

# REMUNERATION REPORT

**This remuneration report describes the implementation of the remuneration policy for the members of the Executive Board and the Supervisory Board.**

## INTRODUCTION BY THE CHAIR OF THE REMUNERATION COMMITTEE

2022 was a year in which the transparency of disclosure in the Remuneration Report was a key topic. The 2021 Remuneration Report was included on the agenda of the AGM on April 26, 2022 for an advisory vote. The outcome of the advisory vote of the 2022 AGM regarding the 2021 Remuneration Report was positive, though approximately 38% of the votes cast were against the 2021 Remuneration Report. Following the voting behavior at the 2022 AGM and the questions raised during this AGM, the company entered into an open dialogue with its stakeholders on the content of the Remuneration Report. To address the most discussed topic in this dialogue, more insight and transparency on the performance criteria and actual realization for both the STI and LTI is provided in the 2022 Remuneration Report. The enhanced disclosure also contains targets and performance on important ESG/sustainability themes and related KPIs. In this way, the Remuneration Report is better aligned with the Shareholder Rights Directive and the related guidelines. The Remuneration Committee believes that a sound balance has been struck between the request for transparency by stakeholders and TKH's hesitation to disclose (commercially) sensitive information, as the disclosure of such information may not be in the interest of TKH and all its stakeholders.

### LOOKING AHEAD TO 2023

The revised remuneration policy was proposed by the Supervisory Board for adoption by the 2020 General Meeting of Shareholders (AGM), with effect from January 1, 2020. The remuneration policy for the members of the Executive Board

and the Supervisory Board was adopted by the AGM with 96.99% and 99.92% respectively. The remuneration policy will be submitted to the General Meeting of Shareholders for adoption every time an amendment is made, and at least once every four years after it has been approved by (and proposed by) the Supervisory Board, so ultimately at the AGM in 2024. No changes were made to the remuneration policy in 2022.

In 2023, the Remuneration Committee will conduct a thorough review of the remuneration policy for the Executive Board. The review will focus, among other things, on the remuneration structure and the reference group, as well as on the existing KPIs also in relation to relevant legislative and regulatory developments such as the CSRD, which may lead to additional ESG/sustainability KPIs, and the revised Dutch Corporate Governance Code published on December 20, 2022. This review will include current market practice, societal trends and expectations, and developments in corporate governance. Based on the outcome of this review, we will develop an adjusted draft remuneration policy that will be discussed in 2023 in an open dialogue with stakeholders. Ultimately, we will submit a proposal for a (revised) remuneration policy for the Executive Board to the AGM in 2024.

C.W. Gorter

*Chairman of the Remuneration Committee*

## REMUNERATION POLICY OF THE EXECUTIVE BOARD

The remuneration payable to the members of the Executive Board comprises:

- A basic salary (TRI – Total Regular Income)
- An annual performance bonus (STI – Short-Term Incentive)
- A long-term incentive in the form of a share plan (LTI – Long Term Incentive)
- A pension commitment

The remuneration policy aims to provide a competitive remuneration package to attract, motivate, and retain qualified managers for a publicly listed company, while keeping in mind the company's size and unique characteristics. The policy recognizes the internal and external context as well as TKH's business needs and long-term strategy. It is designed to stimulate long-term value creation for TKH and its affiliated companies, taking into account the provisions for good corporate governance. The policy aims to improve the company's performance, using financial and non-financial performance measures, combined with the careful assessment of risks and the right entrepreneurial spirit. It is tested for market conformity at least once every three years, on the basis of information provided by external experts. In addition, internal remuneration ratios are taken into account by ensuring that the remuneration ratio in the second tier is appropriate and in line with the market standard. Based on the targets set, the Remuneration Committee performs scenario analyses with respect to the STI and LTI we aim to achieve.

Our remuneration policy and corporate strategy are aligned with specific short-term and long-term targets that link the remuneration of each member of the Executive Board to the success of the company. The size of the LTI in relation to the total remuneration package, as well as the requirement that members of the Executive Board must invest at their own expense in the same number of shares as they receive under the LTI, are important factors in creating long-term value and continuity for the company.

### REFERENCE GROUP

To attract qualified executives to the Executive Board, and to retain the current members of the Executive Board on a long-term basis, the company takes external reference data into account when determining appropriate remuneration levels. A specific reference group has been established for this purpose. With reference to the AMX companies on Euronext Amsterdam, we primarily make comparisons with companies that are more or less equivalent to TKH in terms of complexity, size, and the international scope of their business portfolio. The Remuneration Committee, supported by external experts, regularly evaluates this reference group to ensure that its composition remains appropriate. To enable an additional assessment of developments specific to the business sector, a reference group consisting of international sector peers is used. Due to its delisting, Boskalis has been removed from the reference group.

