

CARE PROPERTY INVEST
public limited liability company
Public Regulated Real Estate Company (RREC) under Belgian law
Horstebaan 3, 2900 Schoten, Belgium
Companies registration number 0456.378.070 (RPR Antwerp, Antwerp division)
(the 'Company')

REMUNERATION POLICY

Remuneration policy to be submitted to the 2022 annual general meeting

1. General

1.1. Introduction

This remuneration policy sets out the principles that Care Property Invest NV (the **Company**) applies for the remuneration of its directors and executive management. It has been drawn up and will be applied in compliance with Article 7:89/1 of the Belgian Code for Companies and Associations (**BCCA**) and Principle 7 of the Belgian Corporate Governance Code 2020 (**Code 2020**).

The 2021 annual general meeting rejected the remuneration policy 2021 as proposed by the Board of Directors. As a result the Board of Directors was held to apply the remuneration policy that was approved by the 2020 annual general meeting and which does not fundamentally differ from the proposed policy in 2021.

The justifications for the rejection were not communicated in any way to the Company. The Board of Directors therefore took the initiative to consult with different shareholders, their proxy-advisors, stakeholders and corporate governance experts on this matter. Following these consultations, the Board of Directors deemed it appropriate to revise the policy. The revision mainly aims at:

- increasing the relative portion of variable remuneration to the total remuneration;
- making performance targets more challenging;
- improving the policy's alignment with sector and market best practices (benchmarking);
- clarifying the scope of some policies, to better contribute long- term strategy delivery, sustainability and shareholders' interests;
- further aligning the policy with the performance of the executive management to ensure adequate and fair recognition of their efforts;

Main policy changes for executive management (CEO, CFO and COO) at a glance:

2021	2022 - ...
<p>Fixed remuneration</p> <p>Containing LTI not subject to performance criteria: EUR 100,000 (CEO) /EUR 75,000 (CFO/COO) for share purchase plan with 3 year lock-up</p>	<p>Fixed remuneration</p> <p>Containing the amounts of EUR 100,000 (CEO) /EUR 75,000 (CFO/COO) which are no longer mandatorily used to buy shares</p>



Chapter 3 further details what concrete amendments to the remuneration policy of last year are proposed to the general meeting.

1.2. Approval by the general meeting

This policy was drawn up by the Board of Directors on the basis of the recommendations of the nomination and remuneration committee. It will be submitted to the Annual General Meeting in 2022 for approval.

1.3. Scope of application

The remuneration policy applies to the persons referred to in Article 7:89/1, §1 of the BCCA. In concrete terms, this concerns the directors of the Company and the members of the college of daily management.

Subject to the approval by the 2022 annual general meeting, the remuneration principles contained hereinafter will apply to the remuneration of the members of the board of directors and the members of the college of daily management as from financial year 2022. In case of a material amendment, and at least every four years, the remuneration policy shall be submitted for approval by the general meeting.

2. Governance – procedure

2.1. Role of the nomination and remuneration committee

The nomination and remuneration committee is a specialised board committee. It is composed exclusively of non-executive directors, the majority of whom are independent directors, and its mission is to provide the board of directors with objective and independent advice regarding the remuneration policy and its application.

The nomination and remuneration committee assumes the role, responsibilities and powers set forth in Section 5, 'Nomination and remuneration committee' of the Company's Corporate Governance Charter (the **Charter**). The committee advises the board of directors on matters, including but not limited to:

- the preparation and proposal of the remuneration policy;
- the determination of the remuneration of individual members of the college of daily management;
- the determination of the performance targets of the members of the college of daily management in the short and medium or long term;
- the annual evaluation of the performance of members of the college of daily management in relation to the predetermined performance criteria and its translation in terms of the payment of the variable remuneration; and
- the preparation and proposal of the annual remuneration report to the general meeting.

2.2. Role of the board of directors

The role, responsibilities and powers of the board of directors are set out in section 3.6 'The role of the board of directors' and other parts of the Charter.

