

REMUNERATION REPORT

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

The revised remuneration policy was proposed by the Supervisory Board for adoption by the 2020 General Meeting of Shareholders, on May 7, 2020, with effect from January 1, 2020. The remuneration policy for the members of the Executive Board and the Supervisory Board was adopted by the General Meeting with 96.99% and 99.92% respectively. At the 2021 General Meeting of Shareholders, the advisory vote was 92.9%, in favor of the remuneration report 2020. The company has reviewed the opinions expressed, to the extent known, by those shareholders who issued an advisory countervote or who abstained from voting. This feedback did not result in material modifications of the remuneration report 2021.

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 on the proposal of) the Supervisory Board. The Remuneration Committee is responsible for developing the remuneration policy and submitting a proposal to the Supervisory Board. In doing so, the Remuneration Committee has taken into account and has followed the best practice provision 3.1.2 of the Corporate Governance Code.

REMUNERATION POLICY OF THE EXECUTIVE BOARD

This 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 also aims to improve the company's performance, using financial and non-financial performance measures, combined with the careful assessment of risks and the right entrepreneurship. 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 in respect of the Short-Term Incentive (STI) and Long-Term Incentive (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 criterion that members of the Executive Board must invest at their own cost in the same number of shares awarded to them as an LTI, are important factors in creating long-term value and continuity for the company. For our full remuneration policy, please refer to the TKH website.

APPLICATION OF THE POLICY IN 2021

The remuneration payable to the members of the Executive Board comprises a basic salary (TRI – Total Regular Income), a pension commitment, and a variable remuneration component consisting of an annual performance bonus (STI) and a long-term incentive (LTI) in the form of a share plan.

The Supervisory Board sets the targets, along with their respective weighting and criteria, for any given year in

alignment 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;
- 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 the realization of 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. The 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. Every effort is made to ensure that the remuneration contributes to the company's strategy, long-term interests, and sustainability criteria.

Among other things, the external assessment and the remuneration policy are used in formulating 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 previous reporting year and adjusted for market competitiveness, 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 applied the remuneration policy in the reporting year in line with the strategy and financial and non-financial targets. The Board believes the total remunera-

tion package strikes a good balance for reaching the strategic targets of TKH. The package encourages the members of the Executive Board to achieve solid results and execute 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.

1 LABOR MARKET REFERENCE GROUP

To attract qualified managers for the Executive Board, and to retain the current members on the Executive Board on a long-term basis, the company takes external reference data into account when determining appropriate remuneration levels. A specific labor market reference group has been established for this purpose. With reference to the AMX-companies on Euronext Amsterdam, we primarily make comparison with companies that are more or less equivalent to TKH in terms of complexity, size and the international scope of their activity 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.

No changes occurred in the reporting year with regard to the reference group other than the adjustments implemented by Euronext in the compilation of AMX-companies. The reference group presented on the right was used for 2021.

Although external market data provides 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, not to

AMX

Aalberts Industries
Air France-KLM
Arcadis
Basic-Fit
Boskalis
Corbion
Fagron
Fugro
PostNL
SBM Offshore
Vopak

INTERNATIONAL

SECTOR PEERS

Prysmian
Basler
Cognex
Keyence

determine decision-making. The Remuneration Committee evaluates the external market data and, if necessary, makes recommendations to the Supervisory Board for approval.

2 TOTAL COMPENSATION

The remuneration payable to the members of the Executive Board comprises a basic salary (TRI – Total Regular Income), a pension plan and a variable remuneration component consisting of an annual performance bonus (STI – Short-Term Incentive) and a long-term incentive (LTI) in the form of a share plan. At least once every three years – or more frequently if initiated by the Supervisory Board – the existing remuneration policy is tested and evaluated against available reference data from the labor market reference group and any relevant market developments. The table on the next page lists the various gross remuneration components and relative percentages of fixed and variable remuneration.