While external market data provides a useful context, it is ultimately the responsibility of the Remuneration Committee and the Supervisory Board to determine appropriate remuneration packages that reflect the specific context and requirements of the company, as well as the skills and capabilities of the individual members of the Executive Board. The external market data is therefore used to inform, rather than determine decision-making. The Remuneration Committee evaluates the external market data and, if necessary, makes recommendations to the Supervisory Board for approval.

### TARGETS FOR STI AND LTI

The annual targets for the STI and LTI relate to TKH's business plan as reflected in the financial and non-financial targets of the Accelerate 2025 strategy program. The Supervisory Board sets the targets, along with their respective weighting and criteria, for any given year in line

### TKH GROUP PEER GROUPS

AMX	International sector peers
Aalberts Industries	Prysmian
Air France-KLM	Basler
Arcadis	Cognex
Basic-Fit	Keyence
Corbion	
Fagron	
Fugro	
PostNL	
SBM Offshore	
Vopak	

with the company's strategy and general structure. In the process, the Board considers both financial and non-financial factors, along with personal targets, in addition to the following:

- Targets must be derived from the company's strategy, including the Accelerate 2025 strategy program.
- Emphasis should be placed on targets that are essential for long-term value creation.
- Past performance, business prospects, and conditions should be taken into account.
- Stakeholder expectations should be considered.

While financial and non-financial targets focus on achieving the overall strategic business objectives and sustainability ambitions, personal targets should relate to the specific role of the Executive Board as a collective, and to each individual member on the Executive Board. Factors considered for personal targets include the company's mission and identity, its overall ESG (Environmental, Social, and Governance) targets, and any important strategic issues for the coming year.

## FINANCIAL TARGETS 2025

## TURNOVER

&gt;2€ BILLION

## ROCE

22%-25%

## ROS

EBITA margin

&gt;17%

## NET DEBT / EBITDA

Annual target

&lt;2.0

## NON-FINANCIAL TARGETS 2025

CARBON NEUTRALITY  
OWN OPERATIONS

by 2030 (scopes 1 and 2)

100%



## RECYCLING

Copper, aluminium and PVC

&gt;80%



## LTIFR

&lt;1.0



## ILLNES RATE

&lt;4%



## ROS

EBITA margin

&gt;17%

## NET DEBT / EBITDA

Annual target

&lt;2.0

## WASTE

&lt;5%

FEMALE EXECUTIVE &  
SENIOR MANAGEMENT

by 2030

&gt;25%

EMPLOYEE  
SATISFACTION

&gt;7.5

STRATEGIC  
SUPPLIERS  
ASSESSED

&gt;90%



Among other things, the external assessment and the remuneration policy are used to formulate the proposal for the remuneration of the members of the Executive Board. In accordance with the Corporate Governance Code, the Remuneration Committee takes note of the views of the individual directors with regard to the level and structure of their own remuneration. The remuneration for the members of the Executive Board was externally reviewed in the reporting year, at which point it was concluded that the policy pursued with regard to the TRI, STI, and LTI meets the objectives set. The Supervisory Board believes the total remuneration package strikes a good balance to achieve TKH's strategic targets. The package encourages the members of the Executive Board to deliver solid results and implement the company's strategy in a realistic but ambitious manner. There has been no deviation from the decision-making process for the implementation of the remuneration policy.

## APPLICATION OF THE POLICY IN 2022

**1 BASIC SALARY (TRI)**

Once a year, the Supervisory Board determines whether basic salary levels needs to be adjusted and, if so, by how much, with due consideration to market developments, the remuneration structures of similar companies in the reference group, TKH's results, and wage developments within the TKH Group. Basic salaries have been increased by 3% with effect from January 1, 2022 based in part on the external assessment. The basic salary for individual members of the Executive Board is below the median for the reference group and in accordance with the remuneration policy and intended position.

**2 PERFORMANCE BONUS (STI)**

Variable remuneration is an essential part of the remuneration package for Executive Board members in terms of rewarding short-term results in line with strategic objectives. The STI is

based on annual financial and non-financial performance measures including personal targets. On the recommendation of the Remuneration Committee, the Supervisory Board establishes the targets and criteria for earning a performance bonus in advance of the reporting year. Once the reporting year has ended, the size of the performance bonus is determined by the Supervisory Board, based on the results achieved and the criteria set. Depending on the degree to which the targets have been met, the STI can range from 0% to (a maximum of) 60% of the TRI. Performance "at target" results in a performance bonus of 40% of the TRI. The Supervisory Board has the discretionary power to deviate from the targets set if special circumstances apply. Differentiation in the STI's received by members of the Executive Board can occur due to the members' final scores on their personal quantitative and qualitative targets.