In particular, the board of directors, as the ultimate responsible party, decides on the recommendations of the nomination and remuneration committee, on:

- the remuneration policy proposal;
- the determination of the remuneration of individual members of the college of daily management;
- the determination of the performance targets of the members of the college of daily management in the short and medium or long term;
- the annual evaluation of the performance of the members of the college of daily management in relation to the predetermined performance criteria and the translation thereof in terms of the payment of the variable remuneration; and
- the annual remuneration report which, as part of the annual report, is submitted to the general meeting for advice.

2.3. Role of the general meeting

The general meeting approves the remuneration policy in a binding manner by simple majority of the votes cast.

The general meeting decides on the remuneration of the directors by simple majority of the votes cast.

2.4. Management of conflicts of interest

Nobody decides on his or her own remuneration:

- the remuneration of non-executive directors is proposed to, and then adopted by, the general meeting;
- the members of the college of daily management do not take part in the discussions and decision-making concerning their remuneration;
- the nomination and remuneration committee meets in the absence of the members of the college of daily management at any time if it deems this necessary.

2.5. Evaluation of remuneration

The remuneration policy and its application are regularly evaluated by the nomination and remuneration committee.

At least every four years, the remuneration policy is resubmitted to the general meeting for approval.

Material changes to the policy shall only apply provided that they have been approved by the general meeting.

3. Material changes compared to the latest policy

Upon recommendation of the nomination and remuneration committee, the board of directors proposes the following structural changes:

3.1. Modification of the short-term incentive for the CEO, the CFO and the COO (STI)

a) Cash bonus

The short-term bonus remains a cash bonus as was the case previously. This amount can be used by the beneficiary to purchase shares of the Company as was previously the case.

b) Quantum

The target amount of the short-term bonus is unchanged and is set at 50% of the annual fixed remuneration. If the minimum performance threshold is reached, the quantum is equal to 40%. Overall, the quantum is capped at 60% of the annual fixed remuneration in case of overachievement (cf. paragraph 5.3.5.A).

c) Performance criteria

In order to better align the short-term incentive with the company's strategy the performance criteria were changed to (i) EPS according to budget, (ii) operational margin, and (iii) elaboration of a mobility plan including science based targets (cf. *infra* 5.3.5.A). Previously, the criteria were IFRS profit/distributable profit (min. 90% of budget), operating margin (min. 90% of budget) and other qualitative criteria (cf. *infra* 5.3.5. A). The new performance criteria are more in line with the Company's overall strategy with (i) additional qualitative criteria, (ii) a benchmark added and (iii) clear thresholds set for both underachievement and overachievement.

d) Pay-out

The short-term bonus is paid over three years: 50% immediately after the performance year; 25% one year later and 25% two years later.

3.2. Introduction of a long-term incentive plan for the CEO, the CFO and the COO as a part of the variable remuneration

The introduction of the long-term incentive plan (LTIP) as part of the variable remuneration is new compared to the previous remuneration policy, where the long term incentive consisted of a share purchase plan that was not subject to performance vesting conditions and was part of the fixed remuneration .

a) Long term incentive vehicle

The long-term incentive plan consists of a cash performance plan, whereby the beneficiaries have the opportunity to use net cash proceeds to acquire Company shares under a share purchase plan with lock-up discount.

b) Quantum

The target amount of the long-term incentive is as follows:

- CEO: EUR 200,000
- CFO: EUR 150,000

- COO: EUR 150,000.

If the minimum performance threshold is reached, the quantum is equal to EUR 160,000/120,000. Overall, the quantum is capped at EUR 240,000/180,000 in case of overachievement (cf. paragraph 5.3.5.B).

c) Performance criteria

Unlike in the past, the vesting of the long-term incentive is subject to the achievement of performance criteria translating the Company's long-term strategy, measured over a three-year performance period.

d) Pay-out

The long-term incentive will be paid out after the three-year performance period and subject to conditional vesting. The cash proceeds from the pay-out of the long term incentive may be used by the beneficiary to buy shares of the Company at a price per share equal to 100/120 of the VWAP of the last 20 trading days subject to compliance with a 3-year lock-up commitment (cf. paragraph 5.3.5.B).