TOTAL COMPENSATION EXECUTIVE BOARD

	Basic salary (TRI)		Variable income (STI) 1)		Share plan (LTI) 1)		Pension		Pension compensation		Total	Variable share in the total		
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
J.M.A. van der Lof MBA	702	682	410	74	1,126	146	40	39	193	187	2,471	1,128	62.2%	19.5%
E.D.H. de Lange MBA	527	511	308	55	844	110	21	19	73	66	1,773	761	65.0%	21.7%
H.J. Voortman MSc	478	464	279	50	766	100	21	21	60	50	1,604	685	65.2%	21.7%
Total remuneration	1,707	1,657	997	179	2,736	355	82	79	326	303	5,848	2,574	63.8%	20.9%

1 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

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 labor market reference group, TKH's results, and wage developments within the TKH Group. Basic salaries have been increased by 3% with effect from January 1, 2021 based in part on the external assessment. The basic salary for individual members of the Executive Board is below the median for the labor market reference group.

3 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 the members of the Executive Board. Additional governance-related activities are not subject to any extra conditions or compensation.

4 PERFORMANCE BONUS (STI)

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

STI performance of the Executive Board 2021

The STI for members of the Executive Board based on realization of the targets for 2021 is presented in the table on the next page.

Payment of the variable remuneration to members of the Executive Board occurs on the condition that the targets upon which the performance bonus is predicated or the circumstances under which the bonus was originally stipulated, are accurate. For 2021, there was no full or partial recovery of a bonus as referred to in article 135 subsection 8.

5 SHARE PLAN (LTI)

The long-term variable remuneration is aimed at aligning 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 arranges for a long-term incentive (LTI). Under the plan, members of the Executive Board are awarded shares based on the realization of targets, on the condition that they personally invest in the same number of shares as are awarded to them under the LTI plan at the market price of that time. The shares awarded under the share plan, along with those personally invested, are meant to be held as a long-term investment, and they may not be traded for three years after their allocation or purchase, as the case may be. The waiting period of three years was determined in light of the quid pro quo financial consideration required of members of the Executive Board.

PERFORMANCE CRITERIA

	Relative weighting of the performance criteria	Maximum payment level ("at target" – 100%)
Turnover	30%	150%
EBITA	50%	150%
Personal targets (incl. ESG, innovations and strategy realization progress)	20%	150%

STI PERFORMANCE OF THE EXECUTIVE BOARD

	Achieved (as % of "at target")				Actual award in € 1,000
	Turnover	EBITA	Personal targets	Weighted average pay-out level	
J.M.A. van der Lof MBA	150%	150%	131%	58.4%	410
E.D.H. de Lange MBA	150%	150%	131%	58.4%	308
H.J. Voortman MSc	150%	150%	131%	58.4%	279

The amount of remuneration depends on developments in the following KPI's: Return on Capital Employed (ROCE) and Return on Sales (ROS) in relation to the targets formulated ahead of time, and the stock price developments for TKH shares compared to the AMX-index of Euronext Amsterdam (relative stock price developments). These three KPIs determine whether it will be possible to proceed with awarding any shares, as well as how many shares will be awarded.

The performance period pertaining to ROCE and ROS is one year, with the performance ranges determined at the beginning of the year, taking medium-term targets into consideration. The performance period for the relative stock price developments is three years. For the 2021 allocation, this entailed reviewing the period from January 1, 2019, to December 31, 2021.

- The applicable performance range for the ROS is 0.50 to 1.50, with an "at target" level of 1.0. The score received on this KPI produces a "multiplier" that determines the ultimate score achieved.
- 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 a "multiplier".

- 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 a 'multiplier' ranging from 0.5 to 1.8, with 1.0 being the multiplier for "at target".

In setting the amount of the allocation for the total LTI, multipliers are calculated for each KPI. These multipliers are, in turn, 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 pay-out of an LTI award in any given year is 0.25 x the standard award. In this way, even in years in which the KPIs are not realized, the interests of the Executive Board and the shareholders remain parallel. 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.