## DETAILS ACTUAL PAYOUT LEVEL (STI)

Plan	Target	Bandwidth payout level				Targets			Performance						
		Weight	Minimum	On-target	Maximum	Threshold 0%	On-target 100%	Maximum 150%	Performance	Performance payout	Actual payout % of TRI	Minimum	On-target	Maximum	
<b>STI 2022</b>	Turnover (in millions)	30%	5%	30%	45%	€ 1,421	€ 1,672	€ 1,756	€ 1,817	45%	18%				
	EBITA (in millions)	50%	10%	50%	75%	€ 187	€ 220	€ 231	€ 235	75%	30%				
	<b>A Financial targets</b>	<b>80%</b>	<b>15%</b>	<b>80%</b>	<b>120%</b>					<b>120%</b>	<b>48%</b>				
	<b>B Sustainability / ESG targets (9 KPIs)</b>	<b>10%</b>	<b>2.5%</b>	<b>10%</b>	<b>15%</b>	<b>0%</b>	<b>10%</b>	<b>15%</b>		<b>12.33%</b>	<b>4.93%</b>				
	<b>C Other and personal targets (5 KPIs)</b>	<b>10%</b>	<b>2.5%</b>	<b>10%</b>	<b>15%</b>	<b>0%</b>	<b>10%</b>	<b>15%</b>		<b>13.80%</b>	<b>5.52%</b>				
	<b>D Overall performance ratio</b>	<b>100%</b>	<b>20%</b>	<b>100%</b>	<b>150%</b>	<b>0%</b>	<b>100%</b>	<b>150%</b>		<b>146.13%</b>	<b>58.45%</b>				

**STI performance of the Executive Board in 2022**

The STI for members of the Executive Board based on achievement of the 2022 targets is presented in the table above. Payment of the variable remuneration to members of the Executive Board is subject to the condition that the targets upon which the performance bonus is based or the circumstances under which the bonus was originally determined, are accurate. For 2022, there was no full or partial recovery of a bonus as referred to in article 135 subsection 8.

**A Financial targets and performance (80%)**

TKH achieved a turnover of € 1,816.6 million and EBITA of € 234.8 million in 2022. The strong results show the progress in the implementation of the Accelerate 2025 strategy program. The order intake in 2022 was at a record level confirming the strong high-end technologies developed and the market demand for TKH's technologies and innovations, particularly in relation to the important megatrends of automation, digitization, and electrification. Despite facing challenges such as inflation, the effects of COVID-19 and the war in Ukraine, and supply chain issues, TKH exceeded its targets. The achieved targets resulted in the maximum performance of 45% for turnover and 75% for EBITA.

**B Sustainability/ESG targets and performance (10%)**

As part of the Accelerate 2025 strategy program, nine key sustainability/ESG targets have been defined for 2025 and 2030. Each KPI has the same weighting (1/9).

The performance and progress in 2022 against the defined KPIs are as follows:

**B1 100% carbon neutrality of own operations (scopes 1 and 2) by 2030**

In 2022, a further reduction in the CO<sub>2</sub>e footprint was achieved, resulting in a CO<sub>2</sub>e footprint reduction of 42.7% compared to the reference year 2019 (2021: 29.8%). TKH is well on track to achieve the target of 100% by 2030 (scopes 1 and 2).

**B2 <5.0% waste**

Waste percentage compared to material usage is at 5.3%,

## DETAILS SUSTAINABILITY / ESG TARGETS

KPI	Target	Performance
<b>Environment</b>		
B1 Carbon neutrality own operations - target 2030 (1/9 weighting)	100%	42.7%
B2 Waste (1/9 weighting)	<5%	5.3%
B3 Recycling (1/9 weighting)	>80%	88.0%
<b>Social</b>		
B4 Diversity - target 2030 (1/9 weighting)	25%	18.4%
B5 LTIFR (1/9 weighting)	<1.0	0.8
B6 Illness rate (1/9 weighting)	<4%	4.04%
B7 Employee satisfaction (1/9 weighting)	>7.5	7.6
<b>Governance</b>		
B8 Strategic suppliers assessed (1/9 weighting)	>90%	91.9%
B9 Enhance sustainability policies and procedures (1/9 weighting)	enhanced	enhanced



which is close to the target of 5%. Although waste reduction programs have been implemented, the waste as a percentage increased, which is mainly related to the raw material copper due to the increased level of activities. The waste percentage for aluminum and plastics was reduced in 2022.