3.3. Modification of the minimum shareholding requirement for the CEO, the CFO and the COO

Pursuant to recommendation 7.9 of the Code 2020 the board of directors has, upon recommendation of the nomination and remuneration committee, determined a minimum shareholding requirement for the CEO, the CFO and the COO (cf. *infra* 5.3.6.).

4. Remuneration policy for non-executive directors

4.1. Structure

A. Fixed annual fee

The non-executive directors are entitled to a fixed annual fee.

The chairman of the board of directors receives a fixed annual fee of EUR 20,000. The other directors receive a fixed annual fee of EUR10,000.

These amounts were approved by the general meeting of 29 May 2019. They were proposed by the board of directors based on the unanimous recommendation of the nomination and remuneration committee.

B. Attendance fees

In addition to the fixed annual fee, the non-executive directors receive an additional fee in the form of attendance fees for the meetings of the board of directors and of the different committees.

The amounts of the attendance fees were set by the general meeting of 29 May 2019 at EUR 750 per meeting of the board of directors, the audit committee, the nomination and remuneration committee or the investment committee (the latter was decided at the general meeting of 26 May 2021).

All fees are flat-rate, fixed fees.

C. Expenses allowance

The non-executive directors may be reimbursed for expenses directly incurred in relation to the performance of their duties as directors, upon presentation of supporting documentation, in accordance with the Company's general expense reimbursement policy.

D. No other remuneration components

Non-executive directors receive no variable remuneration, pension benefits or other benefits in kind.

Nor does the Company pay non-executive directors in shares (not even partially). In doing so, the Company deviates from recommendation 7.6 of the Code 2020. The Company justifies this deviation by the fact that such remuneration in shares is not customary in Belgian listed companies in general or more specifically, in the RREC sector. This is still the case after the entry into force of the Code 2020, as established based on the publication of the first remuneration policies of Belgian listed companies. The Company takes the view that the assessment capacity of these directors, in particular as non-executive directors, will not be harmed by the absence of remuneration in shares. To the Company's knowledge, there is also no international consensus yet that share-based remuneration guarantees that the interests of non-executive directors are aligned with the shareholders' interests. The Company has decided to await the further development of the practice of Belgian listed companies in general, and more specifically in the RREC sector and to regularly reconsider whether it could be in the interests of the Company and its shareholders to proceed to (partial) payment of non-executive directors in shares.

4.2. Contribution to the corporate strategy, the long-term interests and the sustainability of the Company

As an RREC specialised in health care real estate in Belgium, Ireland, the Netherlands and Spain, the Company takes the view that its non-executive directors are best remunerated on a fixed basis. The fixed nature of the fees should safeguard the objectivity of the non-executive directors in monitoring the Company's performance. The level of the amounts should allow the Company to safeguard the commitment of the directors and ensure the right combination of expertise and diversity within the board of directors to stimulate the success of the Company in the long term.

4.3. Main conditions of the agreements

The non-executive directors perform their mandate as self-employed persons in accordance with Article 7:85 §1, (3) of the BCCA. Their director's mandate is for a maximum of four years. This mandate can be renewed for non-executive directors without limitation by periods of up to 4 years. Directors who qualify as independent directors can hold this position for a maximum of 12 years. The general meeting may revoke these mandates at any time, without notice or compensation, by a simple majority decision.

5. Remuneration policy for the executive management

5.1. Structure

The remuneration policy for the executive management is divided into (i) the remuneration of the members of the college of daily management, not being the CEO, the CFO or the COO and (ii) the remuneration of the CEO, CFO and COO.

The remuneration level of the college of daily management is determined by the board of directors upon recommendation of the nomination and remuneration committee.

5.2. Members of the college of daily management other than the CEO, the CFO or the COO

The members of the college of daily management other than the CEO, the CFO or the COO receive the same fee as the non-executive directors for the performance of their mandate as member of the board of directors (i.e. an annual fixed fee of EUR10,000). This fee was determined by the general meeting.