The following multipliers were reached for each KPI based on actual overall performance in relation to the performance ranges. The multipliers for both ROS and ROCE amounted to the maximum of 1.5. The multiplier for the relative stock price developments amounted to 0.83. These multipliers for each

KPI resulted in a total multiplier for the LTI of 1.87, which meant that 1.87 x the standard award was granted.

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

J.M.A. van der Lof MBA:	$1.87 \times 50\% \times \text{TRI} = 656$
E.D.H. de Lange MBA:	$1.87 \times 50\% \times \text{TRI} = 492$
H.J. Voortman MSc:	$1.87 \times 50\% \times \text{TRI} = 447$

The corresponding gross values are listed in the table showing "total compensation" in section 2 of this remuneration report. The number of certificates of shares associated with the net award will be calculated based on the average closing price for the three trading days following the time of publication of the annual figures.

EXECUTIVE BOARD SHARE OWNERSHIP

	Balance 1/1	Awarded shares	Individually purchased shares	Disposal (at least 3 years in portfolio)	Balance at 31/12
J.M.A. van der Lof MBA					
2020 ¹	138,147	5,456	5,456	-15,912	133,147
2021 ¹	133,147	2,216	2,216	-15,432	122,147
E.D.H. de Lange MBA					
2020 ¹	91,468	4,321	4,321	-4,321	95,789
2021 ¹	95,789	1,662	1,662	-3,324	95,789
H.J. Voortman MSc					
2020 ¹	20,723	3,922	3,922	-3,922	24,645
2021 ¹	24,645	1,508	1,508	-1,508	26,153

¹ Realized in the previous financial year and paid out in the financial year following

OPTION RIGHTS H.J. VOORTMAN MSC

Year of award	Exercise price in €	Number as at 01-01-2021	Awarded during the year	Movement during the year	Expired during the year	Exercised during the year	Number as at 31-12-2021	Exercise period
2016	33.92	12,000				-12,000	0	2019-2021
2017	41.19	7,350					7,350	2020-2022
2018	52.25	8,400					8,400	2021-2023
Total		27,750	0	0	0	-12,000	15,750	

No option rights are awarded to the members of the Executive Board. Any option rights a member may own were obtained during the time 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 according to the TKH share option scheme during the applicable execution periods. In that regard, 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 on the left. For more information on the share option scheme, we refer you to note 25 in the annual financial statements.

6 PENSION

The Remuneration Committee is responsible for ensuring that the members of the Executive Board are provided with a pension that is in line with normal practice and consistent with the provisions made for similar positions. In addition, the pension arrangements include the right to benefits in the case of poor health or invalidity, and a widows' and orphans' pension in the event of death. This is all provided under terms and conditions comparable and applicable to participants in the collective pension fund – which is to say, company employees. The associated costs up to the maximum allowed under tax law are included under pension costs. Pension compensation refers to any portion above the maximum allowed under tax law.

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 internal pay ratio is calculated as the average total compensation for the members of the Executive Board (TRI, STI and LTI) divided by the average total compensation for employees (total salary costs divided by the average number of FTEs). The other elements of the terms of employment have a minor influence on the pay ratio and as such are not taken into account in its

calculation. The Remuneration Committee follows changes in the internal pay ratio on a yearly basis and takes them into consideration when assessing and determining remuneration for the members of the Executive Board. The pay ratio calculated for 2021 was 33.8 (2020: 14.6).

8 COMPARATIVE INFORMATION ON REMUNERATION AND COMPANY PERFORMANCE

The table on the right shows the comparative information for 5 years on the changes in remuneration of for the Executive Board and company performance.

9 PERSONAL LOANS

The company grants no 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 awarded if the contract is terminated prematurely on the director’s account, or if the director has acted in a culpable or negligent manner.