### B3 >80% recycling

In 2022, 88.0% of the most important raw materials were recycled (2021: 83.2%). The increase was mainly achieved due to higher recycling rates for plastics.

### B4 >25% female executive and senior management by 2030

The share of women in executive and senior management teams increased in 2022 from 17.7% to 18.4% and is well on track to meet the target of 25% by 2030.

### B5 <1.0 LTIFR

To make safety demonstrable, emphasis is placed on specific, measurable performance targets for safety measures, including LTIFR (Lost Time Injury Frequency Rate). Further attention was devoted to health and safety programs at the production facilities. This resulted in increased attention and awareness of important health and safety topics. The LTIFR figure for 2022 increased slightly to 0.8 due to the increased activity level, but is below the target of <1.0.

### B6 <4.0% illness rate

The illness rate increased slightly from 3.56% to 4.04%, mainly due to the effects from COVID-19 and the flu. The 2022 illness rate was slightly above the target of <4.0%.

### B7 >7.5 employee satisfaction

The employee satisfaction score in 2022 of 7.6 was above the target of 7.5. In addition, in 2022 more companies were included in the employee satisfaction survey.

### B8 >90% strategic suppliers assessed

91.9% of the strategic suppliers have been assessed against the Code of Supply, exceeding the target of >90%.

### B9 Enhance sustainability policies and procedures

Further important improvements have been implemented concerning the internal ESG dashboard and ESG policies. In 2022, the Sustainability Reporting Manual was updated and new GRI standards were integrated. Finally, for the second year, assurance was obtained from EY for the key non-financial KPIs included in TKH's 2022 Annual Report.

The performance in 2022 concerning the sustainability/ESG targets results in an overall performance ratio of 12.33%.

### C Other and personal targets and performance (10%)

In addition to the financial and sustainability/ESG targets, five other and personal targets have been defined for 2022. Each KPI has the same weighting (1/5).

The performance and progress in 2022 against the defined KPIs are as follows:

#### C1 Implementation of the Accelerate 2025 strategy program

In 2022, good progress was made on the implementation of the Accelerate 2025 strategy program. Strong autonomous growth was achieved in the defined growth markets. Total turnover increased by 19.2% to € 1,816.6 million. The ROS increased to 12.9% despite the negative impact of component shortages and raw material price increases. The R&D roadmap is being implemented and further strengthened with an increased focus on AI.

### C2 Acquisition & divestment program

The divestment program launched in 2021 is on track. The remaining stake in the Cable Connectivity Group was divested in 2022 and progress is being made on the divestment of the portfolio classified as assets held for sale. One acquisition was made to further strengthen the technology portfolio, and operating companies or portfolios have been integrated to further simplify the organization.

### C3 Financial position: net debt/EBITDA <2.0

The net debt/EBITDA ratio, calculated in accordance with TKH's bank covenant, stood at 1.1, well within the financial ratio agreed with our banks and well within the target of 2.0.

### C4 Reduction of cybersecurity risks

The cybersecurity risks have been further reduced by, among other things, implementing a revised IT & Security policy and an increased focus on the risk of ransomware and the resilience to such an event. Incidents in 2022 had a limited impact on TKH and improvements have been identified and implemented to prevent similar incidents. Progress is also being made on the IT Security program to further reduce the risk levels at operating companies.

### C5 Personal targets

The personal targets defined for 2022 are related to specific business topics and due to (commercially) sensitive information will not be disclosed in detail.

## DETAILS OTHER AND PERSONAL TARGETS

KPI	Target	Performance
C1 Execution Accelerate 2025 strategy program (1/5 weighting)	Good progress	See commentary
C2 Acquisition & divestment program (1/5 weighting)	Good progress	See commentary
C3 Financial position: net debt/EBITDA (1/5 weighting)	<2.0	1.1
C4 Cybersecurity risks (1/5 weighting)	Reduction of risks	See commentary
C5 Personal targets (1/5 weighting)	See commentary	See commentary

The achievement of the other and personal targets results in 2022 results in an overall average performance ratio of 13.80%, consisting of the following performance ratios for each member of the Executive Board:

- 13.80% for J.M.A. van der Lof MBA
- 14.10% for E.D.H. de Lange MBA
- 13.50% for H.J. Voortman MSc

The total average performance in 2022 regarding sustainability/ ESG and other and personal targets is 26.13% compared to the maximum of 30%.