In addition to this, the members of the college of daily management also receive (i) an annual fixed fee of EUR 10,000, (ii) a fee determined by the board of directors to compensate them for their preparation of and participation in the meetings of the college of daily management in the form of attendance fees of EUR 750 per meeting, (iii) an annual fixed representation allowance of EUR 1,800 and (iv) a mileage allowance.

All fees are flat-rate, fixed fees. The members of the college of daily management other than the CEO, the CFO or the COO do not receive performance-related remuneration such as bonuses or long-term share-related incentive programs, nor benefits in kind or benefits linked to pension plans.

The Company justifies the absence of variable and share-based remuneration for these executive directors and this distinction in remuneration from the other executive directors (the CEO, COO and CFO) in light of the difference in the scope of their roles and responsibilities. Such roles and responsibilities primarily consist of the overall supervision and monitoring of the daily operations of the Company. In addition, they are permanently available for consultation and discussion with the CEO, COO and CFO regarding the daily management and operations of the Company. The Company believes that the absence of variable and share-based remuneration does not prevent the interest of these executive directors from being aligned with the shareholder's interest and their judgement.

5.3. The CEO, CFO and COO as effective leaders

5.3.1. Overview

In order to align the interests of the CEO, CFO and COO as effective leaders with the Company's long-term sustainable value creation, a suitable part of their remuneration is linked to the achievement of the objectives set by the board of directors. This approach includes both a short-term incentive and a long-term incentive.

The relative weight of each remuneration component is as follows¹:

	CEO	CFO	COO
Component	Relative % compared to the fixed remuneration	Relative % compared to the fixed remuneration	Relative % compared to the fixed remuneration
Fixed remuneration (including representation allowance and insurances*)			
Short-term incentive	On target: 50% Cap: 60%	On target: 50% Cap: 60%	On target: 50% Cap: 60%
Long-term incentive	On target: 30% Cap: 36%	On target: 42% Cap: 50,4%	On target: 42% Cap: 50,4%
Benefits in kind	<1%	1%	1%

*the total amount of the fixed remuneration that can be used for insurances (life, death, disability), including taxes and costs, is approximately 50%.

¹ The percentages in the chart are rounded numbers. LTI is calculated by dividing the total amount by the number of years it comprises.

5.3.2. Relationship with the salaries and working conditions of the employees

When drawing up this remuneration policy, the salaries and working conditions of the Company's employees were taken into account. The Company provides for consistency between the remuneration of the CEO, CFO and COO and the compensation of employees in order to attract, reward and retain the necessary talent, taking account of the market conditions for each category of employees. It does this on the one hand by benchmarking the remuneration of the respective employee against the same (or a comparable) position/function within other (comparable) companies in the sector, as is done for the CEO, CFO and COO, and on the other hand based on negotiations with the employee concerned. In addition, annual evaluations are held, in the context of which remuneration is also always assessed. These always take into account how the employees can not only contribute but also share in the growth of the Company and the earnings per share of the Company.

5.3.3. Benchmark

When negotiating the management agreements of the CEO, CFO and COO, as well as during evaluations and renegotiations, the Company bases the fixed remuneration partly on benchmarking with the sector and negotiation with the parties concerned, and partly on the growth of the Company in terms of market capitalisation, personnel and countries in which the Company operates.

The Company bases the determination of the variable remuneration and other elements of the remuneration package of the CEO, CFO and COO on benchmarking with the sector and corporate governance provisions.

The peer group identified by the Company in this regard consists of a group of European listed REITs, including direct sector peers in the Healthcare segment and other EU REITs active in Spain and the Netherlands, which are currently key countries for the Company's operations. More specifically, the Company selected the following companies for its benchmarking exercise: Cofinimmo, Aedifica, Icade, Immobiliaria Colonial SOCIMI, XIOR Student Housing, Intervest Offices & Warehouses, Montea. The first two companies were given a 25% weight in the peer group, while all other companies were given a weight of 10%. The choice was driven by the similarities between the business model of the peer group and that of the Company. In terms of fixed remuneration the Company is positioned slightly above the average, which can be explained by the tenure in the company and seniority in the job market.

