutory notice period <sup>2</sup>
Mr Groen	May 19, 2020	4 years	Statutory notice period <sup>2</sup>

### Pension and fringe benefits

The pension scheme for the CEO is a defined contribution plan. The contribution is fully born by the Company.

Fringe benefits could include a company car.

These benefits complement the competitive remuneration package for our Executive Board.

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



### **Termination arrangements**

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

The management service agreement with the CEO contains a severance payment equal to twelve months fixed salary and 50% of the performance cash incentive as awarded in the preceding financial year. 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 termination before that date other than as a result of seriously culpable or negligent behaviour.

The management service agreement with the 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 CFO's initiative, the CFO shall not be entitled to the severance payment.

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

### **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.

### **Supervisory Board members' remuneration**

The annual base pay for every Supervisory Board member is € 50,000. The Chairman of the Supervisory Board receives an additional annual fee of € 5,000.

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