### D Overall performance 2022

The performance percentages times 40% generates the actual payout percentage of TRI. This resulted in award payouts in € 1,000 (STI) of the following values for:

J.M.A. van der Lof MBA:	$146.13\% \times 40\% \times \text{TRI} = 423$
E.D.H. de Lange MBA:	$146.43\% \times 40\% \times \text{TRI} = 318$
H.J. Voortman MSc:	$145.83\% \times 40\% \times \text{TRI} = 287$

### 3 SHARE PLAN (LTI)

The long-term variable remuneration aims to align the interests of the Executive Board members with the long-term interests of TKH's shareholders. For that purpose, a share plan was enacted that provides for a long-term incentive (LTI). Under the share plan, members of the Executive Board receive shares based on the achievement of targets.

### Conditions and personal investment by the members of the Executive Board

Members of the Executive Board receive shares on the condition that they personally invest in the same number of shares as they receive under the LTI plan. By personally investing in the same number of shares as they are awarded under the LTI, each member of the Executive Board invests a significant amount of money in a way that prudently manages risk but still encourages an entrepreneurial spirit to create long-term value. As a result, the interests of the Executive Board and the shareholders remain aligned.

The shares in question are to be held as a long-term investment and may not be transferred for a period of three years after having been granted. The share plan involves a financial investment by the Executive Board because the individual members must buy the same number of shares as they receive under the LTI. Due to this financial investment for the members of the Executive Board, it is stipulated that the shares must be held for at least three years, given that this scheme requires a private investment commitment from the individual members of the Executive Board.

### KPIs and multipliers

The amount of remuneration depends on the performance on the following KPIs:

- Return on Capital Employed (ROCE)
- Return on Sales (ROS)

- Stock price developments for TKH shares compared to the AMX index of Euronext Amsterdam (relative stock price developments)

The development of the ROS and ROCE in relation to the pre-defined targets, as well as the share price development over the past three years in relation to the AMX index, which is relevant for the company, may result in a share allotment. The focus of the company's strategy is to increase the ROS and ROCE through growth in activities related to high-end technologies where relatively high margins can be achieved. The ROS and ROCE are important criteria for monitoring the implementation of the differentiating power that the company is developing with the technology base of the group and the ongoing transformation towards achieving the ROS and ROCE targets. Furthermore, the development of the company's share price in relation to the AMX index is an important confirmation of the shareholders' appreciation of the strategy and of the Executive Board's alignment with the goals of long-term shareholders.

The performance period for ROS and ROCE is one year, and the performance ranges are determined at the beginning of the year, taking into account medium-term targets.

The performance period for the relative stock price development is three years. For the 2022 allocation, this entailed reviewing the period from January 1, 2020, to December 31, 2022.

- The applicable performance range for the ROS is 0.50 to 1.50, with an "at target" level of 1.0. The score received for

### DETAILS ACTUAL PAYOUT LEVEL (LTI)

Plan	Target	Bandwidth payout level			Targets			Performance						
		Minimum multiplier	On-target multiplier	Maximum multiplier	Threshold 0%	On-target 100%	Maximum 150%	Performance	Performance multiplier	Actual payout % of TRI	Minimum	On-target	Maximum	
<b>LTI 2022</b>	A ROS	0.50	1.00	1.50	11.7%	12.7%	13.7%	12.9%	1.10					
	B ROCE	0.50	1.00	1.50	18.4%	19.4%	20.4%	23.2%	1.50					
	C Relative stock price development	0.50	1.00	1.80	0.50	1.00	1.80	index 0.73	0.50					
<b>Overall performance ratio</b>		Performance multiplier: A*B*C			0.25	1.00	2.70		0.83	39%				

this KPI generates the “multiplier A”.

- The applicable performance range for the ROCE is also 0.50 to 1.50, with an “at target” level of 1.0. The score for this KPI is also equal to “multiplier B”.
- The performance range for the relative stock price developments runs from 0.75 to 1.5, with an “at target” of 1.0. This score is converted into “multiplier C”, which ranges from 0.5 to 1.8, with 1.0 being the “at target” multiplier.

Multipliers are calculated for each KPI in determining the amount of the allocation for the total LTI. These multipliers are then multiplied by the standard allocation. The standard award is net and equivalent to 50% of the TRI. The gross value of the standard award is thus approximately equal to the TRI. The minimum payout of an LTI award in any given year is 0.25 x the standard award. In that case, the members of the Executive Board must also personally invest 0.25 x the standard allocation. This is an important factor in creating long-term value and continuity for the company, and it aligns the interests of the Executive Board and the shareholders. After all, the Executive Board must also personally invest 0.25 x the standard allocation in this situation. The maximum payout is 2.7 x the standard award.

### Performance 2022

The following multipliers were achieved for each KPI based on actual overall performance against the performance ranges.