5.3.4. Description of fixed remuneration

The management agreements of the CEO, the CFO and the COO determine the fixed remuneration for their performance.

The CEO, the CFO and the COO do not receive separate remuneration for the performance of their mandate as director.

5.3.5. Description of variable remuneration

A. Short-term incentive (STI)

The short-term bonus will consist of an annual cash payment which, depending on the performance of the relevant performance year, is calculated as follows:

	Performance (% target) (incentive zone)	Bonus (% target bonus) (pay-out zone)	% of fixed remuneration
Performed below target	80-95%	80%	40%
Performed in accordance with the goal – On target	95-110%	100%	50%
Performance above target	> 110%	120% (capped)	60% (capped)

The short-term target bonus corresponds to an amount equal to 50% of the amount of executive's annual fixed remuneration. If the performance criteria (as detailed below) are met for less than 80%, no short-term bonus will be paid out. Moreover, the bonus is capped at 60% of the annual fixed remuneration (120% of the target bonus of 50%), in case the performance criteria are achieved for more than 110%. The short-term bonus will thus vary between 0 and 60% of the annual fixed remuneration, depending on the achievement of the performance criteria. The target, threshold and maximum performance levels are determined annually at the start of the performance period based on a number of internal and external reference points. The performance targets are stretching but achievable, taking into account the specific strategic priorities and the economic environment in a given year. For bonus purposes, the performance target typically requires a meaningful improvement over the previous year's result, and, for financial measures, the targets are typically in line with the upper end of market consensus.

The annual short-term bonus is subject to the following performance criteria:

	Performance criteria		Strategic objective
	Criterion	Weight	
Financial	EPS compared to budget	65%	Creating value for shareholders
	Operating margin	10%	Creating value for shareholders
	Total	75%	
Non-Financial	Elaboration of a mobility plan including science based targets ²	25%	Roll-out of sustainability goals and strategy in order to reduce carbon footprint
	Total	25%	

The nomination and remuneration committee verifies the extent to which the financial objectives are achieved immediately after the audit of the annual results.

The achievement of the non-financial objectives will be determined by the nomination and remuneration committee and supervised by the board of directors.

² The short term ESG KPI for performance year 2023 has already been determined as the EMS coverage ratio of 80% and for performance year 2024 the short term ESG KPI will be the successful pilot project of life cycle analysis.

The short-term bonus is paid over three years: 50% immediately after the performance year; 25% one year later and 25% two years later. The cash proceeds of the payment of the short-term incentive may be used by the beneficiary to purchase shares of the Company at a price per share equal to 100/120 of the VWAP of the last days and subject to a lock-up of 3 years (cf. 5.3.5.B)

B. Long-term incentive (LTI)

To ensure that the interests of the CEO, CFO and COO are further aligned with the long-term shareholders' interests, the Company has adopted a long-term incentive plan.

The Company annually awards a conditional long-term bonus. It is tied to the achievement of performance targets over a period of three (3) years (the performance period).

The LTIP takes the form of a performance cash plan. The beneficiaries will receive the bonus in cash, subject to social security contributions and income tax. The beneficiaries will have the opportunity to use the net cash bonus (after deduction of social security contributions and income tax) to purchase shares of the Company at a purchase price (per share) of 100/120^{th3} of the weighted average stock market price during a period of twenty (20) trading days preceding the day of purchase, provided that the shares are unavailable and untransferable for a period of at least three (3) years following the purchase of the shares.

During this three (3) year lock-up period, the beneficiaries will have the right to receive dividends, exercise voting rights, preferential rights or irrevocable allocation rights attached to the shares, and the right to participate in an optional dividend.