COMPARATIVE INFORMATION ON REMUNERATION AND COMPANY PERFORMANCE

(in € 1,000 unless stated otherwise)	2021	2020	2019	2018	2017
Remuneration of the Executive Board ¹					
J.M.A. van der Lof MBA	2,237	902	1,134	1,419	1,656
E.D.H. de Lange MBA	1,678	676	850	1,064	1,116
H.J. Voortman MSc ²	1,523	614	772	574	
A.E. Dehn ³				114	916
Company performance					
ROS	12.4%	10.5%	11.6%	11.3%	10.1%
Organic growth	15.9%	-9.9%	-1.9%	9.4%	8.8%
CO ₂ reduction (vs. 2015, 2021 vs 2019)	29.8%	5.8%	5.4%	2.9%	-0.9%
Illness rate of employees	3.56%	3.51%	3.26%	3.47%	3.35%
Average remuneration per FTE	54	50	49	48	47
Executive Board pay ratio	33.8	14.6	18.9	21.9	26.4

¹ Based on TRI, STI, and LTI

² Appointment to the Executive Board with effect from May 3, 2018

³ Member of the Executive Board until May 3, 2018

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 endeavors to be an attractive employer and solid investment for its shareholders, with corporate social responsibility forming a central part of that. 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 is tested for market conformity in 2019 and at least once every three years on the basis of information provided by external experts.

The guiding principles in the company's remuneration policy are to ensure equity and transparency. The remuneration structure has been developed to promote the satisfactory fulfillment of their tasks by members of the Supervisory Board 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, the decision has been made to opt for fixed compensation without any variable remuneration components to ensure that members can remain independent and objective in fulfilling their role of enacting the company's corporate strategy and objectives, and creating long-term value and sustainability for the business. For the full remuneration policy, please refer to the TKH website.

APPLICATION OF THE POLICY IN 2021

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 roles 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 results. No shares and/or rights to shares are granted to the 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 2019, with effect from January 1, 2019.

TOTAL REMUNERATION SUPERVISORY BOARD

	Regular remuneration	Remuneration membership committees	Total	Total
(in € 1,000)			2021	2020
A.J.P. De Proft, <i>chairman</i>	60	8	68	68
P.P.F.C. Houben ¹	19	4	23	55
R.L. van Iperen	45	8	53	53
C.W. Gorter	45	15	60	58
J.M. Kroon	45	13	58	58
A.M.H. Schönigh ²	45	6	51	34
Total remuneration	259	54	313	326

¹ Up to and including May 2021

² As from May 2020

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

● Chairman of the Supervisory Board	€ 60,000
● Member of the Supervisory Board	€ 45,000
● Chairman of the Audit Committee	€ 10,000
● Member of the Audit Committee	€ 7,000
● Chairman of the Remuneration Committee / Selection and Appointment Committee	€ 8,000
● Member of the Remuneration Committee / Selection and Appointment Committee	€ 6,000

If circumstances require members of the Supervisory Board to perform considerably more activities than normal, they will receive a fee of € 1,000 per half-day for these activities.

The remuneration of the Supervisory Board has not been changed in 2021 compared to 2020.

2 TOTAL REMUNERATION

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

3 SHARE OWNERSHIP OF THE SUPERVISORY BOARD

Mr. A.J.P. De Proft owns 2,000 (depository receipts of) shares in TKH as from 2014. The other members of the Supervisory Board do not own any (depository receipts of) shares in TKH.

4 COMPARATIVE INFORMATION ON REMUNERATION

The table below shows the comparative information for 5 years on the changes in remuneration of for the Supervisory Board.

COMPARATIVE INFORMATION ON REMUNERATION

(in € 1,000)	2021	2020	2019	2018	2017
A.J.P. De Proft, <i>chairman</i>	68	68	68	47	43
P.P.F.C. Houben ¹	23	55	55	44	44
R.L. van Iperen	53	53	53	43	42
C.W. Gorter ²	60	58	52	42	28
J.M. Kroon ³	58	58	57	40	24
A.M.H. Schöningh ⁴	51	34			
H.J. Hazewinkel ⁵					27
M.E. van Lier Lels ⁶				18	44
Total remuneration	313	326	285	234	252

¹ Up to and including May 2021

² ³ As from May 2017

⁴ As from May 2020

⁵ Up to and including May 2017

⁶ Up to and including May 2018