TKH achieved an ROS of 12.9% in 2022, resulting in a multiplier for ROS (A) of 1.10. The ROCE in 2022 was 23.2%, resulting in a multiplier for ROCE (B) of 1.5, the maximum. The multiplier for the relative stock price developments (C) was the minimum of 0.50 because the stock price development of TKH shares compared to the AMX index of Euronext Amsterdam for the last three years is 0.73 (index) 0.73 (index). These multipliers for each KPI resulted in a total multiplier for the LTI of 0.83 ( $A*B*C = 1.10*1.50*0.50$ ), which meant that 0.83 x the standard award was granted.

### EXECUTIVE BOARD SHARE OWNERSHIP

	Balance 1/1	Awarded shares	Individually purchased shares	Disposal (at least 3 years in portfolio)	Balance at 31/12
<b>J.M.A. van der Lof MBA</b>					
2021 <sup>1</sup>	133,147	2,216	2,216	-15,432	122,147
2022 <sup>1</sup>	122,147	14,373	14,373	-32,746	118,147
<b>E.D.H. de Lange MBA</b>					
2021 <sup>1</sup>	95,789	1,662	1,662	-3,324	95,789
2022 <sup>1</sup>	95,789	10,780	10,780	-32,340	85,009
<b>H.J. Voortman MSc</b>					
2021 <sup>1</sup>	24,645	1,508	1,508	-1,508	26,153
2022 <sup>1</sup>	26,153	9,782	9,782	-9,782	35,935

<sup>1</sup> Achieved in the previous financial year and paid out in the following financial year.

This resulted in award payouts in € 1,000 of the following net values for:

J.M.A. van der Lof MBA:  $0.83 \times 50\% \times \text{TRI} = 298$

E.D.H. de Lange MBA:  $0.83 \times 50\% \times \text{TRI} = 224$

H.J. Voortman MSc:  $0.83 \times 50\% \times \text{TRI} = 203$

The corresponding gross values are listed in the table showing “total remuneration” in section 6 of this Remuneration Report. The number of certificates of shares associated with the net award will be calculated based on the average closing price over the three trading days following the time of publication of the annual figures. The awarded shares as well as the individually purchased shares in accordance with the LTI plan are included in the Executive Board share ownership table.

No option rights are awarded to members of the Executive Board. Any option rights held by a member of the Executive Board were acquired during the period in which he was already employed by TKH but had not yet become a member of the Executive Board. These option rights can be exercised in accordance with the TKH share option scheme during the applicable exercise periods. In this respect, H.J. Voortman has option rights that apply to the period before he became a member of the Executive Board. The movement and balance of the outstanding option rights awarded to him are shown in the table below. For more information on the share option scheme, we refer you to note 25 in the annual financial statements.

### OPTION RIGHTS H.J. VOORTMAN MSC

Year of award	Exercise price in €	Number as at 01-01-2022	Awarded during the year	Movement during the year	Expired during the year	Exercised during the year	Number as at 31-12-2022	Exercise period
2017	41.19	7,350				-7,350	0	2020-2022
2018	52.25	8,400					8,400	2021-2023
<b>Total</b>		<b>15,750</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-7,350</b>	<b>8,400</b>	

#### 4 PENSIONS

The Remuneration Committee is responsible for ensuring that the members of the Executive Board are provided with a pension that is in line with market practice and consistent with the provisions made for similar positions.

In addition, the pension arrangements include the right to benefits in the event of poor health or disability, and a widows' and orphans' pension in the event of death. All this is provided on comparable terms and conditions to those applicable to participants in the collective pension fund – i.e. the company's employees. The associated costs, up to the maximum allowed under tax law, are included in pension costs. The pension compensation refers to any portion exceeding the maximum allowed under tax law (2022: € 114,866).

#### 5 OTHER EMPLOYEE BENEFITS

The members of the Executive Board are entitled to certain business allowances in accordance with what is generally accepted within the TKH organization, and limited to an expense allowance, car, and (mobile) telephone. No loans, advances, or guarantees are provided to members of the Executive Board. Additional governance-related activities are not subject to any additional conditions or remuneration.

#### 6 TOTAL REMUNERATION

The table below lists the various gross remuneration components and relative percentages of fixed and variable remuneration of the members of the Executive Board.