The pay-out of the LTI (in cash) depends on the performance over the three-year performance period and is calculated as follows:

	Performance (% target) (incentive zone)	LTI (% target LTI) (pay-out zone)	Amount (CEO / CFO and COO)
Performed below target	80-95%	80%	EUR 160,000 / EUR 120,000
On target	95-110%	100%	EUR 200,000 / EUR 150,000
Performance above target	> 110%	120% (capped)	EUR 240,000 / EUR 180,000 (capped)

The long-term target bonus is EUR 200,000 for the CEO and EUR 150,000 for each of the CFO and COO. If the performance criteria (as detailed below) are met for less than 80%, no long-term incentive will be paid out. In addition, the long-term bonus will be capped at 120% of the predetermined long-term bonus, particularly if the performance targets are achieved at more than 110%. The long-term incentive will thus vary between 0 and 120% of the target amount, depending on performance. The target, threshold and maximum performance levels are determined annually at the start of the performance period.

³ This discount represents less than the discount that would be applied in the market in consideration of the three year lock-up, and corresponds to the discount accepted by the Belgian tax authorities for a two year lock-up (cf. Circular letter n° Ci.RH.241/467.450 of 21 June 1995, Bull., n° 752, page 2155).

The pay-out of the long-term incentive is subject to the achievement of the following performance criteria:

	Performance criteria		Strategic objective
	Criterion	Weight	
Financial	Dividend per share	30%	Creating value for shareholders
	Stock price evolution above median compared to peers ⁴	10%	Creating value for shareholders
	Portfolio growth	40%	Creating value for shareholders
	Total	80%	
Non-Financial	ESG	20%	Meet the milestones of the sustainability road map of Care Property Invest
	60% Environmental: - Reduction of CO2 emission per employee - Achieve a better than average GRESB score 20% Social: SMART targets regarding: - number of hours of training as mentioned in sustainability report - stakeholder engagement 20% Governance: SMART targets regarding: - compliance program - IT security - communication inside and outside the company		
	Total	20%	

The board of directors will annually, upon recommendation by the nomination and remuneration committee, set the targets in the first three months of the relevant three-year performance period. For the non-financial criterion, the sustainability roadmap shown in the Company's Sustainable Finance Framework will be used as a guide.

Within the first three months of the fiscal year following the end of the three-year performance period, the nomination and remuneration committee will assess the extent to which the financial targets have been met, following the establishment of the annual results by the board of directors. The predetermined ESG objective is

⁴ The relevant peer group is determined at the beginning of each performance period and discussed in the remuneration report.

evaluated by the nomination and remuneration committee based on the results included in the sustainability report of that financial year.

5.3.6. Minimum shareholding requirement

Pursuant to recommendation 7.9 of the Code 2020, the CEO, CFO and COO are required to hold a minimum number of Company shares at all times and for as long as they remain a member of the college of daily management of the Company. For the CEO this minimum is 15,000 shares (corresponding to EUR 386,250 at the stock exchange price of 31 December 2021) and for the CFO and COO this minimum is 6,500 shares (corresponding to EUR 167,375 at the stock exchange price of 31 December 2021). Unvested holdings in share incentive plans usually do not count towards meeting the requirement.

Should a new member join the executive management, he/she will have five (5) years to build his/her portfolio of Company shares in accordance with the thresholds set forth above.

5.3.7. Pensions

The CFO and COO are entitled to an individual pension scheme with contributions and the accompanying cover.

The plan covers the following risks:

- Replacement income in the event of occupational disability due to illness or an accident;
- Premium exemption in the event of illness or an accident;
- Pension capital (if the participant is alive on the termination date); and
- Capital on decease of the participant (death benefit).

5.3.8. Benefits in kind and other remuneration components

The remuneration of the CEO, CFO and COO also includes:

- Hospitalisation insurance;
- Meal vouchers (awarded only to the CEO);
- Benefits in kind associated with the use of a company car, i.e. a fuel card, all-risks insurance, roadside assistance and road tax;
- Mobile phone; and
- Laptop.