#### 7 PAY RATIO

In formulating the remuneration policy for the Executive Board, one of the factors the Supervisory Board takes into account is the organization's pay ratio. The Supervisory Board believes that there should always be a reasonable balance between the remuneration of the members of the Executive Board and the remuneration of the other employees. In the interest of transparency and clarity and in line with the recommendation of the Dutch Monitoring Committee Corporate Governance, TKH applied a different methodology to calculate the internal pay ratio in 2022 than in previous years. This methodology is understood to mean the ratio between the total annual remuneration of the CEO on the one hand, and, on the other hand, the average annual remuneration of the employees of the company and group companies whose financial data are consolidated by the company, where:

- The total annual remuneration of the CEO includes all the remuneration components (such as fixed remuneration, variable cash remuneration (bonus), the share-based part of the remuneration, social contributions, pension, expense allowance, etc.) included in the consolidated annual accounts on an IFRS basis.
- The average annual remuneration of the employees is determined by dividing the total wage costs for the financial year (as included in the consolidated annual accounts on an IFRS basis) by the average number of FTEs during the financial year.

- The value of the share-based component of the remuneration is determined at the grant date in accordance with the applicable rules under IFRS.

This new methodology is used to determine the CEO pay ratio. For comparability purposes, the pay ratios of previous years have been restated based on the new methodology. The pay ratio for 2020 is significantly lower due to the lower value of STI and LTI as part of the remuneration. This led to a significant reduction in remuneration in 2020 and, consequently, to a relatively low pay ratio for 2020. The pay ratio for 2022 is lower compared to 2021 due to the lower value of LTI, mainly as a result of a lower multiplier for the relative stock price development.

#### 8 COMPARATIVE INFORMATION ON REMUNERATION AND COMPANY PERFORMANCE

The table on the next page shows a five-year comparison of the changes in the remuneration of the Executive Board and the company's performance.

#### TOTAL REMUNERATION EXECUTIVE BOARD

	Basic salary (TRI)		Variable income (STI) <sup>1</sup>		Share plan (LTI) <sup>1</sup>		Pension		Pension compensation		Total		Variable share in the total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
J.M.A. van der Lof MBA	723	702	423	410	512	1,126	44	40	198	193	1,900	2,471	49.2%	62.2%
E.D.H. de Lange MBA	542	527	318	308	384	844	22	21	76	73	1,342	1,773	52.3%	65.0%
H.J. Voortman MSc	492	478	287	279	348	766	22	21	67	60	1,216	1,604	52.3%	65.2%
<b>Total remuneration</b>	<b>1,758</b>	<b>1,707</b>	<b>1,028</b>	<b>997</b>	<b>1,244</b>	<b>2,736</b>	<b>88</b>	<b>82</b>	<b>341</b>	<b>326</b>	<b>4,458</b>	<b>5,848</b>	<b>51.0%</b>	<b>63.8%</b>

<sup>1</sup> Realized in the previous financial year and paid out in the financial year following.

Because amounts are expressed in thousands of euros, rounding differences may arise in the total figures.



## COMPARATIVE INFORMATION ON REMUNERATION AND COMPANY PERFORMANCE

(in € 1,000 unless stated otherwise)	2022	2021	2020	2019	2018
<b>Remuneration Executive Board <sup>1</sup></b>					
J.M.A. van der Lof MBA	1,658	2,237	902	1,134	1,419
E.D.H. de Lange MBA	1,244	1,678	676	850	1,064
H.J. Voortman MSc <sup>2</sup>	1,127	1,523	614	772	574
A.E. Dehn <sup>3</sup>					114
<b>Company performance</b>					
ROS	12.9%	12.4%	10.5%	11.6%	11.3%
Organic turnover growth	18.0%	15.9%	-9.9%	-1.9%	9.4%
EBITA	235	190	129	154	171
CO <sub>2</sub> e reduction (vs. 2019)	42.7%	29.8%			
CO <sub>2</sub> e reduction (vs. 2015)			5.8%	5.4%	2.9%
Illness rate of employees	4.04%	3.56%	3.51%	3.26%	3.47%
<b>Average remuneration per FTE</b>	<b>57</b>	<b>55</b>	<b>50</b>	<b>49</b>	<b>49</b>
<b>CEO pay ratio</b>	<b>33.6</b>	<b>45.3</b>	<b>22.4</b>	<b>27.0</b>	<b>32.5</b>

<sup>1</sup> Based on TRI, STI, and LTI.

<sup>2</sup> Appointment to the Executive Board with effect from May 3, 2018.

<sup>3</sup> Member of the Executive Board until May 3, 2018.

## 9 PERSONAL LOANS

The company does not grant personal loans or guarantees to Executive Board members.

## 10 CHANGE OF CONTROL

There is no “change of control” clause in the employment contracts of the members of the Executive Board.

## 11 SEVERANCE PAY

The remuneration in the event of dismissal amounts to a maximum of one year’s salary (TRI). No severance pay is made in the event of premature termination of the contract by the member of the Executive Board or in the event of willful misconduct or negligence on the part of the member of the Executive Board.

## REMUNERATION POLICY OF THE SUPERVISORY BOARD

This policy aims to provide a competitive compensation package to attract, motivate, and retain qualified members of the Supervisory Board for a publicly listed company, while taking into account the size and unique characteristics of the company. TKH is a leading technology company focused on advanced innovative technology systems in high-growth markets. The company strives to be an attractive employer and a solid investment for its shareholders, with corporate social responsibility forming a central part of this. This policy was developed in the context of national and international market trends and in line with legal requirements, best practices in corporate governance, the social context of remuneration practices, and the interests of the company’s shareholders and other stakeholders. The remuneration package was reviewed for market conformity in 2022 and will be reviewed at least once every three years on the basis of information provided by external experts.

The company’s remuneration policy is guided by the principles of equity and transparency. The remuneration structure is designed to promote the satisfactory performance of the Supervisory Board members’ duties and is not dependent on the company’s financial results. The Supervisory Board acknowledges its responsibility to act in accordance with the identity, mission, and core values of the company. In this context, it has been decided to opt for fixed compensation without any variable remuneration components to ensure that members can remain independent and objective in fulfilling their role of implementing the company’s corporate strategy and objectives, and creating long-term value and sustainability for the company. The full remuneration policy is available on the TKH website.

## APPLICATION OF THE POLICY IN 2022

### 1 REMUNERATION

The remuneration policy aims to reward members of the Supervisory Board in line with the market on the basis of their activities, experience, and the related allocation of tasks within the Board and its committees. The remuneration is periodically assessed externally with the same reference group as for the Executive Board. The remuneration of a member of the Supervisory Board is not dependent on the company's performance. No shares and/or rights to shares are granted to members of the Supervisory Board. Any shares held by a member of the Supervisory Board are for long-term investment purposes. The General Meeting of Shareholders adopted the remuneration of the Supervisory Board in 2020, with effect from January 1, 2020.

The remuneration of the Supervisory Board is based on the following amounts:

• Chairman of the Supervisory Board	€ 61,800
• Member of the Supervisory Board	€ 46,300
• Chairman of the Audit Committee	€ 10,300
• Member of the Audit Committee	€ 7,210
• Chairman of the Remuneration Committee/ Selection and Appointment Committee	€ 8,240
• Member of the Remuneration Committee/ Selection and Appointment Committee	€ 6,180

The remuneration of the Supervisory Board has been increased by 3% with effect from January 1, 2022 based in part on the external assessment. If circumstances require members of the Supervisory Board to perform significantly more activities than usual, they will receive a fee of € 1,000 per half-day for these activities.

### 2 TOTAL REMUNERATION

The table on the right lists the total remuneration paid to individual members of the Supervisory Board.

### 3 SHARE OWNERSHIP OF THE SUPERVISORY BOARD

The current members of the Supervisory Board do not own any (depository receipts for) shares in TKH.

#### TOTAL REMUNERATION SUPERVISORY BOARD

(x € 1,000)	Regular remuneration	Remuneration membership committees	Total 2022	Total 2021
R.L. van Iperen, <i>chairman</i>	57	12	69	53
A.J.P. De Proft <sup>1</sup>	21	2	23	68
P.P.F.C. Houben <sup>2</sup>				23
C.W. Gorter	46	18	64	60
J.M. Kroon	46	14	60	58
A.M.H. Schönigh	46	6	52	51
P.W.B. Oosterveer <sup>3</sup>	31	5	36	
<b>Total remuneration</b>	<b>248</b>	<b>57</b>	<b>304</b>	<b>313</b>

1 Up to and including May 2022.

2 Up to and including May 2021.

3 As of May 2022.

As amounts are expressed in thousands of euros, totals may not add up precisely due to rounding.

#### COMPARATIVE INFORMATION ON REMUNERATION

(x € 1,000)	2022	2021	2020	2019	2018
R.L. van Iperen, <i>chairman</i>	69	53	53	53	43
A.J.P. De Proft <sup>1</sup>	23	68	68	68	47
P.P.F.C. Houben <sup>2</sup>		23	55	55	44
C.W. Gorter	64	60	58	52	42
J.M. Kroon	60	58	58	57	40
A.M.H. Schönigh <sup>3</sup>	52	51	34		
M.E. van Lier Lels <sup>4</sup>					18
P.W.B. Oosterveer <sup>5</sup>	36				
<b>Total remuneration</b>	<b>304</b>	<b>313</b>	<b>326</b>	<b>285</b>	<b>234</b>

1 Up to and including May 2022.

2 Up to and including May 2021.

3 As of May 2020.

4 Up to and including May 2018.

5 As of May 2022.