5.4. Contribution to the Company's business strategy, long-term interests and sustainability

The structure of the remuneration of the members of the daily management is aimed at promoting sustainable long-term value creation of the Company.

The level of the fixed remuneration ensures that the Company can rely on professional and experienced management at all times, including in more difficult times.

The payment of the short-term bonus depends on the realisation of performance criteria that reflect the Company's strategy:

- As an RREC, it is important for the Company to be able to offer its shareholders a stable (and growing) dividend. The choice of EPS and operating margin as performance criteria responds to this objective.

- The success of the Company as a business also depends on the achievement of its ESG objectives as set out in the sustainability roadmap. For that reason, the management's short-term bonus also depends on SMART targets derived from the sustainability roadmap.

The longer-term success of the Company is further stimulated by the long-term incentive plan, whereby the CEO, CFO and COO can also be rewarded for a positive evolution of the Care Property Invest share price over the longer term, including through the lock-up period, but also through the adoption of TSR as a performance criterion. In addition, the Company has included portfolio growth as a financial performance criterion and ESG as a non-financial performance criterion. Both criteria support the Company's growth story which management is very ambitious to continue. Moreover, as also indicated in the Sustainable Finance Framework, the Company wishes to prioritise ESG in all its aspects over the next 10 years.

5.5. Main conditions of the agreements

5.5.1. Claw-back

The short-term incentive plans and the long-term incentive plans provide for adequate claw-back mechanisms. The Company has the right to reclaim all or part of a variable remuneration from the beneficiary if it appears that payment has been made on the basis of incorrect information concerning the achievement of the performance targets or about the circumstances on which the variable remuneration was dependent.

5.5.2. Good and bad leaver arrangements

The short-term and long-term incentive plans provide for good and bad leaver arrangements in the event of resignation or termination of the mandate of the CEO, CFO or COO. Good leavers will be paid the vested incentives at the end of the performance period pro rata to the part of the performance period they were active in the Company. Bad leavers will lose the short-term and long-term incentives that have not yet vested.

Good leavers having the age of 65 will no longer be bound by the lock-up requirement under the share purchase plans.

6. New joiners

Newly appointed directors, CEO, CFO or COO will participate in short-term and long-term incentive plans that have the same structure as the plans set out above in this remuneration policy for their existing colleagues. The amount of the fixed remuneration, the long-term incentive and the short-term incentive of a new joiner will be determined by the board of directors at the time of his/her appointment. The board of directors will, if and to the extent relevant, consider and award buy-out/sign-on bonuses to new joiners. To the extent possible, the board of directors intends to limit such buy-out/sign-on bonuses to the value of the short-term incentives and/or long-term incentives of the new joiner's previous employer that will be forfeited. Especially buy-out bonuses for forfeited long-term incentives shall not exceed the realistic value of such forfeited awards.

7. Derogation from the remuneration policy

The Company may temporarily derogate from the remuneration policy, provided that:

- 1° the derogation is justified by exceptional circumstances in which such derogation is necessary to serve the long-term interests and sustainability of the Company as a whole or to guarantee its viability;
- 2° the derogation is permitted by the board of directors on the recommendation of the nomination and remuneration committee, substantiating the reasons;

3° the derogation does not lead to the remuneration of the beneficiary being excessive compared to market practice.

A derogation may only relate to the provisions of this remuneration policy regarding:

- the variable remuneration (KPI-setting, pay-out, with the exception of the ceilings);
- slight increases in pensions;
- good and bad leaver arrangements.

8. Revision of the remuneration policy

The remuneration policy may be amended when deemed appropriate by the board of directors on the recommendation of the nomination and remuneration committee and subject to the submission of the revised policy for approval by the general meeting in the cases prescribed by article 7:89/1 BCCA.

When the policy is revised, the following information must be described and explained to the general meeting:

1. The main changes that have occurred, and
2. How the votes and positions of the shareholders on the remuneration policy and the remuneration reports have been taken into account since the most recent vote on the remuneration policy at the general meeting.